

As voted by the Board of Trustees and in accordance with the notice of the meeting, the monthly Workshop Meeting of the Board of Trustees of the Portland Water District was held remotely on Monday, May 10, 2021. In attendance from staff were Messrs. Crovo, Kane, Wallace, Firmin, Quirk and Ms. Lewis, Katsiaficas, Demers and Walker. Christian Smith, Kelsey Frenette and Kelly Peaslee from Wipfli LLP were also in attendance. Vice-President Lunt convened the Workshop at 6:33 p.m.

All Trustees were present except Trustees Douglas and Siviski.

1. 2020 Audit Report

Representatives from Wipfli LLP, the District's auditor, presented the 2020 audit report.

Kelly Peaslee of Wipfli LLC presented to the Board. An unmodified opinion was issued by the auditors - the best kind of letter that could be issued. No material weaknesses or deficiencies were identified. PWD's financial ratios are very good. The debt coverage ratio went up, meaning PWD is in a good position to pay its debt. PWD has a AA bond rating.

The audit was conducted remotely for the second year in a row.

Vice President Lunt expressed thanks for the high performance of the financial staff and noted they repeatedly won awards for their excellence in reporting. Ms. Lewis echoed those thanks.

2. 2022 Budget Goals

David Kane, Director of Administration, provided a high level proposal for developing the 2022 budget.

Mr. Kane reminded the Board of its strategic goals. He also told the Board there is inflationary pressure this year and this may impact the budget.

There is 47.9 million in revenue projected for 2021; in 2022 it is projected to be 50.8 million dollars. For water sales, a determination will need to be made as to what to assume for the 2022 budget year. It is projected a 5% rate adjustment will be needed on the water side. Some of the surplus could be used to minimize the rate increase to 3%. A rate increase may be made in the first quarter of 2022. Late fees will be re-instituted Jan 1 of 2022. Wastewater assessments are projected to increase 7.4%. There is a lot of capital work going on which helps increase the assessment. Cape Elizabeth's assessment will be increasing and it will be hard to meet the Board's budget goal for them. Biosolids disposal costs are also a challenge as they are increasing.

On the revenue side, if solar projects do get built, revenue in the form of net energy billing credits may start coming in to PWD. Interest income may drop due to declining interest rates. Expenses are largely personnel costs, capital related and debt service costs, and then all other costs. Wages are anticipated to go up 2%. Health insurance costs may go up 6-12%. The pension contribution could go down significantly due to the performance of the stock market. The labor contract will begin to be negotiated this year.

Biosolids disposal may go up \$200,000. Commodities may increase as much as 8-9%.

Mr. Kane gave a timeline for the budget preparation and approval process.

Trustee Rich asked about the healthcare increase and if there were federal dollars to help. Mary Demers said that the increases were due to high claims from individuals on the plan. There are a group of claims that were large. They were not attributable to COVID. There is no federal assistance available.

Trustee Beck asked about the pension contribution. Mr. Kane said it may be beneficial to make a slightly larger payment than is needed to the fund. It will be determined by the Board.

Trustee Levinsky asked about the 2% increase in wages that is projected. The union contract expires in November this year. Trustee Levinsky suggested 2% might be too low, especially if inflation is 4%. Mr. Kane said the 2% is a place holder until the Board reviews non-union and union costs and other personnel costs including health insurance. Trustee Levinsky suggested raising that to 3%.

Trustee Willey said wages have gone up a total of 11-12% in the past few years. During a pandemic, when many people have been laid off PWD employees were retained. Inflation has been 2%; he recognizes the high cost of housing in the Portland area. He also believes staff has been handled responsibly with benefits. He noted our revenues did remain steady. He pointed out that the City of Portland laid off employees.

Trustee Levinsky acknowledged that PWD has treated the employees well.

Vice President Lunt asked to have a workshop in June to discuss where the Board is heading on this issue during negotiations.

Trustee Willey asked for clarification on the net energy billing credits. Mr. Kane said the credits will reduce the water and wastewater budgets in general, and not flow directly to the municipalities. Credits will be allocated between those two funds by their relative electricity usage. Mr. Kane explained the various ways the credits could be applied. Trustee Willey would like a full open discussion on how the energy tax credits will be spent. Ms. Lewis said that could be done, but there are not many credits flowing in right now, so the discussion can take place at a more leisurely pace.

Trustee Lunt noted there are no promises on exactly what credits PWD is getting.

Trustee Burns asked about stimulus funding assisting PWD with capital projects. Mr. Kane said they have 45 million dollars of federal money in Cumberland County. The commissioners will decide how the funds will be allocated. Mr. Kane did make a pitch for the funds to be used for water and waste water infrastructure projects. Ms. Lewis commented that PWD can use any funds the County can give to PWD

3. Discussion of Returning to In-Person Trustee Meetings

Ms. Lewis began the discussion by giving an overview of what the District is doing with respect to bringing employees back and general vaccination status etc.

Field and treatment people have been coming in since the beginning of the pandemic, with the exception of the very first month of the pandemic. Office people have been working primarily

remotely. There are 71% of the employees overall that are vaccinated; they are not evenly spread across all units. Two units have low vaccination rates. Ms. Lewis is meeting with those two units and encouraging them to get vaccinated.

There will be a gradual repopulation of the offices. The goal is one third employees coming back three days a week; a month after that another third, and a month after that, all employees will be back full time. PWD is exploring possible hybrid arrangements. The HVAC system improvements in Douglass Street are complete. Most office people are vaccinated.

Ms. Katsiaticas gave a description of bills pending that will allow for remote meetings. At the very least there will be a requirement of roll call votes, and the public will need to be able to hear everything and to participate.

Trustee Willey suggested he would be comfortable meeting for the workshop in June, with a mask on. He has a high comfort level with the vaccine. He is comfortable allowing Trustees to continue to join by computer for the next several months. He does feel that if one Trustee doesn't want to meet in person then we shouldn't come in.

Trustee Rich is comfortable coming in if everyone is vaccinated but would like the option of continuing to join by computer.

Trustee Libby prefers to meet in person. Anyone not comfortable meeting should be able to join by computer.

Trustee Cote wants all or nothing - either everyone in person or everyone remote. He has been meeting in person without any problems. He doesn't mind waiting a couple months to come back in person.

Trustee Garrison is in favor of flexibility and allowing people to either come in or join by computer. He supports the spacing requirements and mask requirements.

Trustee Levinsky is fine with masking and spacing guidelines. He believes Trustees can meet in person safely; he is ok with people joining by computer if they are uncomfortable coming in person. In the long term, he would like the public to be able to participate without having to come into the building.

Trustee Beck is comfortable meeting in person. He would allow Trustees who are not comfortable meeting in person should be able to join by computer. Masking should be followed.

Trustee Burns is ready to meet in person, but agrees if people are uncomfortable they could join remotely.

Ms. Lewis shared a photograph of the Nixon room to show how people could be accommodated for a meeting. Trustee Lunt prefers meetings occur in person. He recognizes room density may be an issue. He hopes people who want to join remotely are doing it because of the science and not because they don't want to come in to the meeting. He feels it is important that since the District is a body of people making decisions and policies, it is important we be together as a body. He is ok with trying "Hybrid" for the workshop. Business meetings will be decided after that point.

An in person workshop will be tried in June. Committee meetings will also be held in person. The June business meeting will occur remotely.

4. Other Business

There was no other business to discuss.

5. Adjourn

The meeting adjourned at 7:45 p.m.

Submitted by,

Donna M. Katsiaficas
Clerk