

July 11, 2016

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 11, 2016. In attendance from staff were Messrs. Miller, Crovo, Kane, Johnson, Firmin and Ms. Katsiaficas.

All Trustees were present except Trustee Garrison and Trustee Douglas.

President Cote convened the meeting at 6:40 p.m.

1. Discussion of the Budget Parameters for 2017.

David Kane, Director of Administration and Finance, led a discussion on the budget parameters in anticipation of the 2017 budget process.

Mr. Kane began his presentation with an overview of the budget and water rate adjustment process. Staff has begun preparing the budget. The Board will discuss the budget and vote on it in November.

Mr. Kane reviewed the District's strategic goals; they include public health, public safety, reliability, affordability and a positive work environment. As the budget is put together, other considerations are taken into account. External factors such as what is going on in our municipalities are considered. Recruiting employees has become more difficult due to the strong economy. The state of the national economy is also considered, as this affects the interest rate on the District's bonds. Work force management and financial policies are also reviewed and taken into consideration when putting the annual budget together.

The first parameter discussed was to keep the operating budget expense not to exceed the rate of inflation. A 4% increase to the budget is being proposed for 2017. Operating expenses are projected to increase 1.5%. Water Capital reserves are projected to increase .6%. Mr. Kane explained how several of the District's large capital projects affected the proposed budget for next year. The 2016 budget increased by 3.8%, which is similar to this year's proposal.

Another goal is that wastewater assessments must meet Municipal expectations. Falmouth is new to the list this year due to the Mill Creek project. Gorham, Westbrook and Windham are increasing more than would be expected.

Water rates in 2017 were forecast to increase 5%. If that occurs, a projected surplus of \$255,000 will be transferred to PWD's reserves. A cost of Service Study is presently being conducted. The results will be provided to the Board in September, with final decision by the Board in November. Mr. Kane is hopeful that the actual rate increase needed will be closer to 4%.

The same number of employees is expected for next year. The water and waste water capital plan will continue to be implemented. Projects include the Dana Court pump station project in Westbrook, and additional piping work on the Fore River pump station in Portland. The Little

John pump station in Cape Elizabeth may also be improved. Water main renewal work will continue.

Mr. Kane then asked for feedback from the Board.

Trustee Lunt asked if municipalities had provided input with respect to the wastewater assessments and what they expected. Mr. Kane said no, not yet. Information would be discussed in assessment meetings in the fall when the management staff meets with each wastewater municipality.

President Cote asked if PWD hired outside assistance to do all the work that needs to be done if PWD maintained the same head count. Mr. Kane said PWD does hire some outside help. Mr. Miller said PWD does not rely on outside help to pick up the slack. Trustee Lunt noted that when he came on the Board, PWD had 235 employees. PWD has 196 full time equivalent positions. Mr. Miller explained the productivity gains that had been realized by the District allowed it to keep its work force at the present level.

Trustee Lunt complimented the budgeting process and expressed satisfaction that the process is more efficient and significantly better than when he joined the Board.

2. 2016 Capital Projects.

Chris Crovo, Director of Asset Management and Planning, provided an update on the 2016 Capital Projects.

Mr. Crovo provided a mid-year project review of the major projects in 2016. There are more than 60 projects presently in the queue that PWD is presently working on. Mr. Crovo covered the larger ones.

Main renewal projects were discussed. This summer, the District has suffered from a lack of bidders. Two of the District's projects came in with only one bidder; one was an MDOT project which will be rebid in the fall, the other is the Broadway project in South Portland. The South Portland project has already been bid twice, with only one bidder each time. South Portland will wait to do the project, as will the District. Main Street in Gorham has also been delayed. MDOT has elected to wait on the project due to a lack of possible bidders. Because this work is not being awarded, PWD will not be issuing bonds for these projects. Interest rates are presently low for bonds, so the District is reviewing its options to have other work done.

Thornton Heights, which was a 3 year project, is being completed in South Portland. The project has gone well.

Shore Acres tank painting for the sum of \$130,000 is presently underway. The lead has been stripped. The tank will be painted this week. Mr. Crovo explained the lead sampling process and the painting process which took place on the site.

July 11, 2016

Peabble Cove project in Cape Elizabeth is also in its final phase of completion. It is a waste water force main that was leaking; the replacement project has been completed.

The aeration upgrade project in Portland is well underway. The first basin should be working in September. The project is presently on budget and on schedule.

The 407 zone connector is almost done. The contractor is being asked to do another 1,700 feet of the project while holding his price. The pricing provided by the contractor has been beneficial to the District.

The Fore River pump station is continuing. PWD has had problems with the pumps that were installed, as PWD is experiencing vibration issues. PWD is working with its consulting engineers and they have recommended a fix to cure the vibration issue. If the fix is not successful, Mr. Crovo will come back to the Board.

Trustee Lunt noted that Cumberland was pleased with the work being done on the Millcreek pump station, but were disappointed that not many contractors bid. Mr. Crovo noted that contractors were busy and couldn't take on more projects because the contractors are having trouble finding workers.

Mr. Miller complimented the East End Plant staff for keeping the plant running during a difficult project.

3. Other Business.

The workshop next month will be at the ecology center. Transportation will be arranged. No action items came out of the Committee meetings tonight. The July 25 business meeting will therefore be cancelled.

The RFP for the executive search firm went out last week to several firms. RFPs are due July 22. Interviews will be set up after that, with recommendations then going to the Board.

4. Adjourn.

Meeting was adjourned at 7:23 p.m.

Submitted by,

Donna Katsiaficas
Clerk