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**STATE OF MAINE
PUBLIC DRINKING WATER COMMISSION**



**2017 ANNUAL REPORT
YEAR ENDING JUNE 30, 2017**

**Annual Report
of the
Maine Public Drinking Water Commission**

for the period ending
June 30, 2017

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Introduction

The Annual Report of the Maine Public Drinking Water Commission (MPDWC) is prepared for the Commissioner of the Department of Health and Human Services, pursuant to 22 M.R.S. § 2660-C (4). The purpose of the report is to provide the Commissioner with an understanding of the issues the MPDWC and the Maine CDC 's Drinking Water Program (DWP) faced during the last year, as well as outline the goals and work for the upcoming year. Background information about the regulated public water systems is also provided, along with the current fee structure. Enclosed with this report is the DWP's Public Drinking Water in Maine Annual Report 2015 and the 2015 Drinking Water Construction Project Report. Copies of this annual report are also submitted to the members of the Health and Human Services Committee of the Maine Legislature.

Enabling Legislation

Legislation relating to the MPDWC is found in 22 M.R.S. §§ 2660-B - 2660-G. The statutes were first established in 1993 (c. 410) and have been modified five times since (1995, c. 581; 1995, c. 21; 1997, c. 705; 2001, c. 232; 2003, c. 601; and 2009, c. 15).

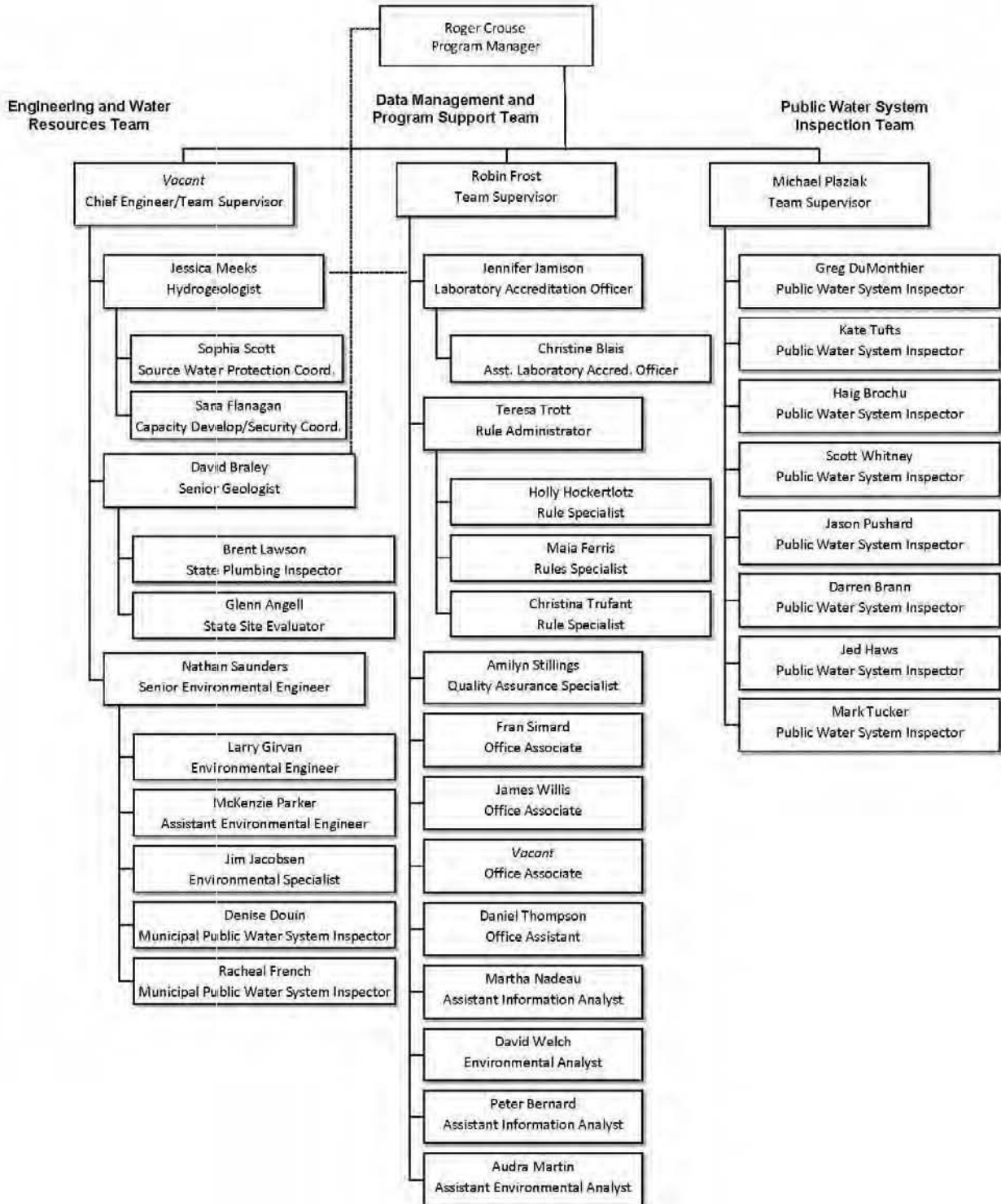
The legislation includes definitions, membership requirements, responsibilities, duties, compensation, annual report requirements, and authority to impose an annual public water system (PWS) operation fee.

Members of the Maine Public Drinking Water Commission

<i>Name, Address, E-Mail</i>	<i>Seat # & Expiration Date</i>	<i>Statutory Provisions for Seat</i>
Roger L. Crouse Drinking Water Program, Program Manager 11 State House, Station Augusta, ME 04333-0011 (207) 287-5684 FAX (207) 287-4172 E-mail: roger.crouse@maine.gov	<u>Seat 1</u> Until Replaced	Commissioner of Health and Human Services or the Commissioner's designee
Rebecca Laliberte The Meadows PO Box 629 Greene, ME 04236 (207) 946-3007 E-mail: RLalib3967@aol.com	<u>Seat 2</u> August 31, 2019	Represent the water purveying community and be associated with a public water system serving a population of not more than 1,000.
Thomas J. Brennan, C.G. Nestle Waters North America – Poland Springs 123 Preservation Way Poland Spring, Maine 04274 (207) 998-6350 ext. 6350 FAX (207) 998-5181 E-mail: thomas.brennan@waters.nestle.com	<u>Seat 3</u> August 31, 2017	Must represent the drinking water public
Robert N. MacKinnon, Jr. Yarmouth Water District, Superintendent PO Box 419, 14 Smith Street Yarmouth, ME 04096 (207) 846-5821 FAX (207) 846-1240 E-mail: ywdbob@maine.rr.com	<u>Seat 4</u> August 31, 2019	Represent the water purveying community and be associated with a public water system serving a population of at least 1001, but not more than 10,000.
Jeffrey D. LaCasse, Chairperson Kennebec Water District, General Manager PO Box 356, 6 Cool St Waterville, Maine 04901 (207) 872-2763, FAX (207) 861-8964 E-mail: jlacasse@kennebecwater.org	<u>Seat 5</u> August 31, 2017	Represent the water purveying community and be associated with a public water system serving a population greater than 10,000.
Lee. Worcester, III Smugglers Den Campground PO Box 787 Southwest Harbor, ME 04679-0787 (207) 460-9033 E-mail: bcw@smugglersdencampground.com	<u>Seat 6</u> August 31, 2017	Must be a user of a transient, non-community water system
Carol White C.A. White & Associates 1 Main Street Yarmouth, ME 04096 (207)846-5599 FAX (207) 846-9066 E-mail: cawhitemaine@gwi.net	<u>Seat 7</u> August 31, 2020	Must be a user of a non-transient, non-community water system
Kathy Moriarty Bangor Water District, General Manager PO Box 1129 Bangor, ME 04402-1129 (207) 947-4516, FAX (207) 947-5707 E-mail: moriarty@bangorwater.org	<u>Seat 8</u> August 31, 2019	Must represent the drinking water public
Brian Richardson Winterport Water and Sewer District, Trustee P.O. Box 260, 337 So. Main St Winterport, ME 04496 (207)223-8880 E-mail: bprassociates@aol.com	<u>Seat 9</u> August 31, 2017	Must represent the drinking water public

Drinking Water Program Organizational Chart

DRINKING WATER PROGRAM, DIVISION OF ENVIRONMENTAL AND COMMUNITY HEALTH, MAINE CDC
July 2017



Performance Review of the Drinking Water Program

The MPDWC gets regular updates from the DWP and assesses the performance of this State agency. The Director and the staff of the program are performing extremely well, especially given the ongoing budget and staffing constraints. Regulations and reporting requirements for drinking water systems continue to evolve under the direction of the EPA and the DWP continues to handle the challenges of these increased responsibilities. In addition, the DWP has done an excellent job in continuing to work with the regulated community to creatively navigate through challenges in securing federal matching dollars for the State Revolving Fund. Organizational changes made within the program over the past few years continue to improve service to Maine's water systems and has allowed more effective field work to ensure the safety of Maine's drinking water and reliability of our Maine water systems.

Enclosed with this report are two additional reports produced by the Drinking Water Program that highlight the work done by the Program in 2016: 1) The Public Drinking Water in Maine Annual Report 2016 and 2) 2016 Drinking Water Construction Project Report. These reports demonstrate the effectiveness of the Drinking Water Program in assisting Maine public water systems maintain required water quality standards and address the problems associated with aging infrastructure within those water systems.

MPDWC Objectives for the Coming Year

The MPDWC will continue to support and guide the DWP as needed and prudently oversee the alternative funding mechanism established to fund a portion of the program's budget. Staffing and funding will remain extremely important issues for the DWP. In response to those concerns, the Commission in the upcoming year will:

- ◆ Continue to support and work to obtain the appropriate funding for the State Match of the Drinking Water State Revolving Fund
- ◆ Be a resource and an advocate for the director and staff of the DWP
- ◆ Review DWP performance measures to evaluate the operations and effectiveness of the DWP

Acknowledgements

The Commission acknowledges the dedication and work ethic of all employees of the DWP. The program has advanced following a difficult reorganization process under the leadership of its Director, Roger Crouse, and the efforts of all DWP employees. DWP staff continues to provide effective and valuable assistance to Maine's 1,900 public water systems as they seek to address ever-evolving water issues and new regulations. The MPDWC feels confident in the DWP as a critical presence in promoting the safety and reliability of Maine's drinking water.

Alternative Funding Mechanism Fee

In 1993, the Legislature created legislation enabling the DWP to assess a fee on all public water systems. This fee is deposited in the Public Drinking Water Fund for the purpose of supporting the DWP. The fee, also known as the Alternative Funding Mechanism (AFM) Fee, is calculated by using a formula with a base rate and a population multiplier.

In State Fiscal Year 2017 the AFM fee paid the costs of 5.0 full-time employees. Each year, the MPDWC reviews the formula, the base fee, the per capita fee and the DWP budget to determine if any changes need to be made to the formula or fee rates. Revenues derived from the collection of these fees are used to ensure adequate staffing to meet the US Environmental Protection Agency’s requirements. Specifically, AFM funding covers the costs of five DWP staff positions.

For all water systems except bottled water and vending machines, the fee is equal to the minimum fee plus the per capita rate, multiplied by the population capacity of the system, minus the exempt population. A summary of the rate structure for these types of water systems can be found in Table 1 below.

Table 1 – SFY 2017 Rate Structure for all Public Water Systems except Bottled Water and Water Vending Machines	
Description	Rate
Per capita rate (above base population)	\$0.50
Base fee	\$55
Base population	100

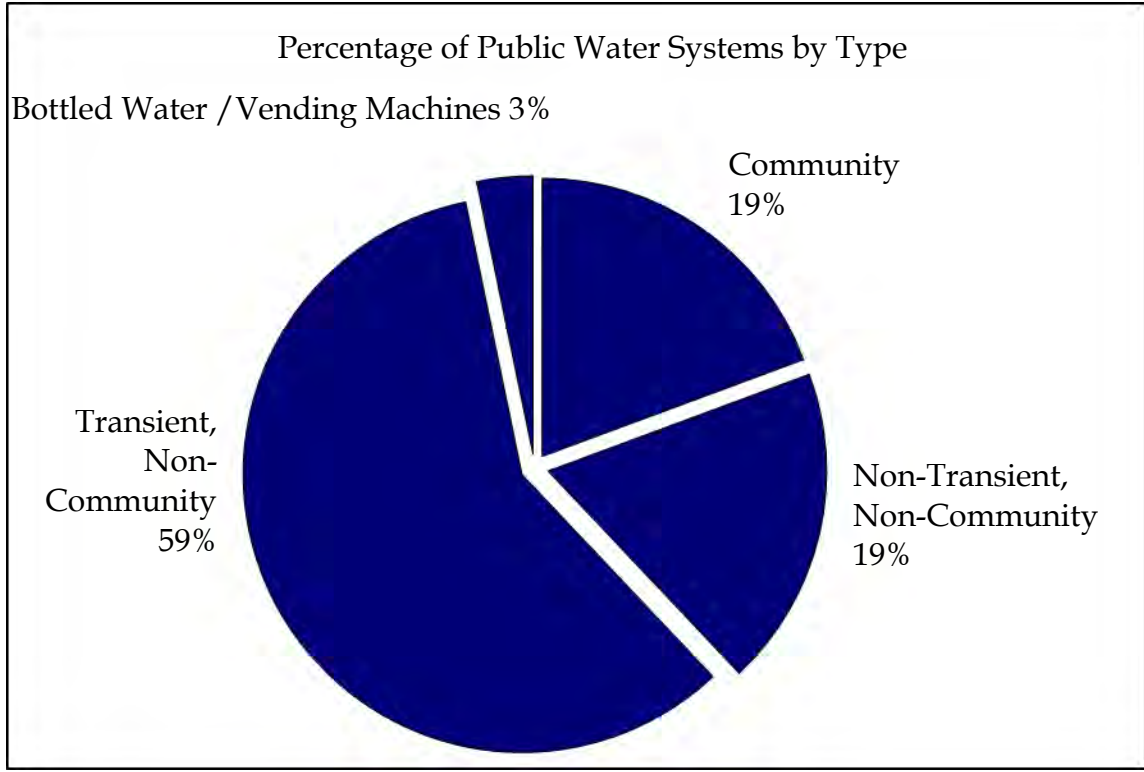
A separate formula and rate structure exists for bottled water facilities and water vending machines. A summary of the rates for these facilities can be found in Table 2 below.

Table 2 – SFY 2017 Rate Structure for Bottled Water Facilities & Water Vending		
System Type	Description	Rate
In-State Small	Small (up to 250,000 gallons)	\$85
In-State Medium	Medium (>250,000 to 20 million gallons)	\$250
In-State Large	Large (>20 million gallons)	\$3,200
Water Vending Machine	Per Water Vending Machine	Minimum \$50 \$10 per machine up to \$150 maximum

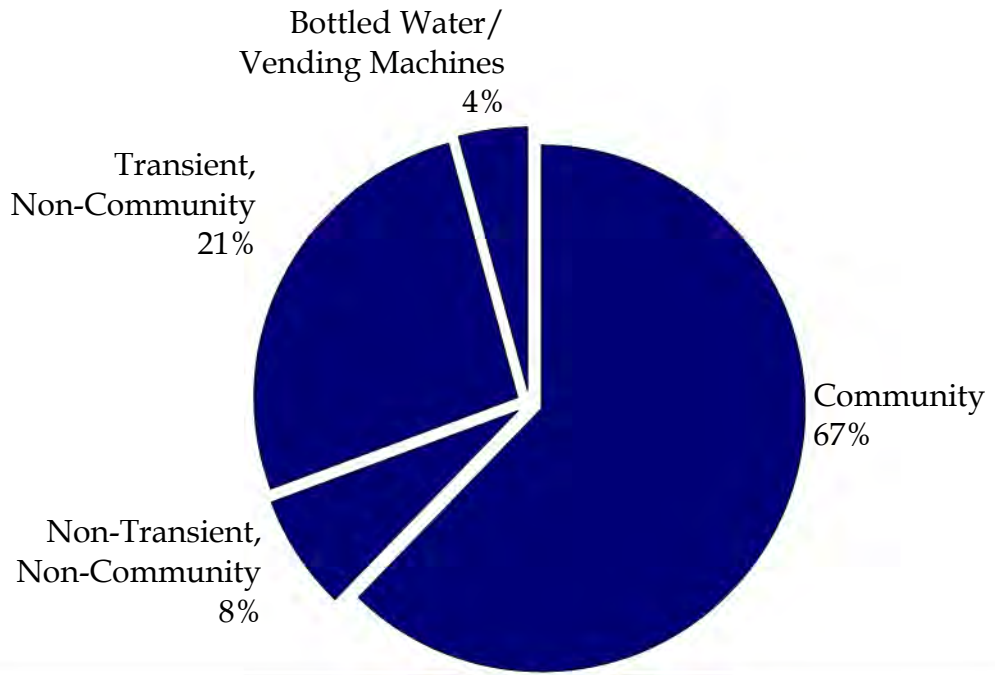
Fees by Public water System Type

State Fiscal Year 2017
Summary of AFM Fee Billings

Types of PWS	Number of Public Water Systems	% of Total Public Water Systems	Population Served	Calculated Revenue	% of Total Calculated Revenue
Community	376	19%	669,664	\$306,168	67%
Non-Transient, Non-Community	367	19%	65,004	\$35,296	8%
Transient, Non-Community	1,145	59%	181,324	\$97,127	21%
Bottled Water /Vending Machines	58	3%	N/A	\$20,210	4%
Totals	1,946	100%	915,992	\$458,800	100%

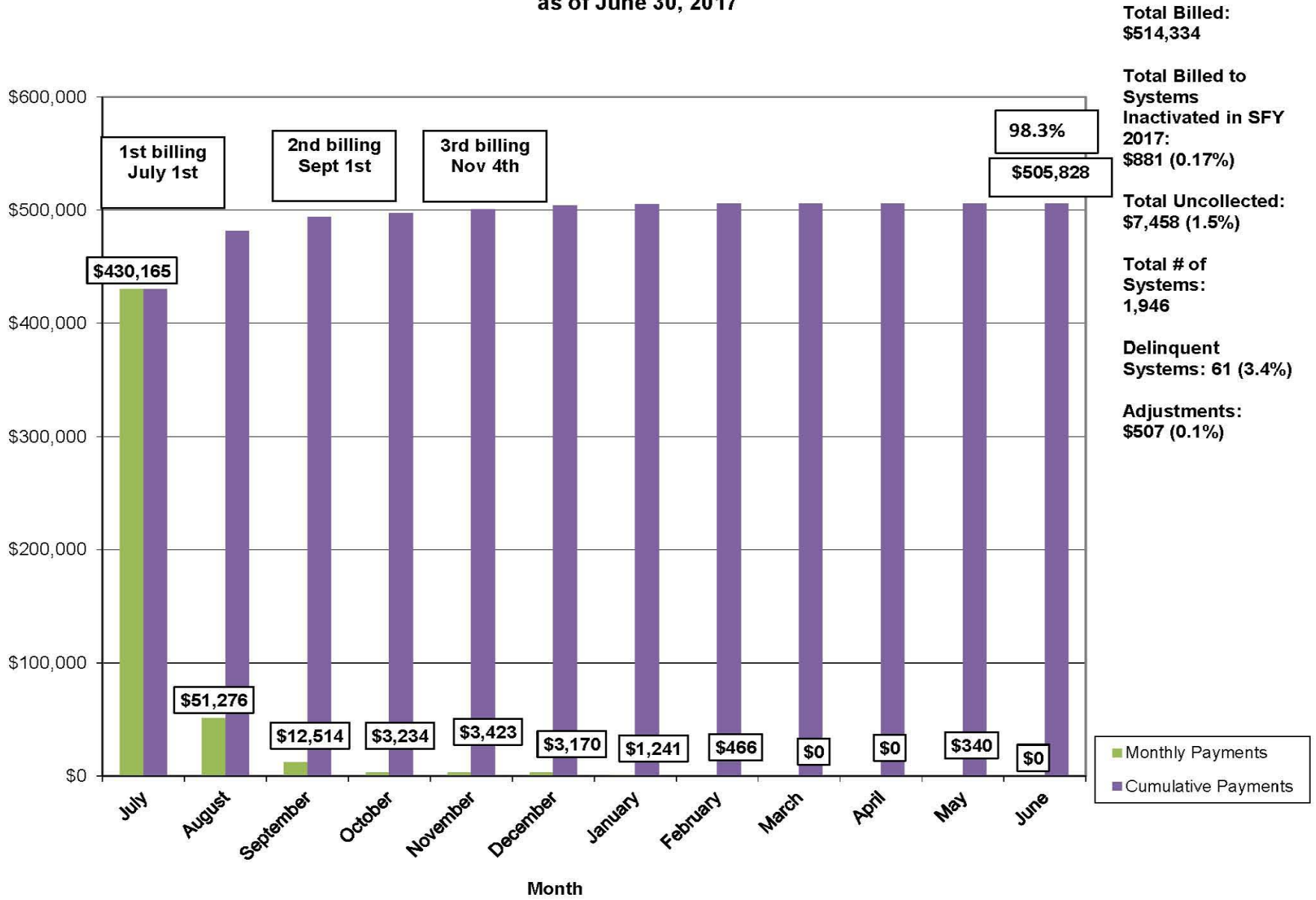


Percentage of Total Calculated AFM Revenue by Public Water Systems Type

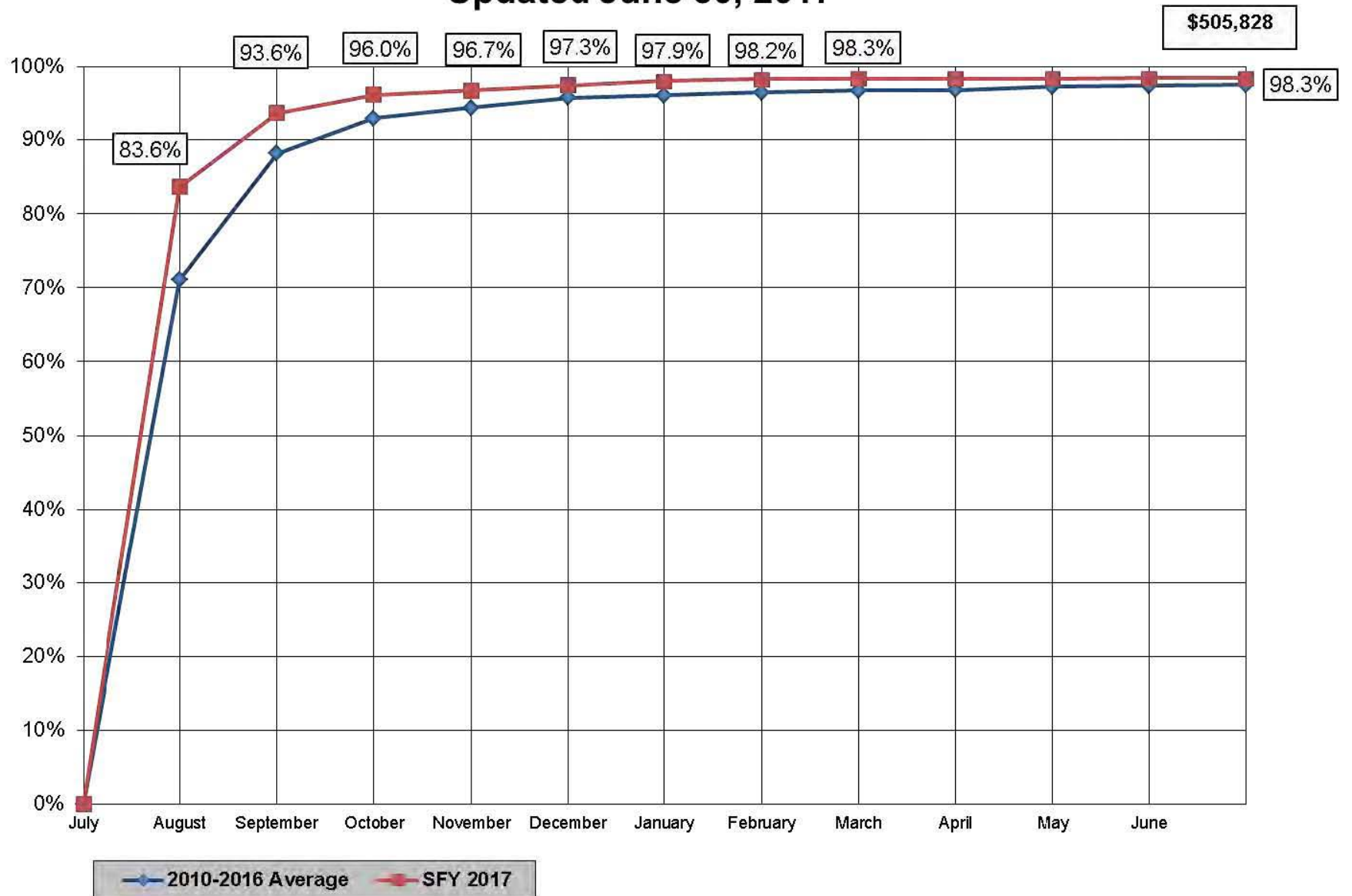


Fee Collection Performance Measures

AFM Payment Summary SFY 2017
as of June 30, 2017



AFM Monthly Summary Percentage of Total Billed vs. Collected Updated June 30, 2017



AFM Fee Rate Changes for SFY 2018

The MPDWC has maintained a long standing expectation that the carry-over funds available at the end of each state fiscal year should equal approximately three months of expenditures. To that end, during the May 3, 2017 meeting of the MPDWC, the commission members unanimously approved increasing fees for SFY 2018 by approximately 10 percent. The SFY 2018 fee structure can be found in Tables 3 and 4 below.

An additional measure, to accelerate the timeline of reaching the three month carry-over goal, approved by the MPDWC, included transferring approximately \$75,000 in expenses, over a two year period (SFY 2017 and 2018 - \$37,500 each year), associated the five FTEs within the AFM account, to the another dedicated revenue account administered by the DWP.

The Commission felt that adequate funding of the reserve account is necessary and reasonable to protect program operations in the event of unexpected circumstances. The Commission's intent is to continue to review and adjust funding and budgets annually to ensure financial stability for the program."

The following table illustrates the approved fee increase plan for SFY 2018 through SFY 2022.

Approved Alternative: Increase Base Fee by \$5 base and Per Capita Fee by \$0.05 in each year until three-month carry-over is achieved and transfer \$75,000 in cash over two years (SFY 2017 and SFY 2018) from another account to the AFM account (9.8% increase for first step increase - slightly lower for subsequent stepped increases)						
	SFY17	SFY18	SFY19	SFY20	SFY21	SFY22
Total Estimated Expenses	\$506,357	\$538,498	\$588,030	\$599,311	\$610,947	\$622,089
Carryover (previous year)	\$109,713	\$108,844	\$126,601	\$144,036	\$150,191	\$144,709
Total Revenue	\$505,488	\$556,255	\$605,465	\$605,465	\$605,465	\$654,959
Carryover (Current year)	\$108,844	\$126,601	\$144,036	\$150,191	\$144,709	\$177,580
Goal Minimum Carryover end of year (3-months of operating expenses)	\$135,964	\$144,000	\$147,007	\$149,828	\$152,737	\$155,522
Assumes a 10 percent BW fee increase in each SFY where the base fee and per capita fee are increased.						
Highlighted cells represent years where fee increases are anticipated						

Description	Rate
Per capita rate (above base population)	\$0.55
Base fee	\$60
Base population	100

Table 4 - SFY 2018 Rate Structure for Bottled Water Facilities & Water Vending		
System Type	Description	Rate
In-State Small	Small (up to 250,000 gallons)	\$95
In-State Medium	Medium (>250,000 to 20 Million gallons)	\$275
In-State Large	Large (>20 Million gallons)	\$3,550
Water Vending Machine	Per Water Vending Machine	Minimum \$50, \$10 per machine up to \$150 maximum

Staff Merit Award

Annually, the MPDWC recognizes an employee of the Drinking Water Program who has made a significant contribution in the past year to the goals and mission of the program. Nominations are solicited and received from the drinking water “community” in Maine, including the DWP staff, other Maine water industry associations, and public water systems. In August 2016, the Commission presented the award to Teresa Trott, the DWP’s Rule Administrator.