

**Bangor Water District
Board of Trustees**

**Minutes of a
Board Workshop
October 4, 2022**

A Board workshop was held at 7:15 a.m. in the Hughes Building, 614 State Street. Remote participation for the public was provided, but no one joined the meeting. Present were:

Ralph Foss
Patty Hamilton
John Hwalek
Gerry Palmer
Robert Sypitkowski

being more than a quorum of Trustees. Absent: Trustee Timpson. Also in attendance: General Manager Moriarty, Assistant General Manager Saucier and Finance Manager Silva. The meeting was called to order at 7:15 a.m. The clerk kept the minutes.

The single item on the agenda was the review of the 2023 proposed rate adjustment.

Silva presented the proposed rate case and financial proforma which included a rate increase of 9.8% effective January 1, 2023. It was noted that the last rate increase was in 2021. A 9.8% increase in rates would reflect an additional \$802,702 in revenue per year increasing the total revenue to the required \$8,993,542 needed to offset expenses. The proforma calculated the needed rate increase using the 2022 projected year end versus the 2023 proforma. The proforma also assumes that the capital reserve would be funded to the maximum amount allowed by the MPUC to support capital pipe improvement projects.

Although the proforma calculation resulted in a 10.1% increase, Silva showed that the increase could be reduced to 9.8% by using \$23,000 from our operating cash for 2023. She then discussed the impact of the rate adjustment on operating cash and showed reserves to support a 3% contingency.

Moriarty discussed the need for the rate increase stating that the rate change is necessary to fund major projects which will improve the reliability of the water system, address inflationary impacts on materials and labor, and maintain a quality workforce in a competitive labor market.

Moriarty reviewed the proposed rate changes which would:

- Increase the minimum water bill by \$1.65 per month
- Increase the average residential user's bill by \$2.53 per month
- Result in Bangor Water having the 27th lowest water rate in Maine out of 114 utilities

The increase would also impact public and private fire protection revenues by 9.8%.

In addition to customer impact, the Board considered a number of items:

- The increased revenues will continue to fund a capital reserve account, as limited by the Maine Public Utilities Commission, as well as debt payment on upgrades to facility and pipe replacement projects.

- In Bangor’s system, 42 miles (22 percent) of nearly 200 miles of water mains are more than 100 years old.
- The cost to replace one mile of pipe now averages \$2,000,000, and two miles of pipe should be replaced each year to ensure renewal of the system every 100 years.
- Construction work continues on a project near BIA to replace two standpipes (constructed in 1944 and 1963) and a pump station (built in 1943) with one standpipe and a new pump station.

Staff and Trustees discussed the rate effect on customers, the need to invest in infrastructure replacement, and inflationary impacts.

Moriarty reviewed the steps required for the rate increase including

- filing requirements with the MPUC for its review
- notification to customers with a mailing and a newspaper notice
- Information will also be contained in the annual newsletter and on the website
- a public hearing is scheduled for November 17th

An informational meeting with the Bangor City Council will also be scheduled.

After discussion and consideration, the consensus of the Board was to pursue a 9.8% increase, effective January 1, 2023. Additional discussion and a vote will be scheduled for the Board’s October meeting.

Ralph Foss

Patty Hamilton

John Hwalek

Gerry Palmer

Robert Sypitkowski