

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 July 10, 2017. In attendance from staff were Messrs. Crovo, Kane, Johnson, Wallace, Firmin and Mses. Lewis, Demers and Katsiaficas.

All Trustees were present except Trustees Siviski and Douglas.

President Lunt convened the meeting at 6:42 p.m.

The General Manager related to the Board thanks from the employees for giving them July 3rd off.

The Board congratulated Trustee Siviski on the birth of his son.

1. Discussion of the Budget Parameters for 2018.

Carrie Lewis, General Manager and David Kane, Director of Administration and Finance, led a discussion on the budget parameters in anticipation of the 2018 budget process. Ms. Lewis provided a detailed power point presentation to the Board on this matter.

Ms. Lewis addressed the Board regarding the preparation of the 2018 budget. She described the planning schedule that is being utilized to prepare the budget. She noted that she received more than 200 suggestions from employees to consider. The Board will actually review the budget in October-November.

The strategic goals and the annual budget goals were described. Challenges for each department were identified. Administration will have the largest staff time contribution to the ABC project. Pension contributions for 2018 will also be a challenge.

For ES, health insurance coverage and union contract negotiations will be a challenge. Challenges for AMAP include water main renewal projects. The water and wastewater departments have increased workloads as well.

Ms. Lewis went on to explain initiatives that will be undertaken by each department to address these challenges. These initiatives range from updating policies to adding an employee in a few departments to assist in handling the workload. She also gave the Board examples of suggestions that had been made by employees to be considered when preparing the budget. These include a readiness to serve charge, a fee for missed appointments, cell phone stipends, and a review of the HVAC system, among other suggestions.

The budget guidance for 2018 was to have a 5% increase for 2018, which would keep the increase under the inflation rate. The first draft of the budget is more than that—5.5%, so the budget will continue to be worked on and will be revised. With respect to wastewater, only one municipality, Cumberland, is anticipated to have a higher assessment than expected. This is due to work requested by Cumberland.

The proposed average water rate increase for 2018 is 6.6% -- a bit more than the budget forecast, but staff will continue to work to bring it down. Without any water rate increase, PWD would run a deficit of \$1.1 million dollars. A 6.6% average water rate increase will be needed to fund the budget if the budget increases 5%. Commercial customers will see a higher increase than residential as PWD tries to have commercial customers pay the true cost of service.

PWD staff is proposing an increase of 3 positions, a full time equivalent of 181 positions. PWD will have close to 56,000 accounts, or 308 accounts per employee to serve those accounts.

Trustee Willey asked about water revenue and water production. Ms. Lewis said PWD was selling less and less water, but making more revenue from it. Trustee Willey noted rate increases are offsetting some of the efficiencies people are putting in. President Lunt said this could be explained to the public; he has done so for sewer rates in Cumberland. He explained that Cumberland isn't using enough for what they are paying for. There are fixed costs that will be there that need to be paid no matter what the use. He suggested bullet points be provided to the Trustees so that all Trustees are conveying the same message on this issue.

Trustee Willey indicated he isn't used to 6% increases, and expressed concern about customer reaction especially on the commercial side.

Trustee Cote asked if there is a point our debt ratio impacts our bond rating. Ms. Lewis said we are far from that.

Trustee Garrison suggested increasing fixed costs instead of variable costs. It is a more stable revenue source for the utility, but it impacts those customers who can least afford to pay, because it takes away their ability to save money on their bill.

If the budget stays at an increase of 5.5%, the rate increase will need to be 8%.

Trustee Beck indicated that other utilities have faced these same issues related to conservation, especially in the electric sector.

Ms. Lewis also noted that the water and wastewater industry are also dealing with aging infrastructure that makes it a challenge.

Trustee Garrison noted that water increases here are still lower than in other areas of the country. He noted that he works with other utilities that have double digit rate increases.

Trustee Willey asked about employee suggestions. Ms. Lewis indicated that she will send the list of suggestions out to the Trustees.

Trustee Cote asked about the health care plan and observed that it had a zero deductible, which is rare. Ms. Lewis indicated that going forward; staff will look at other cost structures that may be available. Staff will also look at health incentives to help employees take better care of themselves in order to keep costs down.

2. 2017 Capital Projects.

Chris Crovo, Director of Asset Management and Planning, provided an update on the 2017 Capital Projects.

Mr. Crovo also had a power point presentation. He gave an overview of CIP projects for 2015-2017. Many of the CIP projects are multi-year projects.

Trustee Willey left the meeting at 7:20 p.m.

Mr. Crovo provided a 5 year overview of sums appropriated and sums expended on projects for the 2013-2017 period. The largest project was the 12 million aeration project for the East End facility. The project is tracking \$500,000 under budget. He thanked staff for their good work.

Trustee Libby asked about odor control – he noted he had not received many complaints this year as opposed the many he received last year. He asked about the status. Scott Firmin, Director of Wastewater Operations, noted this has been a much better year, with only 4-5 complaints. Some work was done over the winter that helped reduce complaints this summer.

The Fore River pump station has completed Phase One. Phase Two needs to be done sooner than anticipated due to the poor condition of the piping that was found during the Phase One work. It is the third largest pump station in Portland.

Northeast Pump Station Odor control is being undertaken; it was requested by the City of Portland. It should be operational in 2018.

The Dana Court pump station in Westbrook will be going out to bid soon. Design is 95% completed.

The 407 zone pump station in Gorham is being started – the contract has just been awarded. It is a \$2.1 million dollar project in the area of Barstow Road. It is replacing two very old pump stations.

The Route 237/35 alignment will be going out to bid in September, 2017. The road will be shifted over, allowing for fewer accidents and better sight lines.

Mr. Crovo then provided a detailed list of water main renewal projects and gave a summary of water main replacement funding from 2012 to 2017.

Presently, there are 11 main projects under construction, 2 are out to bid. A total of 20 have been authorized.

PWD has three projects on Main streets in Gorham, South Portland and Westbrook. All require night work. The Westbrook project will be delayed until the Walmart project is built.

The Town of Cumberland has undertaken a lot of water main work on Middle and Tuttle Road. The town is extending 4,000 feet of main on Middle Rd. In Portland, India, Middle and Fore street will all see projects replacing pipe from the 1800's. A replacement project is also taking place in Woodfords Corner in Portland; this will be night work.

PWD has seen a significant increase in the number of new services activated this year; PWD should see at least 500 new services this year.

Mr. Crovo provided an update on the status of the Shore Acre tank, with Verizon fully operational on the site. The site has been significantly improved, and the tank painted.

President Lunt asked about the generator on the Shore Acres site. Mr. Crovo noted that Verizon is providing use of their generator and as a result we have a robust SCADA site. President Lunt noted that the consultant hired by the District had been helpful in dealing with Verizon, and that AT&T is paying monthly rent, although they have not built infrastructure. Mr. Crovo agreed that the consultant had been very helpful during the build out process with project oversight.

Trustee Cote asked about unexpended funds. Mr. Crovo said some of those funds had not been bonded yet because the projects were delayed. Trustee Cote asked what rates would be if the full amount was spent. Mr. Crovo said that rates account for it, but if all amounts had been expended, rates would be higher.

Trustee Garrison asked about when Trustees would get a risk based assessment of mains. Mr. Crovo noted that PWD's renewals are often controlled by the big projects in the cities. Three pipe systems will be evaluated in August, and liners will be looked at. The goal is to get to the mains that were going to let go, and get the most out of the 7 million dollars a year that is approved.

3. Other Business.

None

4. Adjourn.

Meeting was adjourned at 7:45 p.m.

Submitted by,

Donna M. Katsiaficas
Clerk