

2018 BUDGET BRIEF

January 2018



Cape Elizabeth
Wastewater Treatment
Facility

In 2018, a project is planned to replace the chemical disinfection process with UV treatment. UV treatment is an effective and safe alternative to traditional chlorine and dechlorination systems.

The Portland Water District Board of Trustees approved a 2018 operating budget of \$43.6 million (an increase of \$1.6 million or 3.8% over 2017) and a \$19.3 million capital budget.

The proposed budget assumes a 3.8% rate adjustment effective May 1, 2018. The increase is consistent with the Board's intent to adopt small water rate adjustments annually. For a typical customer, the impact is \$9.48 a year or \$0.79 a month. Of the 3.8% water rate adjustment, 2.8% will be used for general operation and 1% will be dedicated to fund the capital reserve account that will support a \$2 million debt bond to pay for main renewal replacements.

Assessments to wastewater communities meet or are lower than municipal expectations. Assessments for Gorham, Westbrook, and Windham

remain the same as last year. Cape Elizabeth's, Cumberland's, Falmouth's, and Portland's assessments increase by 4.8%, 7.2%, 17.6%, and 3.4%, respectively. The increases in wastewater charges are mostly related to investments in aging facilities.

More budget detail can be found on the following pages and in the full 2018 Comprehensive Budget Report which is located on SharePoint and our web site. In general, however, the budget delivers on five broad principles established by the Board:

- Operating fund expenses do not increase greater than inflation,
- Wastewater assessments meet municipal expectations,
- Water rates are affordable and sufficient to meet operational needs,
- Full-time positions are optimized to meet the workload, and
- Investment in our infrastructure continues as planned.

On behalf of the Board, I express a sincere thanks to all our staff who have helped create the fiscally sound, customer respected organization that we are. ■ *C. M. Lewis*

NEW INITIATIVES

- Investment of \$7 million in water main renewal; including \$2.0 million through the capital reserve fund.
- Implementing a new Asset Management, Billing and Customer Relations computer system (\$4.0 million).
- Upgrades to Portland's East End and Cape Elizabeth Wastewater Treatment Plants (\$2.7 million) and completion of Westbrook's Dana Court Pump Station (\$2.2 million) project.
- Manage the Industrial Pretreatment Program in the City of Portland.

CHALLENGES AND ISSUES

- Aging infrastructure that requires asset replacement.
- Recruiting and retaining new employees and training existing ones to adjust to needed workforce skills.
- Nutrient optimization approach to manage nitrogen at wastewater facilities.
- Stronger regional economic growth should in time increase revenue from new customers.
- Biosolids management from treatment facilities, including cost effective dewatering and disposal options.

HIGHLIGHTS

- \$43.6 million operating budget, an increase of \$1.6 million or 3.8%.
- \$19.3 million capital budget provides \$8.7 million for water systems - \$7 million of that targeted to replace aging water mains - \$5.1 million in wastewater system upgrades, and \$3.8 million for the asset management, billing, customer relations software upgrade.
- 182 full time positions which includes 4 additional employees.

- Budget Summary
- Expenses Summary By Department
- Action Plan

Portland Water District
225 Douglass Street
PO Box 3553
Portland, ME 04104

2018 Budget Summary

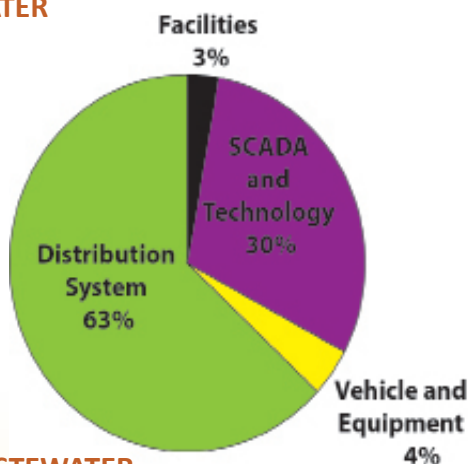
The budget has two major components:

- Operating budget - costs to operate the District, paid by ratepayers via water rates and wastewater assessments to municipalities.
- Capital budget - costs to pay for investments in assets, paid by issuing bonds, water depreciation and wastewater renewal and replacement contributions.

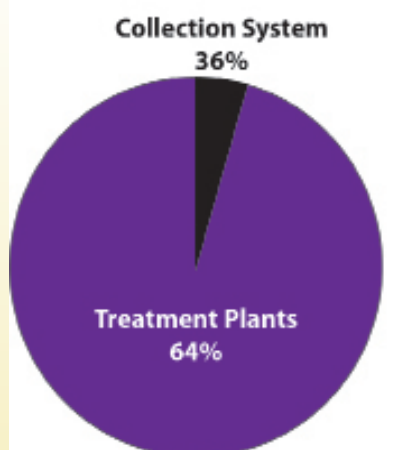
The operating budget consists of three major expense categories – salaries/benefits (38%), debt and renewal/replacement costs (33%) and all other materials and services (29%). Salaries/benefits reflects an annual wage adjustment and four new positions, the first increase in head count in eight years. Capital financing costs are \$900,000 higher due to debt service to finance water main renewals and upgrades to the 407 zone. ■



WATER



WASTEWATER



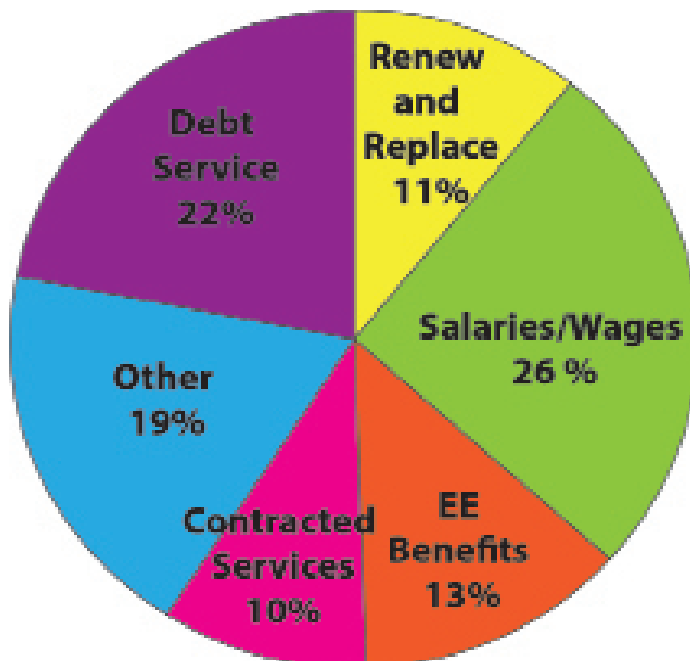
OPERATING BUDGET

\$43,631,899

Water	Wastewater	Contract Billing
\$23,963,819	\$19,003,536	\$208,440

C. Elizabeth	Cumberland	Falmouth	Gorham	Portland	Westbrook	Windham
\$1,547,830	\$950,042	\$310,056	\$1,136,778	\$12,418,024	\$2,720,643	\$368,158

Operating Expenses



Capital Budget

\$19.3 million

Expense Summary

Gross Expense By Department, 2018

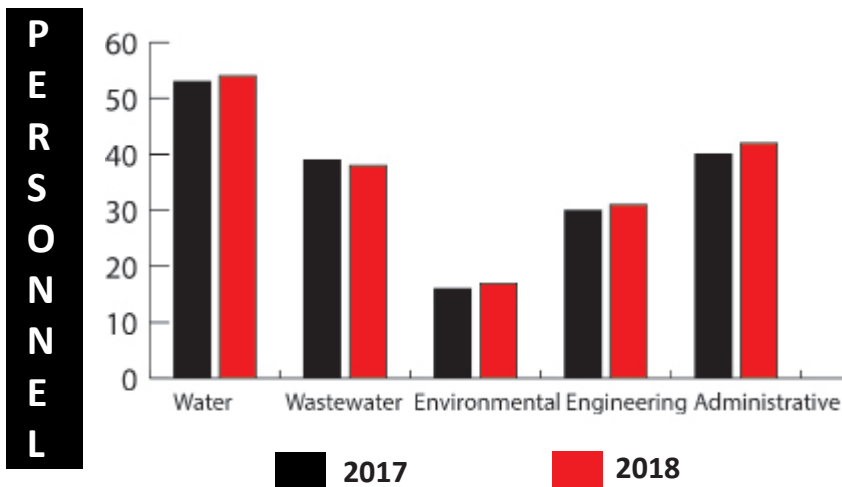
Percent increase/decrease is compared to the 2017 budget.

	Water	Wastewater	Environmental	Engineering	Administrative
Personnel	2.6%	2.3%	6.9%	4.8%	3.1%
Fuel, Electricity Transportation ¹	-5.3%	-3.2%	-3.2%	-4.3%	-10.0%
Chemicals	-0.2%	-2.2%	21.1% ²		
Biosolids		3.6%			
Materials, Supplies, Services	6.1% ³	4.0%	4.0%	-1.2%	3.9%
TOTAL	2.2%	1.4%	5.9%	2.3%	3.3%

¹ Lower unit prices, switching to natural gas at Douglass Street.

² Increase is only \$890.

³ Increases in paving costs.



For the first time in eight years, new staff positions are being added to provide expanded wastewater pretreatment services, meet development demands, and implement a new information technology system.

NEW POSITIONS

Industrial Pretreatment Scientist
Utility Specialist Foreperson
Customer Service Coordinator
Asset Management Technician
Wastewater Maintenance Manager (formerly Chief Plant Operator)
Associate Engineer (formerly SCADA Specialist)



2018 Major Initiatives and Key Statistics

Goal 1 Public Health The District will provide products and services that meet all federal, state and local quality standards.	Goal 2 Public Safety The District will design and maintain its water system to meet modern fire fighting needs.	Goal 3 Environment The District will promote the sustainability of natural resources within Casco Bay watershed.	Goal 4 Reliability The District can be trusted to provide its products and services in a manner that meets all reasonable customer expectations.	Goal 5 Affordability The District will balance the delivery of products and services with customers' ability to pay water and wastewater rates and charges.	Goal 6 Employees and Work Environment The District will have well trained and satisfied employees who will work in a safe work environment conducive to productive work.
Improve communications of emergency water system incidents. Conduct water system flushing program to cover 33% of system. Meet 100% of all Secondary Surface Water Treatment Rule standards. Begin collecting real-time water quality data with a smart buoy.	Continue to provide flow testing to fire departments. Conduct annual fire hydrant inspections.	Adopt nutrient optimization approach at the East End, Cape Elizabeth, and Peaks Island plants. Expand IPT program to incorporate the City of Portland program. Work closely with municipal partners to plan and execute long term control plans to manage wet weather flows.	Continue to conduct condition assessment of transmission mains. Extend right-of-way maintenance program to developed areas. Replace 1-2 transmission main valves. Allocate \$7 million in water main replacement. Renovate multiple wastewater pump stations.	Meet water revenue and wastewater municipal assessment targets. Continue to review and reduce premium time needs. Implement water rate increase equal to or less than inflation.	Invest on average 80 hours of training per employee. Respond to employee satisfaction survey/suggestions. Meet the expectations of the loss control program as defined by our insurance carrier.
Key Statistics: - Verified Water Quality Complaints - % Days in Compliance - DHHS Audit Result	Key Statistics: - Hydrants Out of Service Index - DHHS Audit Result	Key Statistics: - License Violations - Dry weather overflows - Effluent nutrient levels	Key Statistics: - Customer Satisfaction Survey Results - Water Outage Index - Pump Stations deliver design flow	Key Statistics: - PWD Average Rate vs National Average Rate	Key Statistics: - Training Hours - Retention/Turnover - Safety Audits; training and attendance; accident investigations, total disability management - Survey Action Steps

Mission Statement

The District's mission is to protect public health, safety, and the environment by providing our customers with first-class water, wastewater and related services. In order to fulfill the mission, six strategic goals and benchmarks have been established.

Above is a summary of the budget goals and initiatives for 2018. For a more in-depth look at the goals and the entire budget, visit the PWD intranet or www.pwd.org.