

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 in the Nixon Training Center at the general offices of the District, 225 Douglass Street, Portland, Maine on April 9, 2018. In attendance from staff were Messrs. Crovo, Kane, Firmin, Wallace, Johnson and Mses. Lewis, Katsiaficas, and Demers.

President Lunt convened the Workshop at 6:45 p.m.

All Trustees were present.

1. Water Main Renewals 2018 Update and Financing.

Chris Crovo, Director of Asset Management and Planning, presented the status of water main replacement projects expected to be constructed in 2018 and David Kane, Director of Administration, presented financing strategies.

Mr. Crovo led off the presentation. He explained that projects currently being bid are expensive projects. The highest leaking pipes in the system were installed between 1920 and 1950. PWD partners with our member communities to do projects when they do their big infrastructure projects. CSO work in the communities are driving the municipal projects; most are doing work under consent decrees. Partnering with municipalities has led to a cost savings for PWD.

One hundred percent of PWD's projects this year are being conducted in conjunction with municipal projects. The projects are becoming more challenging to do. They are more complicated to do. Many require night work.

Projects being done in 2018 were then discussed; some were bid in earlier years. Costs for the project can be driven up because of the needs of the surrounding neighborhood where the project is being conducted. Approximately 12.8 million dollars worth of water main work will be conducted in 2018. PWD had allotted 7 million dollars for this years work; the remainder is for back logged work.

Once most projects for the year have been bid, and staff has a definite number, staff will return to the Board for approval and reauthorization of funds for the projects. PWD has some funds held in reserve for these projects.

Trustee Garrison asked about projections for expenditures on main projects into the future. PWD had been doing 3.5-4 miles of mains a year. PWD has been budgeting 7 million dollars a year for main renewals. Using industry formulas, PWD should be replacing 10 miles a year. PWD would like to ramp up the amount of miles replaced and the funding for it. Trustee Garrison expressed concern about cutting into reserves to do projects. He expressed concerns about borrowing and the effect on rates.

Trustee Grant asked if 10 miles was a realistic goal. Mr. Crovo said it is doable, but difficult. PWD will do 8 miles this year. Much of what is to come is in neighborhoods.

Because of the nature of the work being bid, it is limiting the number of bidders to 1-2 bidders. Replacing 2,000-3,000 feet of pipe seems to attract the most bidders. It is difficult to bid projects this late in the year; it limits the number of bidders that respond.

Trustee Libby asked about the closure of Bedford Street and USM expansion plans. He asked why PWD was dealing with the Bedford St. water line now. Mr. Crovo said it was because the City was replacing major conduits in the street now.

Staff will return to the Board for approval in the next couple of months. Trustee Libby asked that staff return when they have “real numbers”. President Lunt agreed. Trustee Cote asked if it would slow the staff down if that occurred. Mr. Crovo said no, staff needs to keep moving forward on its plans and projects.

Annual budget guidelines will be discussed in May.

2. Biddeford-Saco Water Supply Options.

Carrie Lewis, General Manager presented a high-level overview of Biddeford-Saco water supply alternatives.

General Manager Lewis led the discussion with the Board. She provided a written overview of water supply alternatives to Biddeford-Saco. The narrative provided a timeline of the planning events that occurred related to the planning for a new plant.

PWD did some preliminary evaluation of a possible interconnection to provide water to the Biddeford-Saco water system. One possible connection was in Scarborough.

Trustee Willey deferred to Trustee Garrison to move the discussion forward. Trustee Garrison felt the construction of a new filtration plant would be expensive for the residents of Biddeford and Saco, and that PWD could supply the needed water. He believes this would be beneficial to both PWD and Biddeford-Saco.

Trustee Willey asked if this would be in the “envelope” of what PWD does. PWD does provide water to Yarmouth Water District. He also noted that PWD said no to the City of Portland to bill the stormwater fee; he felt this was “outside the envelope” of what PWD does. Trustee Willey feels PWD should make itself available to talk to the local communities about this. He does not want to intervene in the process. He believes that PWD should be available to discuss this with the mayors of Biddeford and Saco.

This has never been offered to Biddeford-Saco. Trustee Garrison said that it is clear that it is cheaper for PWD to provide water to those communities, and that this appears in the report on the possible project. This project was discussed at the Southern Maine Regional Water Council.

Mr. Crovo said it is hard to say what the savings will be. Trustee Garrison disagreed. He believed a lot of pipe could be constructed for the cost of the project - \$50 million dollars.

Mr. Crovo stated that SMRWC was happy when Maine Water Company stepped forward to propose investment in the Biddeford-Saco system. No one came to PWD and asked that PWD supply water instead.

The PUC will review the Maine Water Company proposal, as they reviewed PWD's proposal for construction of the ozone plant.

Trustee Garrison expressed further concern because he believes PWD is facing major rate increases in the future. Selling water to Biddeford-Saco may be a way to keep PWD rates down as the revenues generated will have a lower marginal cost.

Trustee Willey expressed support for the competency of the Maine Water Company. He said there is a public benefit however to simply being available to provide water service. Trustee Douglas asked him to define public benefit. Trustee Willey said the public in PWD's territory and in Biddeford-Saco would benefit with lower rates. He recognized that it is up to the consumers in Biddeford-Saco to determine if they want an alternative source of water supply.

Trustee Beck asked if Maine Water Company would be the customer for PWD water. Ms. Lewis said Maine Water would presumably buy PWD water wholesale from PWD. Maine Water would continue to provide all customer service related functions.

Ms. Lewis expressed a few concerns about possibly supplying Maine Water Company with water. She pointed out that the capacity we have reserved that we are not using will no longer be available to customers in PWD service area. The present system operates very well and the system is not stressed. She expressed concern that adding 10-15 million gallons a day will tax the system and the staff. It will be a different operating level for PWD. PWD will be covering its costs, but not necessarily making a "profit".

Ms. Lewis recommended that if the Board wishes to offer PWD services, elected Board members should quietly discuss this with elected members of the two communities.

Ms. Lewis said more studies would need to be done to see what the demand would be from Biddeford-Saco. There are still questions about what providing the required volume of water would mean to PWD's system and, storage capacity of both systems. More modeling would need to be done in both systems to answer these questions. Trustee Garrison asked about the Wright Pierce report. Mr. Crovo said no, the Wright Pierce did not have info from Biddeford-Saco that we satisfy the required modeling; more robust modeling needs to be done.

Trustee Garrison said there is a lot of money at stake, and it is worth doing the extra modeling.

Ms. Lewis suggested Trustees could discuss the possible cost of 25-30 million dollars to the communities if PWD provided water in lieu of the construction of a new filtration plant.

The filtration plant is being designed now and is believed to be at 30% completion in design.

Trustee Willey suggested reaching out and seeing if there is interest on the part of the communities of Biddeford and Saco.

Trustee Douglas asked if Maine Water had expressed any interest at all in having PWD step in. Mr. Crovo said no. Maine Water Company bought the Biddeford-Saco system to invest in the system. They make money for their shareholders by buying systems and bringing them up to speed. The system was run down. They have not shown interest in PWD water.

President Lunt expressed concern about redundancy. He also felt the political side may be difficult for PWD. PWD has recently been deregulated and he does not want to step into the PUC arena again. He is concerned that there would be a dependence on only one plant, with no redundancy. He is uncomfortable doing this. He believes PWD should concentrate on expanding in its own territory.

Trustee Garrison said there is no redundancy right now, and that it would benefit PWD. Trustee Libby said that constructing the plant by Maine Water would give PWD redundancy. Trustee Garrison reiterated the best way to get redundancy is to have a pipeline that allows for that.

Trustee Douglas felt that Maine Water Company should be allowed to proceed with their plans.

A question was raised about possible legal claims. Corporate Counsel advised caution, and urged discussions to take place on a political level, hoping to avoid any claim on tortious interference with contractual relations.

Trustee Douglas questioned if it was PWD's responsibility to advise Biddeford-Saco of the lower cost of PWD participation. Trustee Willey stated all he wanted to do was provide information.

Trustee Cote expressed concern about losing potential for potential growth in PWD's territory. He believes PWD is 5 years too late for participating.

Trustee Libby pointed out that Maine Water Company is for profit. The Cities have no ability to compel Maine Water Company to do anything. Trustee Garrison disagreed, and said the PUC could compel the Maine Water Company to look at alternatives.

The new plant is projected to cost \$50 Million Dollars.

Maine Water Company's rate is 5% higher than PWD's current rate. Mr. Crovo stated that it is up to the PUC to regulate and review the construction of the new plant.

Trustee Grant said he represents Gorham and he does not see the benefit to the people of Gorham. He does not have an obligation to Biddeford and Saco. Trustee Garrison disagreed. He said spreading the costs of providing water over a greater number of people would decrease rates for PWD customers.

Trustee Willey stated that all PWD would do is provide information. Trustee Garrison agreed.

President Lunt polled the Board to see how Trustees wanted to proceed. There was not a consensus to proceed immediately to discussion with the City Councils.

Trustee Garrison asked if staff could run some numbers now on operations costs. Mr. Crovo gave capital construction estimates. He said he could come up with estimates for operational costs.

President Lunt said discussions should be deferred at this time.

Trustee Garrison and Willey thanked the General Manager for putting this on the agenda for discussion.

3. Other Business.

Ms. Lewis informed the Board of a request from Windham to have PWD operate a small stand-alone wastewater system. Trustee Douglas expressed support for the smaller stand-alone system. The Board generally expressed support for the concept.

A draft letter to the General Manager of Standish is in the table packets responding to questions raised by the Town Manager.

The summary of union concerns is in the table packet.

A table of payments to local officials for services is also in the packet. Trustee Libby stated that he does not believe there is a need to ask for more compensation, given the information in the packet. Most Trustees seem to agree.

4. Adjourn.

The meeting adjourned at 8:10 p.m.

Submitted by,

Donna M. Katsiaficas,
Clerk