

BOARD OF SELECTMEN – TOWN OF ELIOT  
Public Hearing for the CLD Route 236 Sewer Engineering Study  
March 31, 2011

**Quorum noted**

**6:00 PM:** Meeting called to order by Chairman Fernald.

**Roll Call:** All present.

**Pledge of Allegiance recited** – not done tonight

**Moment of Silence observed** – not done tonight

**New Business**

**6:01 PM** Mr. Fernald said that JoAnn Fryer and Heidi Marshall from CLD were present to give a presentation on the Route 236 Engineering Study and, as they went through their presentation, if people would like to ask questions, then raise a hand and they would be glad to answer any questions. He added that they wanted everyone to be involved. He said that, once the CLD presentation was finished and all questions were answered, then they were going to have Underwood Engineers to give a presentation, with questions and answers with them, as well. Mr. Fernald said that they would be here as long as it took. He invited Ms. Fryer to start.

**6:02 PM** Ms. Fryer introduced herself and said that they did have handouts for everyone – a summary of the report that shows the routes and costs for the project. She also had a route map set up on a tripod as a visual reference. Ms. Fryer gave a brief summary to bring everyone up-to-date. She said that the draft engineering study report was submitted in September and they had a public meeting and meeting with the Selectmen on September 30<sup>th</sup>. She said that, at that time, the Selectmen voted to continue with the study, approving the Martin Road route through Kittery. She said that they worked through all of the comments that came out of that meeting and there were some coordination between the Town of Eliot and the Town of Kittery regarding the Intermunicipal Agreement (IMA) information CLD needed in order to finalize the report. She added that the final engineering study was submitted earlier this month and is substantially the same as the draft engineering report. She said that the report provided the same recommendations that were in the draft study and provides clarifications and updates to the format and presentation of the information, which was based on input from the Town and the public in the meetings and additional written comments provided to them by the Town. Ms. Fryer said that they revised the project costs based on further input from Kittery's consultant Kleinfelder – SEA. She added that CLD has still not received their updated draft report but they did provide some supplemental information to their November 10, 2010 draft report. Ms. Fryer said that the purpose of the study was to determine the feasibility for constructing the project within the available TIF funds. She said that, given the route length that they have for the TIF district, it was determined that breaking the project into phases was prudent in order to ensure in order to make sure there would be sufficient funds to construct at least a phase of the project that would meet a workable, constructible project within the funds available. Using the map, she discussed their recommendations. She said that the project involved a gravity sewer to collect sewer from the properties along the TIF route and, then, a series of pump stations, a force main, then gravity sewer to Pump Station #183 and then gravity force main to Martin Road. She added that the project also included a section in Kittery, if Kittery so chooses to proceed, that would be a gravity section of sewer that Kittery would build that would then tie into the gravity section that is part of the Eliot project, then all of that would be pumped back up to Martin Road. Ms. Fryer said that there was gravity infrastructure that was designed by Kleinfelder – SEA, including the NARR Report, that would come down Route 236 to the rail corridor, continue down to Pump Station #7, then pumped back up to the wastewater treatment plant. Reiterating that they recommended a phased approach, she said that Phase I, which was the TIF Sewer District, capital costs to construct the infrastructure within that section, which included the gravity sewer to collect the sewer to the pump station and the force main that was in Eliot, is 2.9

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million dollars. She added that the second piece of Eliot's capital costs would be building the force main at \$720,000. She said that Eliot would receive a credit from Kittery for the amount of flow that they would be collecting in this section. She said that Kittery would be responsible for building any sewer \_\_\_\_\_ in Kittery, as the costs to do that are not included in Eliot's costs. She said that, if they build that section then, once their flows come in, there would be reserve capacity in there to carry that so that was a \$33,000 credit that Kittery would owe to Eliot for the use of Eliot's infrastructure. Ms. Fryer said that, then, there was the cost from Martin Road down to the wastewater treatment plant. She added that, based upon the information received from SEA – their costs and how they broke the cost-sharing out – CLD reviewed that information and made some recommendations on how they feel the cost-sharing should be changed and that information was included in the report. Ms. Fryer said that cost was 2.8 million and is Eliot's share of the infrastructure costs being constructed by Kittery in Kittery – from Martin Road to the wastewater treatment plant. She added that there would be an additional \$365,000, which is a share that would be associated with the existing flows that were going through Pump Station #7. Ms. Fryer said that the capital costs shown for Phase I would be 6.75 million dollars and there would be an additional \$669,000 that were IMA buy-in costs associated with previous upgrades to the plant. She added that Phase II construction was estimated for an additional 2.9 million.

**6:10 PM** Mr. Sinden said that, previously, the cost from Bolt Hill (or from the border) to Martin Road was 2.7 million and now it's \$700,000.

Ms. Fryer said that she believed there was some misinterpretation and/or confusion, which was why they clarified that in the report. She added that the 2.7 million that was in the previous report was Eliot's cost-share to Kittery from Martin Road to the wastewater treatment plant.

Mr. Sinden said that, in SEA's report, that was well over 3 million dollars.

Ms. Fryer said that Kittery had included in their cost to build the infrastructure in here, which CLD was already including in their report, so there was some double figuring of costs between the numbers. She explained that they took the cost information provided by SEA and CLD backed out the numbers they had already included in their cost estimates, which was how they came up with the 2.7 million figure.

Mr. Sinden clarified that what she was saying was that the cost for beech Road to the border in their first report was 3.6 million and they have dropped it down a bit to 2.9.

Ms. Fryer said that the 3.6 was actually from Beech Road all the way to Martin Road – they weren't providing any sewer in Kittery so the naming of that was misleading, but it did include the sewer that was being built in Kittery.

Mr. Sinden said that their (CLD) first report didn't state that.

Ms. Marshall said that that was why they clarified it in their second report.

Mr. Sinden asked how they could make such a huge error.

Ms. Marshall said that it was how SEA's information was presented with CLD's information that helped people misinterpret. She added that that was why they did the chart and the handout, so that it was clear – cost, colored, - what was included in each segment.

Mr. Sinden said that, on page 35 of the new report, it had Bolt Hill Intersection to Kittery Pump Station, then it says "Not proposed as part of Phase I construction."

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Ms. Marshall said that that was so because Bolt Hill Alignment, based on the Selectmen's vote of September 30, was not proposed. She added that the alignment chosen was Martin Road so, again, they were trying to make it clear that, going forward, what the report's recommended proposal was the Martin Road Proposal, not Bolt Hill.

Mr. Sinden clarified that, here, it says Bolt Hill intersection to Kittery pump station – were they saying that this meant going up over the hill.

Ms. Marshall clarified that where they say: "Not proposed as part of Phase I" means that they were not proposing it as part of the current construction program.

Ms. Fryer said that, if he read the top of that, the title is the Bolt Hill Alternative, so those were costs associated with the alternate route, not the one they recommended.

Mr. Sinden clarified that none of CLD's numbers included any debt service.

Ms. Fryer said that the numbers did not include any debt service.

Mr. Sinden asked if SEA agreed with all of CLD's assessments for that section from Martin Road to the plant, as they were quite clear in their report what Eliot's share would be and, just from that section alone, it would be over 3 million dollars.

Ms. Marshall reiterated that their initial cost included the cost of the Eliot pump station and the Eliot gravity and force main, which from where CLD stood, would be inappropriate to be constructed by Kittery. She added that it should be overseen by Eliot, if it was to be Eliot's pump station.

Mr. Sinden said that CLD stated that the 40% share (39%) versus Kittery's 80% share based on flow – CLD's is just a recommendation and Kittery has not agreed to that.

Ms. Marshall clarified that they had not had any communication with SREA since CLD modified the table, if he was talking about Attachment H.

Ms. Fryer asked what Mr. Sinden was looking at.

Mr. Sinden commented that he had only had the report for two hours and he was looking for the specific reference. He said that it said, based upon 39.5% to do '12-inch force main to treatment plant, for example, TIF share is 39.5%', versus Kittery's 80% share figure. He added that they just said a moment ago that their recommended share was about 40% and asked if that was correct.

Ms. Marshall said that the 39.5% talked about how much flow was being carried in that particular pipe segment and, so, it was broken into three different categories: the section – the amount of Kittery's sewer volume that would be in that, the amount of the existing Eliot flow that would be in it, and the amount of volume for the proposed TIF flow that would be in this - so those three figures, together, equal the total amount of flow.

Mr. Sinden said that he understood but said that it was Eliot's share of that flow that determines Eliot's share of the cost.

Ms. Fryer agreed.

Mr. Sinden asked for clarification of CLD's recommendation for Eliot's share of the cost in Kittery.

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Ms. Marshall clarified that it was different whether they went the Martin Road Alignment or the Bolt Hill Alignment, so the 39.5% was talking about the Bolt Hill Alignment.

Mr. Sinden said okay and added that a few moments ago they said they were recommending a percentage share for this Martin Rd?) alignment and asked what it was they said.

Ms. Fryer said that the cost associated with that was 2.8 million, here, which was associated with the new flow and \$365,000 that was associated with the existing flow.

Mr. Sinden clarified that it was the new flow figure he was trying to get at, because they were using an 80% figure for Eliot's share, which he felt was really excessive.

Ms. Marshall said that those percents were outlined in Attachment K of the report, and this table by SEA, and based upon some modifications CLD proposed, the next page showed how those numbers might be modified, if Kittery were to agree to that.

Mr. Sinden said that he understood – that he was trying to get the percent that CLD used for that number that they had.

Ms. Fryer said that, prior to Martin Road Alignment – prior to adding in the existing flow at Pump Station #7, the cost-share (which they were recommending that 43.6% for Kittery and 56.4% for Eliot.

Mr. Sinden said that the point he was getting at was that that was just the recommendation, at this point.

Ms. Fryer said that that information is what CLD feels is Eliot's fair share.

Mr. Sinden commented that Kittery felt that 80% was correct so that was a number that still needed to be negotiated.

Ms. Fryer confirmed that there were several items that needed to be negotiated.

**6:19 PM**

Ms. Marshall said that, according to the SEA table that Kittery's consultant created – the numbers were not 80/20 – the numbers, here, are showing in the magnitude of 70/30. She said that these per cent allocations have evolved – the first segment of pipes, the per cent was one thing and, when one goes to the next segment of pipe and pick up more Kittery flow, Eliot's share declines each time Kittery adds flow in to the pipe. She clarified that, with the first segment of pipe, Eliot had 98.5%, but by the time one gets further down the line, there was a section that Eliot has 60% and, then when Eliot's existing flow comes back in, it goes up to 71%.

Mr. Sinden said that he understood all that but clarified that the SEA Report established a cost for Martin Road to the plant and based Eliot's share on a figure of 80% flow...

Ms. Marshall reiterated that this was SEA's table – this was their table that CLD understood that they used...

Mr. Sinden requested a moment to find the document to clear this up because he obviously misread something. He said he would come back to this.

A member of the public clarified that another alternative was Bolt Hill.

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Ms. Fryer said that, in the submission of the draft engineering report, there were two alignments that were investigated – Martin Road and Bolt Hill (upgrading that infrastructure along the existing route to accept the new flow). She added that, based upon the discussions and recommendations that were made, the decision was voted by the Selectmen to proceed with the Martin Road alternative and that was what they finalized their recommendations with.

That same member clarified that Bolt Hill was out of the picture.

Ms. Fryer confirmed that that was the recommendation of the report.

A member of the public asked, regarding the proposed pump station, if they could give a description of the particular properties, where those locations are proposed and what pump stations were like.

Ms. Fryer clarified that, basically, this was a conceptual design and what he was asking for would happen during final design. She said that assumptions were made but what they tried to do was provide a conservative approach that would give Eliot an estimate and a feasible limit for a project that could be constructed within the funds that Eliot has. She reiterated that final design detailing and figuring out exactly what would happen – that would be a final design effort that would happen after this report.

This same member asked, based on the funds Eliot has, how was Eliot defining the funds they have.

Ms. Fryer said that the funds were coming from the TIF District. She added that the Town provided CLD with an updated accounting or estimate of the funds that would come in to that and that was what was used in their report.

The same member asked if that implied that the project costs were essentially fundable through the TIF.

Ms. Fryer said that, based upon the information CLD has received, the TIF should be able to generate bonding capacity somewhere between 6.5 and 8.5 million. She added that that would have to be finalized with exactly what type of bond they have, what type it was and that was obviously outside the scope of their work. She reiterated that, based upon those numbers, the capital costs were at 6.75 million and, then, there was another \$669,000 of buy-in costs, which Kittery has offered to finance over a 7-year period and could also be bonded, but how all that would be financed is something that would be worked out in the next phase of the project.

Mr. Sinden said that CLD said “based on the information received” Eliot could bond up to \$8 million – what information was that. He said that he asked because the initial TIF consultant stated that, over the 20 years of the bonding period, the TIF would produce about \$8 million, which would bond, depending on the interest rate, 5 ½, maybe 6 – in that range. – but Ms. Fryer was saying Eliot could bond up to \$8 million. He added that CLD and the attorneys who calculated the TIF seem to be in disagreement on that.

Ms. Fryer clarified that the initial information in the TIF documents have been updated and the revenues are higher than what was originally predicted.

Mr. Moynahan clarified that CLD had received the most recent update, as the Board had had the attorneys send CLD that most recent update.

Ms. Fryer said yes, about a month ago.

Mr. Moynahan confirmed that Ms. Fryer’s commented that revenues would be higher than expected.

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Mr. Sinden asked who prepared the update.

Mr. Moynahan said that the attorneys prepared the update.

Mr. Sinden said that, when they added in the debt service, they would have to add about \$3 million, based on the current rates and the Maine Bond Bank started off at about 3%, which would be going up because of inflation. He said that that clearly takes it over \$8 million.

Ms. Fryer clarified that that was not part of CLD's scope to determine what the bonding would be. She said that the best information CLD had was that the bonding would be in the 6.5 to 8.5 million range. She added that they tried to provide conservative cost estimates so that, as the design was refined, then Eliot would have what would be at that cost or less.

Mr. Sinden clarified that CLD was saying about \$7 million for capital costs.

Ms. Fryer clarified that it was \$6.75 million and added that that includes all the capital costs – Eliot's capital cost to construct plus the capital cost owed from Eliot to Kittery based upon CLD's recommendations for the cost-sharing. She added that the buy-in costs were additional at \$669,000...

Mr. Sinden said – plus debt service...

Ms. Marshall said...some of which has been paid.

Mr. Sinden commented that they had to make payments at 4.5 %, so that was over a million – so what he was saying was that the cost they mentioned, plus about an additional 3 million in debt service, all had to be included in what the TIF would support.

Ms. Fryer said that she understood where Mr. Sinden was coming from and that that would be something that would have to be investigated as the project moved forward.

Mr. Moynahan suggested that the second half of this meeting would discuss, in more detail, the questions Mr. Sinden had raised, in how they would incorporate the bonding construction costs. He added that this was the first phase that the Board had asked them to do that did not include any of that. He added that he thought that, as they moved forward and taking a certain route, as they prepared something for the voters, then they would have true costs – bonding, construction and engineering costs all rolled in. He added that they were working with the new engineers to kind of add a step in there at a shorter dollar figure so that they have all that accurate information and he believed this would be touched on more later in this evening. He reiterated that the Town has not asked CLD to do any bonding information – they asked them to do a feasibility study of constructing sewer in Eliot and the capital costs that were associated with that – they never once asked them to do any bonding information study.

Ms. Shapleigh commented that, as the sewer was completed, the bonding would be done over many years but, as people were able to use the sewer, then there would be more things built and the Town could choose to use some of those funds for the bonding rather than put that all in the regular budget.

A member of the public asked if there was any type of federal funding that could be made available for this project.

Mr. Moynahan said that he thought that would be pursued and added that they had to get to the point of finding out if this project was even feasible to do in Eliot, first. He added that, once the Town has made that determination, then they could move forward to see what else might be available to the Town. Mr. Moynahan

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said that this route may not be etched in stone – that they were still working with Kittery on the sewer contract and associated costs. He added that they would still be looking at other cost-saving measures with this for a final design. Mr. Moynahan said that this information gave them the picture they needed to present all the information to the Town.

Mr. Sinden commented that it was mentioned last week that the sewer contract was due back from Eliot attorneys.

Mr. Blanchette said that he had not received that from the attorneys.

Mr. Sinden asked if there had been any significant changes in that contract.

**6:30 PM** Mr. Moynahan said, yes, there had been significant changes but he could not speak to that because the contract was still in negotiations.

Mr. Murphy commented that he did have some things to say but would like to hear the second part, first, before making those comments, as they might be premature.

Mr. Moynahan thanked CLD for their hard work through tough times and a lot of confusion, at times, but it was a very well-prepared document.

The Board wholeheartedly agreed.

**6:32 PM** At this time, Mr. Fernald invited Underwood to present.

Keith Pratt (President of Underwood Engineers) introduced himself and his team: Phil MacDonald (Project Manager), Valerie Geguerre (assisting as Project Engineer) and Colleen Moreau (Treasurer), who just happens to live in Eliot. Mr. Pratt said that their firm was out of Portsmouth, NH. He took a few moments to explain why Underwood was present tonight. He said that CLD has been involved in the feasibility studies and the work to-date. He said that the Town did go out to a selection process to solicit some additional engineering firms and they had been through that process, being awarded the next phase in that work so, that is why they were present. Mr. Pratt emphasized that the Town had done a lot of the work and they had spent some time looking through the reports, studies, evaluations and surveys that were completed. He added that they would build on those – not doing anything over – but pick up where it has been left off and, when the Town went out for the RFQ, that was exactly what was asked for. He clarified that the first phase of this effort was to complete what they called a value engineering (VE) phase. He commented that the Town of Eliot was investing a lot of money in this project and their approach was to make sure the Town did this wisely and cost-effectively. He explained that they would take the report and sit down with the Town and go through it in terms of a value engineering phase, which meant that they would look at all the pieces, listening to tonight's questions, make sure all things were considered and revisiting some of the routes that were looked at before, maybe even looking at a new route, so that everything was looked at. Mr. Pratt said that they might end up with Martin Road but their approach was to look at everything to help the Town make the right choice for the Town. He added that they would take some time to look at inflow and infiltration. He said that Eliot does have an existing collection system and there was excessive water entering in to that system, currently, rain water and ground water from either sump pumps or leaky pipes. He added that they knew that, at times, that water was exceeding capacity or stressing the system, but they also knew that, if they could find some ways to get some of that out, then they might be able to find some ways to use some of the application Eliot already had with Kittery to support the TIF District. Mr. Pratt said that, once they got through those phases and the value engineering phase and define/confirm the recommendations, then they would go in to a preliminary design phase and the final design phase so that, then, Eliot could put the project out to bid and get it built. Mr. Pratt reiterated that their goal was to

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double-check what has been done – a fresh set of eyes – to make sure that the approach is the most cost-effective for Eliot. He said that they understand that the Town wanted to keep this project within the TIF funds, that the Town was very clear to them regarding this point - that the project be supported by TIF funds, only. He discussed that there would be a warrant article in June but that there were things they wanted to address right away, explaining that they were currently out in the existing sewer collection looking at the I&I in the Village area and the existing collection system. He said that some of this would happen in the middle of the night – between midnight and 6 AM – as that would be when the least number of people would be using the water – with the idea that whatever they found in the pipes at that time was extraneous flow and they would look at strategies to remove some of that. Mr. Pratt said that the next phase, if the warrant was passed at Town Meeting, would be the VE phase and the preliminary design. He added that they were doing some immediate things right now because they wanted to catch the high ground water and spring run-off in the sewers – that was important. He clarified that the rest of the work would be completed after a passing vote at the Town Meeting in June.

Mr. Moynahan clarified that the design work would be specific to the existing system – that information may be used for their VE but the Town was paying for that out of the sewer account because it was for the existing sewer.

Mr. Pratt agreed and said that they wanted the Town to do this right away to make sure it was done right to get the best information. He emphasized that this was for the existing collection system but that information would then be used to see if they could do some things to improve I/I to support the TIF district. Mr. Pratt said that they would look at the Bolt Hill route, again, look again at the Martin Road section and look again at cost allocation and they have started to look at the terms and agreements to make sure they make sense. He said that they would look at some funding, that they had been in touch with the SRF group and at the State level, so there would be some work done regarding outside funding opportunities. Mr. Pratt discussed looking at costs of end-of-useful-life criteria for pipes and pump stations that Eliot might be faced with in the very near future and the benefit to solve existing problems to benefit both the existing and the TIF districts. Mr. Pratt said that he would be happy to answer any questions anyone might have at this time regarding their part of the work.

**6:37 PM**

Mr. Fernald wanted to clarify that one of the reasons to look at the Bolt Hill alternative and that infiltration system was because that was a possibility as a route from Route 236.

Mr. Pratt said absolutely – that they saw that as a possibility for a couple of reasons. He added that they have done enough work to say maybe they should look at it again because, if they could get some I & I out of the existing system, then maybe they could phase in some of the Route 236 sewer to offset some of the high up-front costs. He said that they would be doing it in two ways – reducing the up-front costs and solving an existing problem, hopefully, as they compare the alternatives. He clarified that he was saying that because that was one of the things they would take a look at as they compared it against the Martin Road route. He said that they might be able to phase in some of the construction to reduce the costs over time and deal with an existing problem with I/I solves both those problems.

A member of the public said that he wanted to clarify the difference between the TIF district funding the project and the benefit of the project for the TIF district, commenting that he thought this map captured it. He added that it was his understanding that Eliot was looking to pay for this with the revenues that were generated by the TIF, however, the benefit was not specifically only for the TIF area – in other words, the proposed sewer areas were larger than just those properties within the TIF, he believed.

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Mr. Pratt said that he thought that was correct, if he understood his question right – yes, this was going to go in front of the TIF district and serve the TIF properties but there were other properties out there that would use these sewers.

The same member clarified that he made that comment to say that there may be some misinterpretation or misunderstanding of that and, as it was made clear, it would help folks.

Mr. Pratt agreed and added that CLD did look at the build-out area to make sure the pipes were sized properly, not just for the TIF district, but for things that might happen beyond the TIF district.

Mr. Sinden asked what they would know from Underwood when they vote in June – would they be coming back with a report or numbers or what would the Town be voting on in June, based on the warrant article at Town Meeting.

Mr. Pratt said that they were currently working out what the residents would be voting on and added that they would not have Underwood's VE study at that Town Meeting – the preliminary Value Engineering Study would not be done, the preliminary design study they had been talking about – would not be done in advance of the meeting in June. He clarified that what the Town would be voting on is was that the next step the Town wanted to take.

Mr. Sinden said that, in terms of funding, they did not talk about the betterment fees along Route 236, which encompassed 12-14 properties from the border to Beech Road, asking Mr. Blanchette for clarification of what Eliot charged for when the first sewer was built.

Mr. Blanchette said that, when the first sewer was built, the Town charged \$850 per household unit, or the equivalent, of a household unit so, if one had a 4-tenement, one was paid four times \$850. He added that, if it was a commercial building, then they tried to interpret that into how many residential units that would be, based on the number of gallons and, so, that was the \$850. He said that, throughout the State of Maine he said that he did not think that there was a typical.

Mr. Pratt agreed that was not an unusual number that he just heard and they saw. He added that he sometimes liked to use what they called a development charge, and was similar to a betterment fee, but thought there was some more flexibility in it because there were two things being paid for: they were paying for the infrastructure they would build and they were also paying for – in some way, people who might connect, and they did talk about this when they sat down with the selection committee, as they thought that setting up Eliot's rates now, or revisiting those rates now, makes sense as Eliot moves this project forward, so that rates were in place for, not only the project Eliot was building but for anything else that might happen in the future. He discussed looking five years down the road when someone might want to tap into the system, and they were not in the TIF district, what would Eliot charge that person and, oftentimes, they looked at development charges for that so that, when they come in, Eliot has been building equity in the system that they just paid 6 million dollars for, and those that come in would help pay in to the equity that Eliot had already invested in. He added that that was something they would be looking at as part of the project.

Mr. Sinden clarified that, when Mr. Pratt talked about rates, he wasn't talking about monthly use rates.

Mr. Pratt said no and that what he was talking about was more along the lines of a betterment fee.

Mr. Sinden, referring to the Martin Road alternative, said that he asked SEA, if Eliot was building in Kittery, then shouldn't Eliot share in the betterment fees and

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they disagreed. He said that, if they went up Bolt Hill, there were 50-60 properties, so that would be a considerable amount of revenue.

Mr. Pratt said that, if he thought about it on an equivalent basis, they were talking about 850 for equivalent flow? and, more typically, he thought one would see them just over a thousand now. He said that, if there were to be another restaurant that came or something that used greater flow, then it would be multiplied by the equivalent usage in residential. He added that, if it were equivalent to a 10-unit residential, then one would be talking about \$8,000 as a connection.

Mr. Sinden asked, in terms of the existing users on the existing system, if he was anticipating any extraordinary charges down there, if they go that route.

Mr. Pratt said that, no, he was not anticipating that. He said his argument would be that, if they were going to be doing some improvements through the existing district for the existing collection system, as a result of the TIF, then they were doing it because they think it is less expensive or more cost-effective for the Town – that's based on the TIF and would be a TIF project.

**6:45 PM**

Mr. Murphy said that, regarding that issue, there have been improvements at the Kittery plant, the costs of which have not been demanded of Eliot, and it was important that those costs that fall to the current system be assigned to the current system. He added that if, for some reason they don't go down Martin Road and go over Bolt Hill, then they would still have to pay for those past improvements that they have not yet paid for. Mr. Murphy commented that he has not said very much about this, publicly, because he had been waiting for the study to be completed. He said that more and more, recently, in their negotiations with Kittery, he had found himself shifting an original opinion that the proposed route shown this afternoon, very favorably, was the way to go. He added that, in dealing with Kittery and measuring their attitude and the requirements that they were placing on Eliot, has caused him to think that, as a Town, Eliot should perhaps slow down a bit and look to see what the actual rate of need for this system along Route 236 was and not build the Martin Road extension down to the plant. He suggested the possibility of doing a modified plan up over Bolt Hill, as Underwood suggested, tweaking their own system and using their current 200,000-gallon allotment, which has about 80,000 gallons (more or less) available. He added that, instead of spending Eliot's money on building that long gravity line in Kittery, which is the most expensive part of their whole system, he would rather see that money used to maximize the amount of actual infrastructure along Route 236 that Eliot could get in, even if they didn't have the users there, as getting that infrastructure in was the primary purpose of this whole TIF. Mr. Murphy said that, if Eliot foresaw the actual use of this was going to be slow and delayed and a couple of years before it even started, then they could perhaps talking about it out in the real estate market and the business market to say this was an area that was delightful and entirely appropriate for many kinds of businesses to eventually come to Eliot. He added that they wouldn't come until it was clearly there and functioning and that was going to take some years. He said that they would have to set up an organization to sell this so, one thing he would like to see was a legitimate economic plan for what was a reasonable build-out and sewer demand for actual usage. He asked if they could go along with making do with the present system, in a frugal way, and upgrade the pump slightly without having to do the whole main or rebuild the 8-inch force main to Kittery – could they, perhaps, equalize the flow in some way so that this 8-inch main could be running smoothly and continuously rather than having to deal with peaks. He suggested that this might involve a retention tank, of some kind, to help moderate or mediate those peaks of flow. He added that it seemed to him that they could get along for 5-10 years with their present system and, if they upgraded the deficiencies so that they could be sure that it would handle more than 200,000 gallons per day, then Eliot could go to Kittery and get incremental amounts of additional flow, doing it slowly as, each time Eliot asks Kittery for additional flow, they require Eliot to have that buy-in – increasing Eliot's percentage for the

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use of their allotments at their plant. Mr. Murphy said that he would like to see that approach costed out and spelled out for Bolt Hill and economic timing of the actual usage along Route 236 – when did Eliot expect them to come and, then, they would have a longer term to plan and be ready for that growth. Mr. Murphy discussed that a second gas compressor station had been begun to be built, which has been stopped waiting for a turn-around in the world economy, and would give Eliot another 35-million-dollar plant there to take Eliot to a second tier for the sewer project.

Mr. Fernald said that he wanted to point out, for the purpose of the press, that Mr. Murphy was not speaking for the Town or the Sewer Committee, but was expressing his own opinion.

Mr. Murphy agreed.

**6:50 PM** Mr. Pratt commented that, when he talked about phasing before – acknowledging that there was phasing in the Route 236 section, itself – he was also talking about the kind of phasing Mr. Murphy was discussing.

Mr. Murphy clarified that he and Mr. Pratt have not talked about this.

Mr. Pratt agreed and added that, if they went back to the interviews, Underwood talked about this. He added that the Martin Road connection requires all the up-front costs and incrementally phasing flow, as they may only need 20,000 or 30,000 or 50,000 gallons, they could have that option with Bolt Hill. He said that phasing flows doesn't work as well with Martin Road because the big infrastructure had to be built, up front. He said that Eliot had the beauty of having an existing infrastructure in the Bolt Hill area and through the Village so that allows them to look at that option. Mr. Pratt also suggested that Eliot might want to just buy the allocation, though, with Kittery because Eliot would not want to plan for something – they could control what was done in Eliot but not what might happen next – so Eliot could buy that 200,000 now but phase Eliot's infrastructure to be financially smart.

Mr. Murphy said that the current proposed I&A includes a section that states that Eliot could have the option of buying portions of increased allocation, as needed.

Mr. Sinden said that he agreed with Mr. Murphy's sentiments completely, particularly taking a good hard look at every facet of this thing. He added that he never heard a discussion about possible build-outs on Route 236, the traffic, the curb cuts and all of that was an issue with the State. He discussed the difficulty Eliot had with the State when Eliot tried to put a traffic light at Bolt Hill and Route 236 for the assisted living project, with the State freaking out and saying no way because that was the State's north-south corridor. He said that he thought they were overlooking another big point – a lot of this is in the control of Kittery. He said that Kittery has been counting on what is on the table right now. He explained that the whole sewer contract was geared around going straight down Route 236. He added that Kittery had big plans once Eliot helps them build that infrastructure. Mr. Sinden commented that Eliot couldn't say that they were just going to change it because that agreement was signed by the town council two years ago and their expectation was that Eliot would sign it right away. He said that he knew the email traffic from Kittery has gotten downright snippy from them whenever Eliot suggested that Eliot was going to take this slow. He added that Eliot needed to make sure Kittery would accept this and not just change it.

Mr. Murphy commented that Eliot could use their current sewer contract for several years, if they were very careful.

Mr. Sinden agreed, if Eliot could do that.

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Mr. Murphy commented that Kittery may need a reminder that Eliot has a backbone.

Mr. Pratt said that Underwood has seen portions of the agreement and they would not be discussing this option if they did not think it was possible. He added that he has had this same conversation with Kittery, through their engineer, so they know Eliot was thinking about that.

Mr. Sinden asked what their response was.

Mr. Pratt said that the engineers said that they heard and understood.

Mr. Sinden asked if the engineers had gone to the town.

Mr. Pratt said yes and it would be a process but that the discussion has begun.

A member of the public said that CLD gave them an overview and, he thought, a recommendation. He asked for clarification of CLD's part in this feasibility report that took a look at the recommendation that Martin Road was the best alternative, after looking at everything, and Mr. Murphy talked about Bolt Hill. He asked if the engineers in front of them now were going to do a complete study and a proposal that says they have looked at it from a quantitative, qualitative and financial aspect, they have looked at, they looked at Bolt Hill, they looked at the CLD recommendation and this is what Underwood would recommend – these are the costs for the various options and Underwood's recommendation was Option A and this is the cost and this is the timeline. He commented that he got confused with what he read in the paper and what he was hearing here tonight. He apologized for not going to all the meetings that they sometimes didn't know about but what he was trying to understand was what the end game was – what were the people of Eliot going to get and what was the timeframe because he has been hearing about the Bolt Hill problem and TIF for years. He added that he thought they said up in Maine, fish or cut bait, and are they going to do that at some point and is that the driver right there (Underwood) – is that the firm that was going to do it and do it in a timely fashion to get it in front of the Town so that the Town could make some decisions. He commented about the small number attending tonight's meeting and asked if they could imagine how many they would have at the Town Meeting – maybe twenty more. He clarified that what he was trying to understand was what was their final product.

**6:58 PM**

Mr. Pratt explained how the value engineering process worked. He said that what Eliot has is a good feasibility study that makes a recommendation. He added that, oftentimes and it is not uncommon, that report level is taken to another step into a value engineering phase. He said that that was what they were talking about doing for June because this was a big project and a lot of money for Eliot. He added that through that process they could come back to Eliot and say here are some things that might add value to the report that was done that either supports or looks at something a little bit differently, coming back with those facts and those figures, saying it was still a preliminary effort and not a final, quantitative design. He clarified that they would come back to the Board to explain where they agree and where they see things a little different and the Board could say, yes, but they were going to stay with Martin Road or they could say they understood and this phasing process made a lot more sense to them. He said that that was what they were talking about doing in this next round so that when Eliot does spend 6 million dollars they know they are doing it in the best way possible.

The same member said that that was what he wanted to hear and he wanted to make sure that was what Eliot got. He added that he would also like to see if Eliot could get some federal money and that someone was looking at that because there was a lot out there and he had a hard time believing that Eliot could not get some.

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Mr. Moynahan clarified with Mr. Pratt that they could have done the final design immediately but Underwood came in and suggested looking at it in this way, do some value engineering first and go in front of the voters with that and then, the next time they go to the voters, they would have the true construction costs and true design costs and it would be the big picture that everyone has been waiting for. He clarified that this was one small step, which was much more cost-effective for the Town because they could have run in to a no. He thought it made sense to get all that information, get all the true costs and the next go-around, not this June, would be the final decision.

Mr. Pratt agreed and said that that was a good point because when Underwood was asked to look at this they were told the Board was picking a firm to do the final design. He said that Underwood said that, typically in a project like this, a town would want to do the value engineering step, so Underwood asked about slowing this down to help resolve some of the issues.

Mr. Ramsey asked if Underwood could clarify what the voters would get in June – would it include the value engineering so that the Town could sign on to the routes or would Eliot approve the value engineering and, then, later Eliot would make a decision.

Mr. Pratt said it would be the second, that the vote in June would be to advance the next phase, including the value engineering so that when they do go to the voters for the full 6 million, or whatever that figure is, they have all the final figures and Eliot has decided and is comfortable, Kittery agrees, the IMA is finalized and they understand the terms and costs so that the people could vote. He said that it would be a two-step Town Meeting – the smaller one for the VE and preliminary design and working out the details on that and, when they were ready, come back for a full vote.

Mr. Ramsey asked when they estimated that to be.

Mr. Pratt said that it might be the following June, they were still working on that.

Mr. Ramsey clarified that they would be able to work within the construction time constraints.

Mr. Pratt said they were paying attention to that, to make sure they met the deadlines and commitments that were made.

Mr. Moynahan clarified that there were two steps, anyways, that there was going to be the two Town Meetings – one before final design engineering costs and one for construction costs. He said that, instead of spending \$400,000 for final engineering, they were spending a portion of that and getting everyone an answer on engineering and construction.

Mr. McMullen apologized for being late and said that, having been on the TIF committee, being involved in business development, and a business owner on Route 236, could Underwood explain to him, in a quick paragraph, where they were proposing the routes and what existing versus new lines.

Mr. Pratt said that they were not proposing any new routes, yet. He did say they were saying they did have a proposed route and they were given the opportunity to ask if that was the right route, should they look at a different route. He added that they were going to look hard at the Bolt Hill route and they were talking about two things – how they were going to get to Kittery and where they were going to run it on Route 236 to support the businesses. Mr. Pratt said that they hadn't talked about it yet but one of the things, when they sat down with the selection committee, they said not only did they want to look at the routes differently but they also wanted to, instead of spending all that money in Kittery, see if they couldn't extend it up Route 236 – wanting to swap some money up the

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route to benefit Eliot and get more sewer on Route 236, extend the phasing up there. He said that, if they could spend less in Kittery, quite frankly, then they would probably propose extending it further up Route 236 so that they could get to more of the undeveloped land and better developable land a little bit further north. He reiterated that they were not proposing any specific routes today but saying they wanted to revisit some of the other routes that were looked at.

Mr. McDonald (Project Manager) said that one thing they did touch on with the selection committee were the difficulties associated with, that he believes CLD experienced, also, the two-town issue. He said that, if there was just one town involved and going for their own treatment plant, then a lot of the discussion would not come up. He commented that he thought that what the Town was struggling with was the question of whether Eliot wanted to invest all the up-front money in Kittery or could Eliot take some of that money to correct some of the extraneous flows and eliminate them from the system to get the true benefit of the existing system, possibly extending the life of that system and pick up some development along the way and not base the Kittery burden right up front.

Mr. McMullen commented that he appreciated that thought process because he thinks it makes a lot more sense, economically, and allows Eliot to work on bringing more businesses, more quickly, in to Town and some businesses might be willing to put down some of their own line.

Mr. Murphy clarified that he thought the CLD study (both preliminary and final) was extremely valuable, as it was only as a result of seeing this full-fledged, down the middle of the road, straight, full build-out and its costs versus the Bolt Hill one, if they went that way, with a full build-out and the long-term life of the system and it would require an upgrade event to extend, which was much more expensive and they needed to know that. He added that that allowed Eliot to see that it would be very expensive and ask if they needed to expend all that money. He added that he was glad he was part of the IMA team because he got to see how people worked and thought.

**7:07 PM**

Mr. Sinden commented that they had used the term “phasing” two or three times, saying that had been used before in terms of building up Route 236, but that raised the question of how Eliot was going to pay for Phase 2 and Phase 3 and so forth. He said that the TIF would fund Phase 1 but the TIF ended as soon as the last payment was made on that bond.

Mr. Pratt said that he believed they would have that problem with any route they picked. He added that, then, Underwood’s goal would be to maximize the phasing on Route 236 with the initial TIF funds. He explained that, if they went down Martin Road, then they have put more of their money in the interceptors on the Martin Road connection and they would have less money in the 1<sup>st</sup> phase for sewer down Route 236. He said that, if they could reduce costs on the connection to Kittery, then they invest more of the TIF revenue to get that Phase 1 on Route 236 longer and further so that the future phases may be smaller or not exist.

Mr. Sinden said that he understood but asked if he was correct, still, in assuming that, at the end of Phase 1, they would have a functioning sewer of whatever length on Route 236 and, in some, way, connected to the plant – all accomplished within the limits of the TIF funding.

Mr. Pratt said the straight answer was yes. He added that they would, then, have to work out this idea of phasing, if they took that approach, adding that Mr. Sinden’s point was well-taken because they needed to understand what that would mean adding flows on to Route 236 in the future that might trigger another upgrade in the Village, for example.

Mr. Fernald asked if Mr. Sinden had had his questioned answered.

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Mr. Sinden said yes and reiterated that there would be a functioning sewer on Route 236, connected to the plant and all within the limits of the TIF funding, and that would be Phase 1. He said that that was his understanding of the parameters, but, anything beyond that would not be TIF-funded and that was not a part of this initial discussion, as he understood it.

Mr. McMullen said that, when the TIF committee selected the lands and buildings to go into the current TIF, they were very much aware of the fact that they would need a second phase. He added that what they did was look at all the lands that should be in the current TIF and all the lands that should be left for a future TIF process. He also added that they were aware that there would be coming into Eliot a second gas compressor station to the tune of 35 million dollars someday so they took that into consideration. He said that they have taken a lot of the raw land on Route 236, now, and left that out of the current TIF so that a Phase II TIF could be created to cover the balance of Eliot's commercial district and, hopefully, to go to the new Village commercial district because that could not take place, zoning-wise, until Town water and Town sewer were available to this new light commercial/residential Village district.

Mr. Moynahan clarified with Mr. Pratt that, when they go to final design, even if it is phased, Underwood would show, for Eliot's benefit, the total cost of the whole system, start to finish and, then, break out what the current TIF would support.

Mr. Pratt agreed that they would have that information. He said that the Bolt Hill connection obviously has its' challenges. He discussed, as an example, if they do phase flows and they do say it would be much more cost-effective to phase 100,000 gallons, instead of building the infrastructure for the whole 200,000 gallons, it would trigger this much work and would, in turn, trigger this pump station but, when they went to their next hundred for the Phase II TIF and beyond, he could tell them what that would trigger, too. He said that, then, they could decide in the next year or two if that was something they wanted to put out in front of the voters or not but, at least, they would have an awareness that it was out there and knew what they were dealing with so that, when they were making the final decision, they would know what the long-term costs would be.

Mr. McDonald commented that he thought that dealing with all of the costs benefits and all those decision-type issues would be easier done in phases as opposed to all at once. He added that it was a lot easier to answer the questions when it was broken down into structured phases.

Mr. Sinden asked, when they were pricing Phase I to see if it fits within the TIF, would they be including debt service, as the TIF was intended to fund the whole package, including the cost of bonding.

Mr. Pratt said yes.

A member of the public asked, if, with the design they present, would they be putting in a growth factor into that design for future users down the road.

Mr. Pratt said that they usually looked out 50 years, as that is generally the accepted life of a pipe, so Underwood wanted to design a pipe that include what they envisioned for that growth for the next 50 years.

Mr. Murphy discussed a piece of legislation being proposed right now in Augusta that would wipe out the deadline, built in to the contract that would require Eliot to have all construction done in 5 years from the date of approval – March 31, 2009. He added that a group of people would be going up Monday to testify before the joint committee on taxation in Augusta to represent Eliot's interest in the TIF. He said that they should know the answer on this by Town Meeting.

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A member of the public added that that same legislation allows moving bonding from 20 years to 30 years so, if this work is all-including and moving towards a financial understanding of what the TIF financial plan could support, then it would certainly be material to allowing financing this over 30 years, versus 20 years, but that he would think they would have much discussion over why they might extend that financing.

Mr. Pratt commented that it would give them more flexibility in their choices.

Mr. Fernald asked if Mr. Pratt had anything else to say.

Mr. Pratt said no.

Mr. Fernald asked if there was anyone else from the public who wished to speak.

There was no one who wished to speak.

Mr. Fernald thanked CLD and Underwood for coming and for their presentations. He also thanked the public for coming and for their questions.

**Adjourn**

There was a motion and second to adjourn the meeting at 7:20 PM.

**VOTE**

**3-0**

**Chair concurs**

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**DATE**

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**Roberta Place, Secretary**