

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 June 17, 2019. In attendance from staff were Messrs. Crovo, Kane, Firmin, Wallace, Johnson and Ms. Lewis, Katsiaficas, and Demers.

All Trustees were present.

President Cote convened the workshop at 6:41 p.m.

1. Review and Discussion of Board Budget Guidelines.

Carrie Lewis, General Manager, and David Kane, Director of Administration, presented an overview of board-directed budget guidelines and how O&M and capital expenditures impact water rates.

Ms. Lewis and Mr. Kane presented a power point to the Board discussing budget guidelines. The power point is attached to these minutes and made a part hereof.

Ms. Lewis began the presentation explaining the uncertainties and challenges that affect the budget process this year. Challenges exist in both the water and wastewater area.

Mr. Kane explained budgets from prior years and how actual budgets compared to the estimated budgets.

Ms. Lewis then provided an illustration for the Board of the 2020 budget parameters. The most likely operating budget increase is 4.4%; this does not meet the usual Board established budget policy.

Mr. Kane addressed the issue of placing \$250,000 in the reserve fund, following Board policy. He explained that PWD is presently at 27% of its water budget for its reserve; if money is not added next year, the District will be at 25% of its water budget in the reserve. Not placing the amount in reserve means that the rate increase will be lower. The Board is being asked whether they wish to place \$250,000 in the reserve.

By national benchmarks, PWD rates have not risen as much as the national average.

Municipal expectations and wastewater assessments were then discussed.

Head count for 2020 is proposed to be 186 employees. Trustee Garrison asked how many employees make up the difference between the number of employees and full time equivalent employees. Mr. Kane responded 20.

Ms. Lewis asked the Board whether staff should carry on with the proposed work plan and rate increase, or whether it should be changed. She also asked if the Board wanted to allocate \$250,000 to the reserve fund.

Trustee Siviski asked about the reserve and how it was allocated. Trustee Beck asked if PWD had ever dipped into the contingency fund. Mr. Kane said that this has occurred. Trustee Levinsky asked if we were happy, or the employees were happy with the amount of overtime

being worked. Ms. Lewis responded that there have been situations where it has been hard to have people come in for overtime. She would rather have more employees available for straight time, as that leads to more productivity. Trustee Levinsky asked how do we make that happen. Ms. Lewis suggested that water operations needs the most help. She suggested an analysis needs to be done to see what could be done, and how more employees could be accommodated given the needs for more equipment, vehicles, etc. that more employees would cause.

Trustee Willey asked about metrics and asked if PWD had info about how long it takes to fill positions when someone leaves. Ms. Lewis stated that on average it takes 45 days to fill a non-union position. If PWD has an employee it knows is going to retire, PWD tries to backfill the position.

Ms. Demers was asked how long it takes to hire an employee. She replied that she does not have the info as to the average time it takes to fill a position – that metric is not available at this time.

President Cote asked to what degree are professional agencies used to help fill a position as a temp. Ms. Demers says they are used on occasion, but that is usually not the best way to fill a position. PWD gets a lot of referrals. PWD is reviewing where it advertises, and what works well. Ms. Lewis stated PWD is looking at positions that might be available to be filled by retirees for a few months.

Trustee Garrison asked how PWD ranks in comparison to other utilities nationally with respect to staff turnover with respect to general benchmarks.

Trustee Lunt asked about the relationship of internships and future hires. Mr. Firmin responded that two of his current engineers were interns. Mr. Crovo agreed that the internships do lead to hires in the engineering realm. They have found the internship program helpful not only in engineering, but in the environmental services and wastewater area. Trustee Lunt asked about the programs with the high school and what success PWD has had with interacting with those students. Ms. Lewis suggested that maybe looking at community colleges would be a better use of resources. High school efforts are ongoing, but high school students do not seem to know what they want to do yet. Trustee Lunt reiterated that he believes that PWD is more in need of community college type students than those with 4-year degrees. He would like to focus on that.

Mr. Wallace said that SMCC fire service students have been visiting PWD for 12 years as part of the curriculum. He said PWD has hired many of the student to be hydrant inspectors. Mr. Johnson said that on the instrumentation side, PWD has worked with community colleges for many years; we hire them, but they get hired away by private business.

Trustee Levinsky asked if PWD could work with a state association or regional association to make progress.

Trustee Garrison asked if PWD has looked into any investments that could be made that would reduce the amount of staff that PWD needs in the future. Ms. Lewis stated that PWD is trying to make Douglass Street a building that is unattended. The water plant is well automated; it is more difficult for wastewater. Vacuum excavation is being explored and that would reduce staff needs. IVR might be explored. Large meter testing is presently conducted using four employees; PWD could explore outsourcing that testing or testing in a different way.

Trustee Willey is comfortable with what was presented for budget parameters, and feels adding to the reserve this year is not needed. That appeared to be the consensus of the Board.

Trustee Siviski asked about the million dollars increase in the water budget, what it was based on. Mr. Kane said it was based on wage increases, increases in operating expenditures, debt service costs, and was all based on a “middle of the road” estimate. The likely scenario is a 1 million dollar increase in the water fund.

Trustee Lunt asked if PWD is actually gaining in the area of water mains. Ms. Lewis said CSO projects are sucking up a lot of the dollars; the money allocated will all be spent. At the moment, we are not gaining in mains renewals and replacements a year because we are replacing some mains that we might not otherwise do because of city and town projects.

Trustee Willey asked about budgeting by funds. He asked if looking at the assumptions for 5 years out made sense because some of the assumptions go up. He asked if it is justified to make assumptions 5 years out, specifically projections for rate making purposes. Ms. Lewis said it is good practice to do that. The best numbers PWD has are from 2018; it is best that PWD makes an educated estimate into the future. Trustee Willey asked if it really matters that PWD has estimates 5 years into the future as to where rates are going. Mr. Kane said the bond markets do want an estimate into the future of at least 2-3 years; large expenditures 3-4 years out also need to be planned, and need to be reflected in future rates. This is also helpful for wastewater municipalities so that they can start planning 3-4 years out. It also helps the Board plan 3-4 years out that they may not like the direction PWD is headed and it gives the Board lead time to change direction or implement changes that can affect future rate increases.

2. Other Business.

Trustee Grant left at 7:40 p.m.

Ms. Lewis lead a power point presentation highlighting Trustee Libby’s 25 years of service. The presentation included highlights of Trustee Libby’s career at PWD, and highlights of what has happened since his tenure on the Board.

Trustee Libby was presented a PWD chair in recognition of his service.

Trustee Willey related a story about his service with Gary on the Planning Committee and dealing with the issue of urban/suburban water rates and other stories of their service on the Planning Committee. He thanked him for his consistency on the Board. Trustee Lunt also made comments about his service with Trustee Libby. He noted they have had their differences, but they are still good friends and it has been a pleasure working with Trustee Libby.

Trustee Levinsky noted Trustee Libby was forced into chairing a Committee on tar sands, to everyone’s chuckles.

President Cote thanked him for his mentorship. Trustee Douglas thanked him as well for his service and the way that he serves.

Trustee Libby said that his service on the Board has been one of the most pleasant things he has done in his life. He noted that he enjoyed working with the Trustees to accomplish something. He enjoys what PWD does, and the people he has met while being a Trustee.

3. Adjourn.

The meeting adjourned at 7:55 p.m.

Submitted by,

Donna M. Katsiaficas
Clerk