

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, June 8, 2020. In attendance from staff were Messrs. Crovo, Kane, Firmin, Wallace, and Mses. Lewis, Katsiaficas and Demers. President Douglas convened the Workshop at 6:30 p.m.

All Trustees were present.

1. **Main Extensions and New Services.** Robert Bartels, Senior Project Engineer, presented examples of projects that the MEANS (Main Extensions and New Services) group is presently working on.

Mr. Crovo introduced Mr. Bartels and explained his role at the District. He has been with the District 4 years.

Mr. Bartels provided a PowerPoint presentation to the Board which is attached to these minutes. The PowerPoint provided information on new projects and development occurring in each municipality in the Water District's territory.

MEANS is a group within asset management and planning. The group interacts with external requests for water and wastewater services. Primary customers are developers and contractors and home owners. New customers are brought into the system through the MEANS group. During COVID, the MEANS group has not experienced a decline in work load – work load is consistent with previous years. The District is on track to add 500 new services this year. Each year the District adds 5-10 miles of new water main.

Mr. Bartels then began a town by town description of the projects going on in each municipality, and gave a description of the infrastructure that was being installed as part of the projects. He also explained the implications to the water supply, and how the District has been working with developers to accomplish the District's goals in helping to improve the infrastructure impacted by the developments. He noted that the Fore Street Developments in Portland will be challenging for PWD. The proposed ownership structure is different from what PWD usually encounters; and providing service will require PWD to think outside the box.

Trustee Garrison asked about impact fees and whether the District had considered charging developers an impact fee. Mr. Bartels indicated that an impact fee is in the very early stages of discussion and it will be some time before such a fee might be implemented.

Developments described ranged from commercial development to areas where residents are trying to resolve aging private infrastructure issues by getting together to build a water main extension.

Trustee Lunt thanked Mr. Bartels for his hard work on projects in his district. President Douglas thanked Mr. Bartels as well.

**2. District's Finances.** David Kane, Director of Administration, presented an update on the impact of COVID-19 on the District's finances.

Mr. Kane also provided a PowerPoint presentation. May water revenues was \$200,000 less than the budget. Consumption has been reduced by 14% over last year. The May 1 rate adjustment has been postponed. Anticipated revenue loss is between \$800,000-\$1.8 Million Dollars for the year.

Expenses are being monitored and several expenses have been curtailed or reduced. Capital expenditures are on track to be about the same as intended for 2020. The water bond is anticipated to go forward as scheduled.

PWD has \$6.8 Million Dollars in operating reserves and over \$3 Million Dollars in capital reserves.

Staff is seeking guidance from the Board to create a path forward that will allow PWD to maintain levels of services, and to be sure that the Board priorities are met. Bond rating agencies will also want to know how PWD wants to move forward to deal with the revenue shortfall.

A multi-year model was presented. Mr. Kane explained the assumptions for the model. Using the model, Mr. Kane was able to provide a path forward for the coming years. For 2020, the proposal is to have no rate adjustment for 2020; reduce discretionary spending; not change capital expenditure; use a portion of surplus balance. Now that project ABC is postponed, it may be possible to do a small rate increase in the fall.

Going forward to 2021, Mr. Kane provided suggestions on how to move forward as well. Suggestions included a small rate increase (3% for residential); increase operating expense of 3% over 2020; no change in capital expenditure. In 2022, the residential water rate adjustment might be 5%; operating expenses increase of 2% over 2021, use a smaller amount of operating surplus balance. A 2023 plan was also presented. Mr. Kane noted that the guiding principles of proposing a multi-year plan were: PWD was trying to reduce the financial impact to customers, use reserves to enable a deliberate response, no significant changes in service or expense priorities, keep capital investments at planned levels.

Mr. Kane then reminded the Board of its policies and practices related to the creation of PWD's budget. These policies governed how the multi-year plan was formulated.

Mr. Kane noted that the proposed plan is not set in stone; it is just a suggested path forward. Board input is being sought to see if the plan meets the Board's priorities.

Trustee Lunt wondered if some of the capital programs for 2020 might be postponed. Mr. Kane said most 2020 are lined up; most of the 2020 dollars are already spoken for. \$5.8 Million out of \$7 Million Dollars is already spoken for. Projects could be postponed in 2021. Trustee Lunt does not like drawing down on reserves, he would prefer to reduce capital projects in the future.

Trustee Burns asked if \$7 Million Dollars a year is really enough to replace ageing infrastructure. Ms. Lewis said many of PWD projects are being controlled by state or municipal projects; PWD will never be able to truly be on top of it, PWD is doing the best it can. Mr. Crovo agreed. PWD is no longer doing 10 miles a year due to economic conditions, including increases in the cost of doing projects. It is doing closer to 5 miles a year.

Trustee Garrison agreed with Trustee Lunt, and said PWD may need to take a momentary pause in capital expenditures. One year of a pause isn't going to hurt PWD.

Trustee Willey asked about the leak indicator and noted it was trending downward. Mr. Crovo agreed. Mr. Crovo said the issue may be PWD can't refuse to replace pipe when the City or State are doing mandated construction projects. Trustee Willey favored pulling the water master plan funds back.

Trustee Lunt is not in favor of postponing projects that make sense to do in conjunction with municipal projects.

Trustee Siviski asked if there is any benefit to using the water master plan funds instead of drawing down the reserve funds.

Trustee Garrison said PWD has enough money to pay bills. However, when PWD starts to draw on reserves, bond agencies do not look favorably on that. It is one thing to have a decrease in revenue, but drawing on reserves may have an impact on PWD bond rating.

Mr. Kane explained that the proposed plan would lead to a balanced budget by 2023. What bond agencies are looking for is a plan that leads back to a balanced budget in a reasonable period of time.

Trustee Willey asked when a final plan is needed. Mr. Kane said he needs something to discuss with the bond rating agencies at the end of the month. He does not need an absolutely final plan tonight. He believes the discussion will continue through the summer as it becomes clearer what the impact on PWD revenue is. The situation is fluid.

Ms. Lewis noted that the Board did seem to have a consensus to put a pause on capital projects, even if it would not help PWD's financial situation till 2022.

Trustee Willey suggested using the rate stabilization money and the water master plan money and take only \$600,000 from the operating surplus balance.

Trustee Lunt asked for more information before deciding what to do.

A discussion occurred about a proposed rate increase which has been tabled to October. Ms. Lewis and Trustee Lunt suggested more public notice if PWD were to move forward with a rate increase, even though a public process has already occurred.

After President Douglas asked about public perception of a rate increase, Trustees Cote and Siviski indicated they would support a rate increase this year given the District's financial situation. Trustee Lunt concurred - but not without another public hearing on the matter to fully inform the public.

Trustee Rich cautioned about doing a rate increase when implementing a new billing system.

Trustee Lunt noted public trust is important.

**3. Other Business.**

Update on project ABC was provided by Ms. Lewis. The October go live date is being pushed out. With COVID, there are complications in meeting the deadline. Ms. Lewis wants to be sure that the go live is successful, and that training of the employees can take place with everyone in the same room together with a trainer. Ms. Lewis is also concerned about staff shortages if a second wave of COVID hits. A go live date is suggest for February, 2021, around the time of the President's day weekend. She has cautioned staff against scope creep on the project. The entire July workshop will be devoted to project ABC.

Carrie Walker has asked that Trustees check their contact info and get back to her with changes.

This is clean water week. There will be a ribbon cutting ceremony at the Cape wastewater plant for the new UV system.

**4. Adjourn.**

The meeting was adjourned at 8:03 p.m.

Submitted by,

Donna M. Katsiaficas  
Clerk