

**Bangor Water District  
Board of Trustees**

**Minutes of the Regular Meeting  
June 22, 2021**

The regular meeting of the Bangor Water District Board of Trustees was held at 3:45 p.m. in the Hughes Building, 614 State Street. Due to COVID 19 restrictions, Trustees and staff participated in person and remotely, with both audio and visual available to all participants. Remote participation for the public was provided, but no one joined the meeting. Present were:

Ralph Foss  
John Hwalek  
Gerry Palmer  
Robert Sypitkowski  
Michael Timpson  
Dan Wellington

being more than a quorum of Trustees. Absent: Trustee Hamilton. Also in attendance: General Manager Moriarty, Finance Manager Silva, District Engineer Killip, Water Quality Manager Page, and Office Manager Marchegiani. Bangor Water's auditor, Keith Bourgojn, was also in attendance.

**I. Public Comment: None.**

**2020 financial audit:** Taking the agenda out of order, Bourgojn reviewed Bangor Water's financial position through Dec. 31, 2020 – noting an increase in cash, a decrease in expenses, a decrease in debt service (\$1.4 million paid on debt with \$21 million due over next 20 years), and an increase in monies restricted for capital projects. Property, plant and equipment (which comprises 90 percent of the utility assets) increased \$1.5 million with the addition or renewal of mains, hydrants, treatment and pumping facilities, and other equipment. After questions and discussion, it was upon motion being made and duly seconded, unanimously

VOTED: to accept the audited financial statements as presented.  
(All Trustees present were visible during voting.)

Bourgojn left the meeting.

**II. Administrative:**

**Minutes:** Returning to the order of the agenda, the minutes of the regular May meeting and the May workshop were approved as presented.

**Report of the Treasurer:** Silva noted metered revenue is up about 3 percent year-to-date compared to budget while expenses are down due to vacant positions, the timing of purchases vs. the budget, and lower worker's comp costs all of which will be reflected in the revised 2021 budget to be discussed later in the meeting. After questions, the Treasurer's Report was accepted as presented.

**Progress Report of the General Manager:** After questions, accepted as written.

**Progress Report of the Personnel Committee:** Committee chair Sypitkowski reported development of an employment contract for the General Manager continues with legal counsel, and that the committee plans to hold its scheduled meeting with Moriarty later this month.

### III. Old Business:

**Engineer's Report:** District Engineer Killip updated the Board on

- **BIA area project** – design review 60% complete, awaiting final standpipe evaluation from engineers.
- **State Street project** – water line work essentially complete except for paving.
- **Ozone plant upgrade** – contractor expects to mobilize July 5. Demolition of existing equipment expected in late July.
- **Thomas Hill flagpole** – additional inspection for a second opinion conducted. Contractor recommends ultrasonic test to determine if pole must be replaced or if repairs are in fact possible.

**Rate case review:** Moriarty reminded the Board of the proposed rate increase which would take effect Oct. 1. The change would

- Increase the minimum water bill by \$2.05 per month (\$6.15 per quarter)
- Increase the average residential user's bill by \$3.14 per month (\$9.43 per quarter)
- Result in Bangor Water having the 19<sup>th</sup> lowest rate in Maine

She noted that the City Manager had expressed concerns about the impact on public fire protection charges, and that Moriarty and Silva had explored options which they discussed with the Maine Public Utilities Commission (MPUC). The options included:

- Reducing the rate case contingency from 2 percent to 1 percent, thus lowering the rate increase across the board
- Delaying the increase for the public fire protection accounts for an additional quarter (MPUC's response: there must be the same effective date for all customers)
- Increasing fire protection rates less than all other customers (MPUC's response: there must be the same increase for all customers unless supported by a Cost of Service (COS) study

Moriarty said the last full-scale COS study was conducted in 2001, with minor subsequent updates, and that she would recommend a COS study in 2022 for a full review of expenses, revenue, and rates; the results would be implemented in the 2023 rate change. Among other things, the COS study could address

- The current rate design (minimum charges, declining rate blocks as more water is used, etc.).
- The current apportionment of rates, i.e. how much revenue should be raised from metered customers vs. fire protection
- The rates needed to fund a two-mile-per-year replacement of pipes to meet a 100-year system renewal goal.
- The feasibility of a "lifeline rate," generally a smaller minimum bill for the very smallest users.

Moriarty said a quote in 2017 for a COS study estimated the cost at \$43,000 so the project is a significant expense but is needed to build rates for the future. Finally, she noted that

- A seven percent increase had been planned for 2020 and for 2021, but last year's was deferred due to the potential impact of COVID on customers
- Consumption has dropped four percent since the last rate case in 2019
- No rate case is planned in 2022.

Moriarty will provide rate case information to the City Council at its workshop on June 28, and the Board will hold a special meeting on July 1 to discuss the 2021 proposed rate.

**2021 revised budget:** Silva presented an updated budget - based on the delayed close-out of 2020 due to the absence of a finance manager – utilizing 2020 actual rather than estimated figures. Among the changes totaling \$340,000 were

- Revenue projections adjusted upward by \$152,000
- Wages and benefits adjusted downward by \$169,000 based on unfilled positions and reassignment to capital projects
- Worker’s compensation adjusted downward by \$19,000

After discussion, it was upon motion being made and duly seconded, unanimously

VOTED: to approve the revised 2021 budget as presented.  
(All Trustees present were visible during voting.)

**Legislative update:** Moriarty reminded the Board that meeting by remote means is allowed for 30 days after the State of Civil Emergency ends on June 30. If legislation allowing remote meetings to continue is approved, the Board will need to develop a policy to meet the necessary requirements. Moriarty hopes to present a draft policy at the July board meeting.

#### **IV. New Business:**

**2021 Forest Harvest Plan:** Page reported that the annual watershed harvest will be conducted this summer on 54 acres, supervised by Bangor Water’s forestry management consultant. The estimated yield is 1,593 tons – within the sustainable average range of 1,600-2,450 tons – but deliberately light to balance the 2020 harvest of 3,030 tons.

**Floods Pond Road power line replacement:** Killip reminded the Board of the need to replace the District-owned five-mile line supplying power to the treatment facilities at Floods Pond at an estimated cost of \$943,000. The line was installed in the 1950’s and more than 90 percent of the 150 poles (many in poor condition) are the originals. The project will also provide a fiber optic line, trimming of encroaching trees and vegetation, and demolition and removal of existing poles and wire. The project was originally planned to take place over two years (2020 and 2021) but was delayed last year due to the impact of COVID. The lifespan of the upgrade is projected at 50 years. Bids were solicited from seven vendors, with three responding. Killip described the vetting process such as demonstrated experience with high voltage line work, whether the work flow required frequent interruptions to power on the existing line, and information from references. In the end, Killip indicated the low bidder was not qualified to perform the required work, which seemed likely to the Board as well. He recommended Homeland’s bid at \$981,635; although the bid was over budget, it was unlikely rebidding would result in a lower price and the replacement project was essential. Silva indicated the cost overage could be accommodated with available cash, without a need to further finance the project out-of-house. After questions and discussion, it was upon motion being made and duly seconded, unanimously  
VOTED: to award the power line replacement bid to Homeland as presented.

**Review of bylaws:** Moriarty said the bylaws had been established with the formation of the District in 1957, with only minor changes. She suggested it was time to review the document for potential updates, and Trustees Palmer, Wellington, and Timpson volunteered to serve as a committee.

**Other business:** Moriarty said she would let the Board know whether the Council workshop was an in-person or remote event. Killip said he had not received any revised proposal regarding a permanent generator installation for a cell provider at Thomas Hill standpipe.

Hearing no further business to come before the meeting, it was upon motion being made and duly seconded, unanimously

VOTED: to adjourn at 6:17 p.m.  
(All Trustees present were visible during voting.)

Dan Wellington, clerk

Ralph Foss

John Hwalek

Gerry Palmer

Robert Sypitkowski

Michael Timpson