

July 23, 2025 07:00

GAUD rate committee meeting minutes

12 Williams Street, Augusta, ME

Bob Corey, Cecil Munson, Mike Payne, Brian Tarbuck

Tarbuck noted that the meeting would be recorded to an audio file and after the meeting was complete minutes would be created from the audio file using AI.

Mike Payne provided the following financial updates and projections:

- Rate Increases:

- Using current estimates with zero rate increases projects the water division to be below its 750k target
- A 3% inflationary increase does not significantly boost revenue
- A 10% increase on the water side could generate \$800,000.
- The ideal goal is to keep rate increases in single digits (e.g., under 9.9%).

The need for money is driven by the cost of water main replacement.

- Debt:

- Recent debt includes loans for the lead service line work and a portion of the River Crossing project.
- Water debt is relatively small compared to revenue, while wastewater debt is substantial.
- A significant milestone is anticipated in 2030, when the last major payments for the Mill Park CSO work are made, freeing up considerable funds in 2031.
- The committee anticipates needing to borrow again due to higher interest rates and a reduction in available grants.
- There is concern that potential congressional cuts to water and sewer revolving funds (up to 20-25%) and "congressionally directed spending" (earmarks) could severely limit federal funding available to states.

Capital Improvement Program (CIP)

- The utility has over \$30 million worth of projects needed in 2026
- Pipes are a major cost driver, with over 100 miles of pipes in each division. Replacing them costs an estimated \$500-700 per foot for open-cut replacement.
- The CIP list is comprehensive, including projects added years in advance (e.g., a vacuum truck estimated for 2029).
- Projects are prioritized (e.g., 1, 2, 3...) with CIP planning starting in August and an initial draft in October.
- The CIP budget is identified as the primary lever that can be adjusted to control overall expenses and stay within rate adjustment guardrails.
- Challenges include projects being deferred due to city paving schedules (e.g., Alden from 2018, Savage Street from 2020).
- A new tool for cutting pavement around manholes was acquired, which is much faster, uses less pavement/gravel, and is safer than traditional saw cuts.

Grants and Forgiveness Monies

- FEMA Grant for Wastewater Plant Generator: Money (\$750,000 is allocated) is being pursued for a generator, but its acquisition is uncertain. The need for a generator is debated, as putting power lines underground might be a more effective long-term solution given infrequent power outages.
- PFAS Funding: The PFAS removal project has received \$4 million in forgiveness. The utility also received a \$50,000 payment from a class-action lawsuit against PFAS manufacturers, with expectations of more payments over 40 years. This forgiveness money is crucial for ratepayers.

- Drinking Water Security Grant: Approximately \$20,000 annually is received for security measures like fences, cameras, and motion alarms, as recommended by the Cybersecurity and Infrastructure Security Agency.
- The importance of grants and loan forgiveness to avoid higher costs for ratepayers was emphasized.

Operational Challenges and Specific Projects

- Asset Management: The GIS (Geographic Information System) specialist (Jonah) has been instrumental in managing computer systems and preventing unnecessary large upgrades, saving significant money.
- Equipment:
 - A new jet truck (for cleaning sewers) costs around \$650,000; the current one is 10 years old and used daily.
 - Modern trucks, despite better emissions, are difficult and expensive to maintain due to complex digital systems.
- Wastewater Plant Electrical Issues: Electrical failures at the plant are often caused by trees. While conduits are in place, a large transformer is needed to underground power lines completely, which is seen as a better long-term solution than relying on a generator. The plant requires a megawatt-sized generator if power is lost, which is much larger than current rolling stock. Natural gas generators have had issues with gas supply regulators.
- Stormwater Management:
 - The Kennedy Brook area near Maine State Credit Union has a persistent stormwater problem (swampy area) that requires dredging and potential reversion to a stream.
 - An elevated sluiceway at the old AIM Recycling (O'Connor's) site also needs repair.
 - Bangor Street consistently floods, requiring larger pipes due to increased storm intensity; the utility may need to pay to move its pipes to accommodate this.
 - Spring Road has bad pipes that are costly to fix despite few customers.
- Water System Maintenance:
 - The Hummingbird project was finally completed after 10 years of planning.
 - Cony Road requires urgent pipe repair due to numerous leaks, with work beginning soon.
 - Historically, combined sewer overflows (CSOs) drove wastewater costs, which are now somewhat controlled by pipe relining. However, it's projected that drinking water infrastructure will become the major cost driver in the future as pipes cannot be inspected in the same way.

New Developments and Coordination with City

- The City of Augusta is undertaking significant road work in the Ganneston / Parkwood area (\$1 million) and Pet Haven Lane (\$300,000) areas. Coordination is essential to adjust infrastructure before paving.
- The utility collaborates closely with the city and DOT on road projects, often needing to defer combined water, sewer, and stormwater projects until all divisions have sufficient funds.
- Several housing developments are underway or proposed:
 - A large development (144 units) off Stevens Road near Riverside Drive will require the utility to extend infrastructure, including running a water line under Riverside Drive, which will be expensive.
 - The Saxon development has been granted three extensions but has not yet begun substantial work; a recent request for a third extension was denied, requiring the developer to show more commitment.

Future Planning

- The next rate committee meeting will continue to provide updates. The more intensive budget process, involving detailed charts and numbers, will begin in the next month or two, leading to an initial draft in October.
- The ongoing work ensures that critical projects are tracked and not forgotten, even if deferred.