

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30 PM

Quorum noted

6:30 PM: Meeting called to order by Chairman Fernald.

Roll Call: Mr. Fernald, Mr. Moynahan, Mr. Murphy, and Mr. Dunkelberger.

Absent: Ms. Place was absent.

Pledge of Allegiance recited

Moment of Silence observed

Approval of Minutes of Previous Meeting(s)

6:32 PM Motion by Mr. Murphy, seconded by Mr. Dunkelberger, to approve the minutes of April 26, 2012 as written.

VOTE

3-0

Chair not present for that meeting.

Mr. Fernald said that he would like to take a minute to recognize Gerry Whitemore, who used to be a Selectman in Eliot, and last week passed away. He added that Mr. Whitemore had moved to Tucson, Arizona with his family. He also added that Mr. Whitemore was a real nice guy who gave his time to the Town and they certainly passed their condolences on to his family.

Mr. Murphy requested that the Board send a letter to his family.

Mr. Fernald agreed and asked Mr. Blanchette to draft a letter of condolence to Mr. Whitemore's family.

6:35 PM

Public Comment:

There was no one from the public who wished to speak.

Department Head Reports

Mr. Moulton discussed sewer inspection compliance. He said that he had four out of the 265 residents he was tasked to do inspections on and have not complied with the sewer inspection request for illegal connections to the Town sewer. He explained that he had drafted one more letter basically stating that they were the last four in non-compliance and asked the Board to review the letter and, if they approved it, he would send it out certified and see if they could get these wrapped up.

Mr. Murphy said that he had reviewed the letter and it seemed fine to him, that nothing seemed omitted, and seemed to do the job. He added that it was a rather strong statement and it was time they began listening.

Mr. Dunkelberger said that he had reviewed it and was fine with the letter.

Mr. Moynahan said that the letter was consistent with the approach they have taken and he thought it looked good.

Mr. Fernald said that it was the consensus of the Board for Mr. Moulton to move forward with the letter.

At this time, the Board went to #2, as #1 was a public hearing scheduled to start at 7 PM.

New Business (Correspondence List):

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

#1 – Public Hearing appears at 7 PM.

#2
6:37 PM

TO : Board of Selectmen
FROM : John Reed
REF : TIFD and Sewer Questions

Mr. Fernald said this was in reference to some questions by the BC on the sewer project on Route 236. He noted that the BC was present and hoped that, with some of the meetings on the sewer that have been held in the past year and over the last several weeks, that a lot of the questions had been answered.

Mr. Reed said that there were a number of questions answered by Underwood Engineers, as far as they were able to; there were some that were answered by the SC. He added that there still remained, to his mind, a number of loose ends regarding the Board as to what they were aiming at as far as doing the research to find out if the TIF was going to do what the Town wanted it to do, its' compliance, and what was needed for the Town. He said that a lot of the unknowns had not really been addressed. He added that one of the things that the Board had done well was to get Underwood Engineers on board, they have gone through what the TIF Project could be, they have generated a map that showed the TIF District and how the sewer project would fit into that – at least a preliminary one. Mr. Reed clarified that, really, what they had generated was just an idea and he was used to having a little bit more concrete thing to vote on. As an example, he discussed the planning ordinances and said that, when they voted the complete text of the thing was not there on the ballot, but people were pointed to another place to find out what exactly what they were voting on. He said that, in the case of the TIF, that was not true and there was no place to go to find out any concrete information, such as what the construction would be definitively, and that was a serious problem with it for him. Mr. Reed said that another problem was the assumption with the TIF financing was that the Town would have predominately one taxpayer basically funding the whole thing and everything else is kind of assumed it will all work out right from the beginning and there were no contingency plans that he could figure out.

Mr. Fernald said that the Board was, during the Public Hearing, going to open it up to the public to ask questions about these articles and probably a lot of those questions would be answered.

Mr. Reed said that there were a number of questions that they (the BC) gave the Board to be answered and that this felt rushed; hopefully, it was just a matter of getting as much concrete information to the voters so they could vote from an informed position.

Mr. Fernald suggested they bring those questions up during the Public Hearing.

#3
6:42 PM

TO : Board of Selectmen
FROM : DOT
REF : Intersection improvements

Mr. Fernald said that this was a letter from the Maine DOT wanting to know if there were any historical concerns at the corner of Depot Road and Route 236, as they were going to be doing intersection improvements. He asked Mr. Moulton for his input.

Mr. Moulton said that he has seen the document and done some inquiries but has not found anything as of yet.

Mr. Lentz said that he circulated that back to the Historical Society and had only one reply back. He added that that person had no concerns.

After some discussion, the Board agreed that it did not look like there were any historical concerns regarding the work to be done in that area.

#4
6:46 PM

TO : Board of Selectmen
FROM : ITC
REF : Off-site hosting

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

This was a letter from the ITC referencing a server off-site.

On behalf of the committee, Mr. Dunkelberger said that Mr. Blanchette approached the committee about the possibility of having the server off-site or in the Cloud instead of at the Town Hall. He added that, after a study, the committee determined that it was not cost-effective for the amount of information the Town would be required to store or handle and, regarding the Cloud, that the technology had not proven, itself yet, as reliable as they needed for Town records. He added that the ITC was recommending the Town not pursue this at this time.

Mr. Blanchette said that, since they would not probably do this, then they would end up buying a new server the next fiscal year.

Mr. Murphy said that he thought that the Town was well advised to do as much as possible for themselves, here, rather than to rely on someone else to do it for them. He discussed his concern for protection of the files.

Mr. Dunkelberger said that the ITC's feeling was that as the technology matured the price would go down and that it may become in another iteration – 3 to 4 years down the road – cost-effective to do.

Mr. Fernald asked if it was the consensus of the Board to accept the recommendation from the IT Committee not to move forward at this time with off-site hosting.

The Board agreed.

#5

6:48 PM

TO : Board of Selectmen
FROM : Xfinity
REF : Updates regarding service

This was informational.

#6

6:50 PM

TO : Board of Selectmen
FROM : DEP
REF : Applicant Agreement

This was an application agreement to comply with the 2012 Clean Water State Revolving Fund Requirements from the DEP.

Mr. Dunkelberger asked for clarification of what they were asking for.

Mr. Blanchette clarified that what they were asking for is that the Town has to agree with some of their things and one of them is the Asset Management Plan. He added that the Town had to have an Asset management Program and Reserve Account in order to qualify for the principle forgiveness. He explained that this was part of the application for the million-dollar State Revolving Fund Loan that the Town could get on the sewer and that would lower the interest rate on that million dollars from whatever the bond bank was to 2% lower, so the Town would be getting a State Revolving Loan Fund of a million dollars at 2% less than the bond bank. He said, regarding the forgiveness, that it was slightly more than \$1,000,000 (about \$1,060,000) and the \$60,000 is the forgiveness part for the Town putting together the plan. He said that, in order to get the State Revolving Fund, then the Town needed to do the plan and so forth.

Mr. Dunkelberger clarified that the Town did not have an asset management plan.

Mr. Moulton said no and that it was something the Town should have one.

Mr. Dunkelberger asked what it would take to make a plan.

Mr. Blanchette said that he did not have all the details but that it would be the engineers that would be putting it together along with Mr. Moulton.

Mr. Murphy said that he assumed that they had to agree with both Step 1 and Step 2 and not choose the "or" category.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Blanchette said that was correct.

Mr. Pratt said that they were planning to carry that scope, if the project passed, in the next phase of the design to complete that work as part of the design. He added that the Town would not have to do this until and unless the warrant passed. He clarified that he thought they were looking for the Board to say yes, the Town would meet these if they took the loan and Underwood was planning on incorporating that in the final design. He added that it was something that was pretty straight-forward but don't really need to do it until one entered the loan agreement, reiterating that all they were looking for right now was a nod that the Town would meet their conditions.

Mr. Dunkelberger moved, second by Mr. Murphy, that the Board of Selectmen give the positive head nod to answer in the affirmative with regard to the 2012 Clean Water State Revolving Fund requirements to include establishing an Asset Management Plan.

VOTE

3-0

Chair concurs

#7

6:55 PM

TO : Board of Selectmen
FROM : DOT
REF : Town Bridge Inspections

Mr. Moulton said that the Town received a copy of the 2011 Inspection Report from Maine DOT for the Old Fields Road Bridge, which report the Board has. He discussed the bridge's poor condition rating, the work that continued to keep the bridge functioning, and that the bridge would need to be replaced with funding from Eliot and South Berwick. He added that funding would be discussed during next year's budget season, that this was something unforeseen that came after budget season. He added that he had been able to remove ten items from his red list so should be able to come up with some repairs that would get them by until both towns could develop the funding to replace the bridge. He discussed what they were doing to mitigate the fiscal impact, that they were moving in the right direction and would have some steps done while continuing to look for funding mechanisms as they worked to keep the bridge open. He said that, if it got too bad, then they would have to close it but that would have to be a joint decision between Eliot and South Berwick.

Mr. Dunkelberger asked if Mr. Moulton had any idea how much that would cost.

Mr. Moulton said that to meet some of the issues similar to what he had done before would be \$10,000 or less and to replace the bridge would be \$20,000 to \$30,000. He discussed what he thought they could do and that he would bring that back to the Board sometime over the summer.

7:00 PM

#1

TO : Board of Selectmen
FROM : Dan Blanchette
REF : Public Hearing Notice

Mr. Fernald said that present tonight were Keith Pratt from Underwood Engineers and Shana Mueller from Bernstein & Shur to answer questions.

Mr. Dunkelberger read the third article.

Mr. Fernald opened the Public Hearing at 7:04 PM and asked if anyone would like to ask questions.

7:05 PM

Mr. (Frank) Murphy said that from what he has read and understand about this was that the route was not really set yet. He asked if it was going to go up Beech Road or Bolt Hill Road or cut through the middle of Town – where was this line going.

Mr. Pratt introduced himself and said that they were recommending a route and that the sewer line they were proposing was that the force main would be on State Road and Beech Road. He added that the gravity sewer that was to serve the TIF District has also

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

been recommended, that those reports were on file that showed those routes, and there was some cross-country involved and other sewer extensions on portions of Route 236. He clarified that it was not 100% final but that they were confident they were where they wanted to be, as they have already made their recommendation, adding that there were some easements they were working to secure.

A member of the audience asked what was needed to finalize that route – what were they waiting for.

Mr. Pratt reminded everyone that what they have done is a preliminary design to develop the basis for the costs, looking at variables and alternatives – about six different routes – and the route they recommended was the lowest cost route. He clarified that they had not done final design so there was permitting required, securing easements, and those sorts of things. He said that they were on track the way they would normally see a project be proceeded with but those were some of the things that still needed to be done and the final design was one of them, along with putting together the bidding documents, as well.

Mr. (Frank) Murphy asked, if this was voted down, did that mean the Town would stop spending money on it and not bring it back next year and the year after that.

Mr. Fernald said that, if this was voted down, then it could still be brought up in November.

Mr. Pratt said that that was his understanding, at the Board's desire.

Mr. (Frank) Murphy asked if the BOS was going to keep pushing for this.

Ms. Shana Mueller, with Burnstein & Shur and representing the Town, said that she was also representing the Town in 2009 when the Town voted on the TIF District. Regarding the question of what would happen if the Town voted the project down and with respect to the TIF District, said that that TIF District has been up and running for a couple of years and been accumulating some TIF revenues so there are funds in that TIF District that could only be used on certain types of projects that were authorized and the sewer project was the main project in that authorization. She said that in order for the Town to get permission to use that accumulated money on something else, they would have to back through an amendment process and a Town Meeting would have to vote on an amendment to the TIF District and a new project would have to be contemplated, at that time, that was considered economic development under the TIF Statute and then the Town could use the money on that project. She added that at that point it would also make sense for the Town, if this project was really not going anywhere, to think about whether the TIF District should be disbanded and then, from that point forward, the TIF revenues would not continue to accumulate. She reiterated that, at this point, there were TIF revenues in that account that would need to be spent on some kind of restricted economical development purpose.

7:10 PM

Mr. Sinden said that he felt that they really shouldn't be talking about design, tonight, adding that what they were voting on was the bond, and the bond alone. He added that the day after the Town voted, if they voted yes, there would be a 6.5 million-dollar-pot that the Selectmen would have control of, which could be used for a project as long as it had Route 236 and the word "sewer" in it, then it could be anything. He said that what they have seen as recommended designs, first of all, are hopelessly incomplete at this point because there were major issues yet to be addressed and, secondly, it is really meaningless in terms of this vote. Mr. Sinden said that it concerned him that this has been over three years, the Town had been through two engineering firms, and spent almost a half million dollars and the Town did not have a design to vote on. He commented that he did not see how anyone could vote yes on this with all the unknowns. He added that he thought there was a fatal flaw in draftsmanship of the warrant – "Shall the Town approve the design, construction, and equipping..." – adding that "construction" was a forward statement and "equipping" was a forward statement but it didn't say approve the designing but approve the "design", with the implication that a design exists. He reiterated that he did not see how anyone could vote yes on a warrant article when the object of that article was yet to be created.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

7:12 PM

Mr. Murphy said that he believed that Mr. Sinden's interpretation of this was not necessarily the interpretation that was meant when this was written. He added that he read this as that the Town would approve the idea that there would be a design, there would be construction, and there would be equipping because that was the purpose of this money – this money was going towards all of that and that was the intent and that was the meaning of this (warrant) – and the Town couldn't do that without money and the thing was to vote enough money to do that. Mr. Murphy questioned if the statement would allow the alternative financing proposal that had come out in the public hearing that they had just yesterday namely, getting some of the funds from the State Revolving Fund at half the interest rate.

Mr. Blanchette said yes, that this article would allow for multiple bonds, one of which could come from the State Revolving Loan Fund.

Mr. Murphy said that that would be kind of a loan, like the tax anticipation note or something like that.

Mr. Blanchette agreed.

Mr. Murphy said that this is not that the Town, itself, had to approve the design, as the design wasn't ready yet, except in a preliminary form, as they haven't gone out to bid and don't have those final things. He added that he thought Mr. Sinden was reading something into it that was a red herring – this was just to approve the money that would be needed to accomplish all of that. He said that he was glad that they had taken three years to get to this point – they had done things in a straightforward way in the past and had the old-fashioned, solid plan, which had been shown to be unnecessarily expensive and caused Eliot to expend a great amount of money in Kittery, that Eliot did not have to do that, now, as they had a much-improved plan where the monies would be spent primarily in Eliot to accomplish and improve Eliot's systems – both the old one they had in hand and the new one.

7:15 PM

Mr. Brandon complimented Underwood Engineers on the preliminary work that they had done. He asked for clarification regarding the loan Mr. Murphy discussed.

Mr. Pratt clarified that, in order to secure the loan from the State, the Town would have to have a positive warrant article to borrow money so the Town would need an approved warrant to get that loan.

Mr. Brandon commented that he did not believe they should approve this warrant article but he thought there was enough money in the TIF fund, at this point, to proceed to a point where they could finish the planning so that they knew what they were spending their money on, specifically. He added that, if this warrant article was passed, then he agreed with Mr. Sinden that it was kind of open-ended in many ways – there was too much loose stuff in there that hadn't been decided yet. He said that he would vote for the warrant article if the plan for the sewer was complete at this point. He added that the BOS had the power to approve a complete plan for the sewer and, at that point, he thought the BOS should put out a warrant article to fund it. He said that it was his understanding that they had enough money in the TIF fund to finish this planning process and to finalize it.

Mr. Pratt said that they were involved in this type of project a lot. He explained that they could do it that way and it has been done that way, but it was rarely done that way because the design was another major effort. He added that, if they proceeded with the design and they went to Town voters for the next step and it failed, then that investment could potentially be lost, which was one disadvantage. He explained that another disadvantage was that they may have finished the design but they had not really bid it, not using real numbers, that they were still using estimated numbers. Mr. Pratt said that, commonly, and Eliot had advanced this more than most had in terms of preliminary design, from their experience Eliot was at where they would normally be when a warrant article was brought together. He added that he has seen it done that way but, normally, it was done the way they were proposing it here.

Ms. Selsberg asked why the BC opposed it.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Reed said that the BC had opposed it up to this point mostly for the reasons that had been expressed earlier where this particular sewer project had not gelled enough and presented to the voters with enough background information as far as the sewer project, itself. He did add that he thought the engineering firm had done a good job on what could be someday on this. Mr. Reed said that there had not really been a study that quantified in any way the actual benefits to Eliot, that there had been statements that business was good for Eliot and he thought that was a reasonable assumption, he supposed, and, according to the Comprehensive Plan establish business on the Route 236 corridor, which was a reasonable thing. He said that they did not really know how much business this would evolve into, adding that they had done due diligence as far as the sewer project, itself, went with Underwood Engineers, that the project hadn't gotten to the point where the project was put together and now it was a lot more put together than it had been. Reiterating that a benefits study had not been done, he said that they had taken it on faith and spending 10 million dollars on faith he did not think was good business proposition. Mr. Reed said that they should keep in mind that this had the potential to benefit the Town but if they had to pony up and commit to this debt service for the next twenty years and sacrifice money that could go in the general fund to be devoted to this particular project in this particular area of Town, then they needed something a little more concrete than, "It's going to be great." He said that he also didn't believe there had been enough thought given to what the other side of the story could be and he was glad to see Ms. Mueller here to address that. He added that he didn't realize there was an intermediate step and assumed that this was going to be the sewer district expansion project or that was it and it sounded like there would be other options – that they would have to wrench it into some other project, perhaps, and not taken apart.

7:20 PM

Ms. Mueller said not necessarily but clarified that the TIF District was created along Route 236 with this project in mind so it was hard to imagine what other comparable project would work there and be approved by the State under the TIF Statute. She added that she agreed with Mr. Reed that it could be done but emphasized that it would take some work. She said that in her mind, if the project didn't move forward, then they would need to come up with some creative way to spend the TIF revenues that have already accumulated on economic development and have the Town Meeting approve that and stop the collection of the TIF revenue from that point forward. She reiterated that there was a possibility that they could find some other way to use that but it would have to be considered economic development under the TIF Statute and it needed to be approved by the Town anyway.

Mr. Murphy asked Ms. Mueller how many TIF projects she had been associated with.

Ms. Mueller said that she had been associated with approximately 50 but could not say for sure but added that, hearing questions from the BC Chair about whether the Town had done studies about whether economic development would come if they built the sewer on Route 236. She said that, from her experience, some of the communities that she had worked with that had built these kinds of projects – the most analogous project she could think of is that a number of towns have created business park TIFs where they were trying to get businesses to go into a certain area and this was sort of the same idea and those towns had the TIF pay for sidewalks, infrastructure, sewer, etc., in those districts – things that those commercial industries they were trying to attract would need and require. Ms. Mueller said that the City of Gardiner did that a few years ago and they have had some success attracting businesses to those business park lots so she has seen this sort of thing work in other places. She added that she could not tell them of any studies that showed that it worked. She said that she thought that the concept was that the kinds of businesses that the Town wanted to attract to Route 236, they simply didn't go places where there wasn't sewer.

7:25 PM

Mr. Dunkelberger said that he understood where Mr. Murphy was coming from with regard to building a business space on Route 236. He added that he would say that, from his time on the PB watching applications come before the Board for businesses on Route 236, one of the first questions they had to ask was whether the septic system supported the business going in, so they were already establishing a limit to the size of the business. He added that, if a business was successful and wanted to grow bigger, then it was limited by the size of the septic system. He added that this establishes that

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

only certain size businesses, rather small, could go on Route 236 because they were on septic. Mr. Dunkelberger said that the other piece to that, he thought, was that for the greater good of Eliot with regard to having a sewer system that treated wastewater versus relying on multitudes of septic systems, then he thought that improved the livability of Eliot. He added that he was trying to look at it from a longer term and not just from an economical standpoint but from an environmental standpoint, also.

Ms. Brandon, clarifying that she was not advocating for this, said that she would like to have the facts available - if the TIF District were dissolved what did that mean and had Ms. Mueller seen a community set one up and then erase it out and go through that.

Ms. Mueller said that she had not so quickly after it had been set up. She said that TIF Districts that have sort of run their course, paid for what they were intended to pay for, then they have done away with TIF Districts in order to put a new TIF District in the same area or in a different part of the town to free up some acreage. She reiterated that towards the end of a TIF's life she had seen that but had not seen that in this case. She said that it certainly could be done but it was just that it took a Town Meeting vote to do it - it took a legislative body's action to put a TIF in place and to amend a TIF.

Ms. Brandon clarified that Ms. Mueller was not recommending it but to get the facts out there, if one dissolved a TIF District and there was money there, then one must have to pay back money or fines, etc.

Ms. Mueller said that what she thought Ms. Brandon was getting at was the tax-shift benefit that the community enjoyed. She clarified that Eliot was not experiencing tax shift loses that they otherwise would experience on their revenue-sharing subsidies from the State, education aid from the State, county taxes, and contribution to the local school district. She said that, if the Town decided to do away with the TIF District and they had funds already in their account, which was the case, she did not recommend trying to undo what the Town has already collected. She said that she thought that would be an extremely messy prospect and she has never taken a client through it because she counseled her clients to spend the TIF revenue monies they had on TIF projects. She added that, if the Town wanted to pursue that, then they could try to figure it out but she did not recommend it and that was why her advice was to make sure that, if they had TIF revenues already in the account, then they find a different way to spend those TIF revenues. She explained that, the way those formulas work - education aid formulas, etc. - this has been going for a few years, now, and the Town of Eliot has, in effect, had some impact on the education subsidies received by every other community in the State, so to try to undo all those impacts was really a daunting task and one she did not want Eliot to be a focus of by the State.

Ms. Brandon thanked Ms. Mueller and said that that information was good to know.

Ms. Lewin clarified that it required State approval, too, to dissolve.

Ms. Mueller agreed that that was true.

Mr. Fernald asked if there was a possibility that the State would take that money.

Ms. Mueller said that she had not been through that process so she could not answer. She added that one way to answer that question was that the reason the Town would go through that process was so that they could at least take tax shift benefit the Town received. She added that, in effect, the Town would pay about 75% of the TIF revenues that Eliot had collected. She said that that was the whole purpose for going through that whole process and she thought that Mr. Fernald's question was whether they would collect all of it and she didn't know.

7:30 PM

Mr. (Josh) Dow said that the sewer system that they were connected to was a little bit rickety, constantly under repair, and he wanted to know whether or not there was room in this budget allotment to budget maintenance for the sewer system so that in twenty years when it got paid off it would still be useful. He added that, if they were going to build a new resource for the Town, then was there room for fixing or refurbishing the one they were already using.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Pratt said that the answer to both of those questions was yes. He added that he just talked about the Asset Management requirement for the SRF, and that was the State's way of saying that they needed to maintain their system if they were going to build an infrastructure and invest in some capital projects. He added that they would have certain expectations. He said that, if they weren't doing it already, then it would be done, Underwood would recommend it, and the State would require it, so that was part of the package. He said that the second part was that the TIF project, as it was being presented, was being presented the way they were doing it because they were going to do major repairs down in the existing infrastructure, mostly in the pumping stations. He added that that was why they were routing the sewer through the existing collection system because they would be able to use TIF revenues to make those needed repairs that the Town would have to make anyway.

Mr. Dupuis (SC) asked if the seven million dollars they have now would be applicable to the existing infrastructure if the Town voted against this TIF project. He said that, currently, the Town had a failing system and the estimated amount was 2.4 million dollars to repair the existing infrastructure. He added that, if this article failed, the Town would lose that 2.4 million dollars so that cost to upgrade the sewers would be passed among the 638 users that were currently on the sewer.

Ms. Mueller said that it would depend. She explained that the way the TIF project was approved and described in that approval was an expansion of the Eliot sewer system along Route 236 to encourage economic development so she wasn't sure.

Mr. Dupuis clarified for the public that this article included 2.4 million to go towards the Town's existing infrastructure.

7:32 PM

Mr. Sinden said that the Selectmen mentioned a moment ago receiving inquiries from businesses wanting to locate on Route 236 and he reminded everyone that for 30 years the Town has had sewer and water on Route 236, so it was not a question of septic systems. He added that the preliminary plans call for the sewer on Route 236 from Bolt Hill up to The Commons to be only 2" to 3". He said that right now there was a 4" sewer pipe now so the result of this project would be to lower the capacity of sewer service on Route 236. He said that the anchor point at the corner of Bolt Hill and Route 236, that there has been a project in the works for several years for the assisted living facility and a 2" to 3" pipe would not serve that facility, mentioning that he saw them doing site work on that property again. Mr. Sinden said that the comment last night was, "Well, they could reactivate the pipe going up Bolt Hill." – that 6" pipe that has caused so much trouble so, they were not only not adding any capacity on Route 236 but they were lowering it and not getting rid of the problem up on Bolt Hill. He added that, if anything, they were continuing it and adding to it because, now, they would come at Bolt Hill from two different directions. He added that he was very concerned with the correct information being given out. Mr. Sinden said that he has often heard the statement when he asked about the phasing and people talked about this being the first phase and the next phase would pay for other things. He asked who was going to pay for the next phase. He said that the TIF financing was going to be used up with this project, here, so what would the funding be for the next phase.

Mr. Dupuis said that the Town did not own sewer on Route 236 – the Town did not have a public sewer on Route 236 at all. He added that the businesses established on Route 236 were on their own private systems – the sub-water surface systems and septic systems.

Mr. Sinden said that the Town was considering buying that system as part of this project.

7:35 PM

Mr. Pratt said that it was not correct to say they were down-sizing the sewer system, as they were not, but using a different technology and could not compare the low pressure sewer system design to the force main that Eliot Commons was using. He added that they were proposing a low-pressure sewer system and the problem with the existing one, as Mr. Dupuis pointed out, was that the Town didn't own it. He said that they would prefer The Commons be put on the low-pressure system but that was yet to be seen.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Sinden said again that the Town was considering buying it.

Mr. Pratt clarified that they said last night that they were considering taking it over at no cost or they wouldn't take it, which was what he proposed, and if they didn't want to give it then the Town would build their own line. He clarified that it was Underwood's recommendation to the Town was if they (Commons) wanted to give it to the Town, then they would take it and consider using it and, if they didn't want to give it to the Town, then the Town didn't need it and would just build the pipe they needed.

Mr. Dow clarified that went to the maintenance question he had earlier regarding the system that went past his house.

Mr. Pratt clarified that he wasn't sure where Mr. Dow lived but he did know that there were services on Bolt Hill Road that they knew they had to deal with, yes.

Mr. Dow clarified that that was part of the bonding.

Mr. Pratt said that they may need to reconnect some things or move some things or figure out a way to let them stay where they were – that was stuff they knew was going to be dealt with and was in the project.

Ms. Shapleigh said that Mr. Dupuis had already corrected the public sewer. She added that there has been a concentration of businesses where the private sewer was and she didn't think they needed to keep spending money on studies to understand that. She added that it troubled her that the Town has so many wannabe engineers that were questioning proven engineers and attorneys as to the advice the Town has gotten from them. She said that she could say, with 40 years in the real estate business, that she has had many calls that did not come to Eliot because the Town did not have sewer.

Ms. Lewin said that she spent a lot of time on York Hospital's Board of Directors and while she was there, they bought property in Eliot just off Route 236. She added that Eliot could have had a hospital in Town just like Kittery was getting, just like Wells got one, like South Berwick got one, and like Berwick got one – doing a lot of good in the community and built by a hospital that has done a tremendous amount of good for all the communities here. She added that Eliot could have that hospital if they had sewer and water, that the hospital was sitting back and waiting and, in the meantime, they were right down the street in Kittery because they had sewer and water. Ms. Lewin said that there weren't many guarantees in life and this was a decent plan – it would save them 2.4 million bucks to fix a sewer that would be on the backs of 638 payers who were already paying plenty of money to Kittery. She said that she said it last night and she would say it again, and it may seem a little sharp, but Helen Keller could see that this was a darn good project, deaf and blind, she would figure out that this was a good project and the Town would be very foolish to not support it.

Mr. Wood said that he thought any sewer along Route 236, whether it was a slip lining or a 4" line reduced to a 2" line, had to take into account that it could accommodate any approved project. He added that the project on Bolt Hill Road was 150 units, it was approved by the Town, and they should be serviced by the Route 236 sewer line, so, any design, whether they were talking a new sewer line or taking a 4" line and reducing it to a 2" line, should be able to accommodate those 150 units and should not have to pump to Bolt Hill Road. He added that his second comment had to do with the private force main owned by Sea Dog Realty of The Commons. He said that for the past six months they had been told that they would be able to meet with the negotiating committee to discuss the conveyance of that system. He added that, to-date, there has never been a call for that meeting, even though he has asked for it more than six times and to say, "Either give it to me or we don't need it.", when he knew it would cost the Town a million dollars to put in a force main on the other side of Route 236, was ridiculous. Mr. Wood said that he thought that the Town had a responsibility to its' residents to at least call a meeting with the negotiating committee and sit down with Sea Dog Realty to see if they could work out a conveyance but he was disturbed that the Town or its' representative was taking the position now either give it to the Town for free or they would put in their own system. He said that he did not think that was in the best interests of the Town – he thought it was wasting a million dollars in the road and

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

he was just asking that the Town at least sit down with Sea Dog Realty, come to the negotiating committee and discuss conveying that system. He reiterated that any system they put in the road should be able to accommodate any approved project, whether it was built or not, that could discharge to that system and, two, he thought they owed it to the Town's residents to at least discuss the conveyance of that system without taking the hard line of either giving it to the Town for free or they would go on the other side of the road.

Mr. Lents said asked, regarding the warrant they were discussing, if it should fail, was the second warrant possible.

Mr. Pratt said no.

7:40 PM

Mr. Sinden had one last comment and asked if Mr. Reed wanted to present some research Mr. Reed had done or could he present it.

Mr. Reed told Mr. Sinden to go ahead.

Mr. Sinden said that he had been told in the past that the Town's anchor tenant (Maritime), if they would, had been considering a second unit there, which would be the source for revenue for the next phases that they were hearing so much about. He reiterated that this was r. Reed's research but thought it was critical that people understood. Mr. Sinden said that it was from Standard & Poor's rating agency, dated April 25, 2012, "Standard & Poor's lowered its corporate credit and senior unsecured ratings on US gas pipeline company Maritimes & Northeast Pipeline LLC to BBB- from BBB. We also revised the outlook to negative from stable. Mr. Sinden said that this told him that any energy company that was not raking in billions of dollars right now was in deep trouble. He added that BBB- was a very poor rating. He said that he didn't think they could rely on any second phase or second compressor anytime soon, in fact, he would worry that they would exist for any length of time and they were the ones that have been funding everything they had been talking about. He added that an outlook of negative should make the Town stop and think and he thought Mr. Brandon's suggestion of using the rest of the million dollars, create a finalized design that they knew what they were getting, and vote in November. He said that he thought that would be the most sensible thing they could do.

Mr. Dunkelberger said that one of the reasons he would have to disagree with Mr. Sinden was that, if one took a look at the price of natural gas these days one would find that price was quite down and continuing to drop due to a current surplus in the system and that could change any day, such as a shift from oil to natural gas if oil was to go up, so he didn't necessarily agree with the long-term outlook for the overall. He added that different energy companies worked in different markets, whether it was Chevron or Maritime Gas, and one had to take a look at the bigger picture.

Mr. Sinden commented that it was not his rating, but Standard & Poor's, and the report was available.

Mr. Beckert said that Mr. Reed did the research and got the information from Standard & Poor's on Maritimes Northeast and asked him if he drilled down even further and get information on Duke Energies, which was the larger conglomerate that owned Maritimes Northeast, which was one of their many holdings.

Mr. Reed said that he did not.

Mr. Beckert said that he agreed with Mr. Dunkelberger that the larger picture on the energy companies was something they could not predict because the market was so volatile right now but he could tell him that Duke Energies was one of the largest energy conglomerates in the country.

Mr. Sinden offered a point of information that Duke Energy was never mentioned in the entire article. He added that he didn't think that Duke Energy was in the picture at all with Maritimes, as they talked about Rexall YPF being the company that was the senior

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

entity of Maritimes. He added that he could check that but that he was going by Standard & Poor's information.

Mr. Reed said that for a while now all the taxpayers of Eliot have been trying to make good on the bond for the original sewer. He added that he did not know what the original agreement was and who was going to take care of what parts but he assumed at some level the reserve for the equipment that needed to be eventually replaced would be borne by the sewer users. He said that they now find themselves in a situation, for whatever reason, where the existing sewer users would be on the hook for approximately 2.4 million dollars to replace the existing equipment and what they were proposing to do with this TIF proposal was to basically bail out the existing sewer system to the tune of 2.4 million dollars to get it back on line. He said that he thought it was an admirable thing that they would be able to do that with leveraged (tax shift) money but apparently, this was a very lucky thing for Eliot that the lack of management of the current sewer system would be, as if by magic, taken care of by the TIF function. Mr. Reed said that that was not the way to run a business or a town so he really hoped, and the burden of proof was on the Board, that they could make the case that that was not going to happen again. He added that, talking with the SC and Mr. Pratt, it sounded like things were in place, and you have actually said it as well that things were in place or in process, towards creating an entity that would be able to manage this properly over the course of time. He said that he was taking that on faith, but the voters were taking that on faith, as well, and he wasn't sure that was a fair thing to ask them to do for this amount of money. Mr. Reed said that they were going to pony up 2.4 million to fix the equipment and there was an existing reserve fund but it only had \$250,000 in it, which was a tenth of what was required. He asked what happened to that \$250,000 in the existing reserve and, related, how much would the existing sewer users, either now or going forward, pay towards reimbursing the Town or the TIF District to take care of the replacement of the equipment. He added that they could say that they were providing a really, really low-cost loan for 2.4 million dollars but at some point, in good faith, people should repay their loans. He asked the Board what their thoughts were towards what needed to happen for recompense to either the TIF or Town or whatever for the existing sewer.

7:20 PM

Mr. Dunkelberger said that the TIF District had the potential to be in place for eight years, which puts it to 2017. He said that the initial phase of this project was planned for completion around 2014 and the TIF District would continue to approve funds that would provide a good foundation for a solid reserve sewer account. He added that part of this was that they had to put together a plan and that was a State mandate in order to take advantage of lower interest rates as well as some forgiveness of the bond debt. He said that he thought they were going in the right direction to ensure that didn't happen again. Mr. Dunkelberger said that, hopefully, as they got more businesses in Town that increased the tax revenues. He added that, particularly for those utilizing the sewer now, there would be more users and more tax revenue and hoped that it would become fairly well self-sustaining.

Mr. Reed asked if there had been any calculations done so that sewer users could understand what their sewer bill would be going forward, assuming the TIF was in place, etc. He added that it wasn't a free ride, that they would certainly have to pay for services from Kittery, project some sort of reserve for build-up for contingencies, etc. Mr. Pratt said that he didn't want people to forget why they routed the sewer through the Village as opposed to going to Martin Road because they were talking a lot about the TIF covering the expenses for things that were needed anyway. He added that they picked that route, in the first place, because it was less money for Eliot and it just happened to be a side benefit that they were going to be fixing some things. He added that they were not doubling the infrastructure but maintaining existing infrastructure. Mr. Pratt said that they have done some rate estimates and they were still working on that, explaining that they were building a sewer and they would have debt but they knew that debt was covered by the TIF, so the only added expense to the sewer budget, right now, was the pumping station. He added that their calculations were showing that, as users came on, that they would cover that. He said that someone asked what would happen if zero users came on last night and, if that happened, then someone would have to cover that expense of a small pumping station so there was that small risk but the additional operation of that pumping station would probably be \$2,000 to \$5,000 a year.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Pratt said that Kittery had some debt falling off next year, that they had projected that and Kittery's debt was about \$40,000 savings to Eliot so, on an annual basis, starting next year, the reduction was about \$40,000. He said that the bottom line right now was that the rates would cover the project and they didn't anticipate an increase. He added that he talked with Mr. Blanchette and others in the Town recommending that, as they did final design, as they received real numbers for construction, that the Town do a rate study, as the Town really ought to look at their rates comprehensively – operational maintenance, betterment, capital improvements, reserve accounts, everything. He reiterated that they would be suggesting that they put in the final scope when they went to final design so that they were not only setting rates that were fair and equitable but were also establishing the rate reserve accounts and putting aside the right amount of money. He added that they had done enough to believe the rates would stay the same and would be able to support the additional operation of the pumping station.

A member of the public said that they don't have enough money to fix the sewer now so, if the rates stayed the same, then they were in the same position they have been in for 28 years.

Mr. Pratt said that that was true so, if the TIF didn't fix the existing facility, then money would have to come from somewhere to do that.

The same public member said that she was looking 20 years down the road from here and, if the rates didn't go up and they didn't have the money to fix the sewer from 28 years ago...

Mr. Pratt said that he wouldn't tell her that the rates wouldn't go up in five years or seven years but he was saying that, as a result of the first few years of operation in their projections they saw the rates as adequate to serve the existing pump station. He added that, if Underwood suggested the Town put away \$300,000 a year into a capital improvement account, then that would have a rate impact but that was a change in philosophy at the Town level and that was just smart planning. He added that that would have a rate impact and probably something the Town would want to do and Underwood would recommend but that was another discussion and a good point.

7:55 PM

Mr. Dunkelberger said that one of the things to remember was that, instead of having 638 users on the sewer system now, they might have 750 users, so the number of people using the sewer system would be increasing that would still pay that 2.4 million dollars to maintain that sewer system so, again, per user was a smaller bill.

That same public member said that they would have 10 times the amount of sewer but the original sewer was a million dollars to put in and now they were putting in 10 million worth so, if they only picked up an extra 100 people, then that would not cover the repairs and upgrades 20 years from now. She added that it seemed to her that a substantial increase would be required and to gloss over that at the early stages was closing their eyes to terrible fact. She clarified that she was not talking about the repairs that were coming up soon but so years down the road when this needed to be done again for a much-magnified system than they had now.

Mr. Dunkelberger said that he thought much of the repairs they had now were through their own neglect and lack of planning. He added that, if they came up with a plan that he was hoping they did with regard to sustainment, then he anticipated that the Town would not be facing this astronomical cost.

A member of the public said that she thought there was a lifespan to a sewer system that, by necessity, would be replaced every 20 to 30 years.

Mr. Pratt said yes, adding that he just ran a quick calculation. He explained that, assuming that of the 6 million, 2 million was sewer pipe (some of it was pumping stations, some of it was force main with similar calculations), 2 million of the new infrastructure was sewer and had a 50-year design life, if they wanted to know that they had to replace it in 50 years, then they would have to put something to the tune of \$30,000 to \$40,000 a year away. He said that those were the kind of calculations they would run to establish what would be appropriate in reserves and then they could decide

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

if they wanted to fund all of it now or fund a portion of it and bond it later when it came up, adding that there were all sorts of scenarios but she was 100% right that that discussion needed to be had and that was part of the reason why they were saying a rate study should be done.

7:58 PM

Mr. Dupuis said that that was exactly what they addressed with the BC and, with Mr. Moulton's guidance and the SC, they were working on those plans right now, adding that they didn't want that to happen again so the operation and maintenance of the existing structure and plus, if the TIF passed, they were already sitting down and formulating that into the agreement.

Ms. Shapleigh said that it seemed to her from some of the things she was hearing that it sounded like the sewer users in Town had a free ride. She added that that sewer has been in existence for about 30 years and the people on the sewer didn't necessarily want to have a new sewer, but the federal government told Eliot that Eliot would either go in with Kittery and the government would help pay some of the money or the government would build Eliot a plant and bill Eliot, not giving Eliot any money. She added that, in many ways, Eliot was bullied into that but there was a need to clean up South Eliot because so many of the residents' streets ran right into the river and they had no choice. She said that the people in the project, which was probably the largest part of the sewer connection, really did not have a choice. She said that, although they have had reasonable sewer rates and been able to pay the least cost of any of the Kittery residents, they still didn't get a free ride. Ms. Shapleigh said that this project was a way to upgrade this and take care of the problems with that and it seemed, to her, foolhardy not to accept it.

Mr. Brandon said that he was not against the project and he thought that the SC, Mr. Moulton, and Underwood Engineering have done a great job, however, he felt that the plan was incomplete and they were not voting on a plan but a bond issue. He added that they would vote this and still didn't know a thing, really, in some major ways. He added that one of the major things they didn't know was how the maintenance of this was going to be handled. He said that they didn't have a plan in place but they were voting money as though they did and, to him, it was backwards. He said that he heard Mr. Pratt that most towns would vote the money, now, but he has seen too many areas of incomplete, un-thought-through consequences. He added that he was not clear until he went to the meeting last night and wanted to compliment them on their presentation because it clarified a whole bunch of questions that he had. He said that he did not believe they were there, yet, that they don't really have a complete plan or complete picture. He said that he thought that if the Town did not pass this bond issue, then they could come back in a year with a more complete plan, a maintenance schedule, with a whole bunch of stuff and do a more complete formal presentation that a lot more citizens in Town could understand and it would pass.

Mr. Reed said that, just as an example of what the possibilities were, last night at the meeting someone was very, very concerned about the actual routing of the sewer once it got to the pump station, and Underwood Engineering's plan was very clear that they were going to go cross-country, basically, a half a mile up Route 236. He added that Mr. Pratt said at the time that that would be the most cost-effective way to do it, taking into account issues affecting the road and traffic, etc., and able to be built without concern about the weather and timing because it would make it difficult if winter came by the time construction would actually happen. He said that, then all of a sudden, there was a person saying that, no, they couldn't have that, that they had to have it go straight to Route 236 and run right along the road and with things as not nailed down as they were now that could happen, in which case, they would be voting money for something that wasn't on the map that Underwood had presented. He added that, without things being a little more defined, he thought there was a possibility that what the Town would end up with was not what Eliot seemed to be voting for. He said that he thought it would be really good if things were better defined and they would move further along so that they knew what they had.

Ms. Reed asked if it was possible that some of those easements would not be granted.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Pratt said that there was always that possibility until they were signed. He added that he was optimistic because they wouldn't be pursuing them if they had not had favorable discussions with the property owners. He add that at least three or four of them have been secured but not all.

8:05 PM

Mr. Lentz asked if the property owners were required to hook into the sewer system or was it an option and, if it was, have they canvassed to know how many were really interested in doing that.

Mr. Blanchette said that he would have to confer with State law. He added that the last time he looked at State law, if a main (not force main) went by one's property within 200 feet, then that person would legally have to tie in and there was a time limit, saying he wasn't sure if it was 12 months or 18 months.

Mr. Dupuis said that Mr. Blanchette was correct, that it was in Tile 38, that it was 200 feet but that there was some latitude on the connection timing, adding that it had a lot to do with the condition of the septic system. He added that, under State law, they did not have to tie in until their existing system failed.

A member of the public asked if they would still have to pay the betterment fee.

Mr. Dupuis said that that would happen when it was determined the septic system was failing and they needed to connect.

Mr. Fisher asked if it was a fact that if the sewer went by one didn't have to tie in but were obligated to pay a user's fee.

Mr. Pratt said that, if one was not connected, then there would not be a sewer bill.

Mr. Fisher said that he owned a piece of property in Kittery and he wasn't tied in but he had to pay a user's fee.

Mr. Pratt asked for clarification of whether, in Eliot, it was connection or just frontage.

Mr. Blanchette said that he would have to check their ordinance but he believed that there was a portion of the fee that one had to pay and he thought it was the fixed cost fee portion.

Mr. Pratt clarified that, then, there may be a part of the betterment that would be paid just for the frontage of the sewer whether the person was connected or not.

Mr. Blanchette said yes.

Mr. Hamilton said that he did not come to the meeting tonight with any preconceived notions one way or the other and guessed that he really expected to see some very concrete information about the major project, how the expenses would be shared, who would be responsible. He added that another question he had was how much money was being generated by the TIF at this point and how much has been spent so far. He added that he hasn't come away with any sort of a positive feeling having an answer to a lot of those questions given the discussion he had heard tonight. Using The Shark Tank TV show as an example, he said that, if he posed this to The Shark Tank, then he didn't think he would get the money, as there were just too many questions in his mind about the nature of the project and that it just had too many variables at this point and he just didn't feel comfortable with the project.

Mr. Murphy asked Mr. Hamilton if he had attended any of the information sessions.

Mr. Hamilton said that he has heard quite a bit of the information but he did not attend those sessions.

Mr. Murphy said that some of the costs Mr. Hamilton mentioned were covered there in an overall way.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Hamilton said that, still, he guessed his overriding feeling, given the questions that were brought out tonight, there was a lot of uncertainty and he would have a lot of trouble feeling confident in this project.

Mr. Fisher said that it seemed to him it was a good idea and was going to vote for it and, then, with what he heard tonight, he suggested they wait and vote on this in November, adding that by that time the engineers and everyone would have their ducks in a row and the Town could just continue and, if it was good, the Town would go for it and, if not, then they would reject it. He acknowledged that it was already on the ballot so they would see if it would fly but the one in November should take care of everything that was discussed tonight.

Mr. Murphy asked Mr. Pratt if they could, by November or several months before November, have everything available that would solve all of these questions.

Mr. Pratt said that he was thinking of another complication. He said that Eliot's expenditures out of the TIF revenues required Town vote so, if they were to go into final design - just like they went to preliminary design after going to Eliot's June Town Meeting to authorize additional funding - they would miss this June Town Meeting. He added that to do final design additional funding would be needed and they would be in November just for the final design monies.

Mr. Murphy clarified that the money was needed now to accomplish the design.

Mr. Pratt said yes because the Town only authorized the preliminary design work at the June Town Meeting so the timing would be adequate but he did not believe they would have the funding mechanism in place.

Mr. Murphy said that, then, they would have to vote money at this June meeting at some level.

Ms. Mueller said that they could call a special town meeting to authorize expenditures for the final design before November. She added that the other restriction on the use of TIF revenues that she thought had been discussed at prior information sessions, that she wasn't at, was the 8-year concept where 8 years from the date the TIF was put in place any construction project that the Town were to undertake had to be completed if it was financed through bonds. She said that every delay pushed that date closer and she had never seen a project that hadn't even started this many years after the TIF was approved so; it made her a little nervous for that State statute.

Mr. Fisher asked if, within a couple of months, they could have a figure on what it would take more to have them continue because they could reduce the amount they were raising, reducing it to the amount the Board thought they would need, and then they could vote for it.

Mr. Pratt said that the final design figure could come together fairly quickly but they might have problem and clarified that this was a bond article.

Mr. Fernald said that he didn't think they could do that.

Mr. Blanchette agreed. He explained that this was a referendum article so there was no way of amending it so they couldn't change it.

8:12 PM

Mr. Wood said that he would really encourage the preliminary design to answer two simple questions: would the system accommodate a 150-unit, already approved, elderly housing project and, as they have been saying since January, could they at least get to the negotiating table on the conveyance of The Commons system. He added that those were preliminary design questions, not final.

Mr. Pratt discussed the force main question. He said that it was designed to accommodate the growth out there, including the elderly housing, and would be adequate and was a non-issue in his mind.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Ms. Reed said that she read the wording of the article last year and the final words were that the money was "to determine finalized sewer route" and that, she thought, was the whole idea that they didn't have a finalized route that was worded in the article. Like Mr. Fisher, she asked if, by November, could they come up with wording, if the article was voted down, and add it to the article with these definites in place. She said that, then, the people would know, that there would be no way it could be rerouted and this was how the money would have to be spent.

Mr. Pratt said that he had never seen a Town Meeting approve a design. He said that they recommend a route, propose a route and that would be where it would be but, even at the construction level, pipes moved. He added that it could be put on the other side of the street or even not end up putting it on a street. He reiterated that he had never seen, "This is the design. We are going to approve it and that is all we are going to do." He said that he wasn't saying that it couldn't be done but he could tell them that in the construction world things changed – easements could change, something could happen. He added that, conceptually, they were serving everybody who was out there, that was their intent, and not trying to leave anybody out. He reiterated that the proposal was to put it where they were putting it because it was the lowest cost option. Mr. Pratt said that there were questions raised last night about whether or not they were providing sewer everywhere and they were really trying to do that. He added that there was not a sewer right up on Beech Road but that was also a final design concept and their plan has always to run a service lateral right up there. He explained that it would be cheaper to run a service lateral up there rather than route the sewer up and around Route 236 and not go cross-country. He again said their route was the lowest cost option but that didn't mean they wouldn't adjust a sewer route here, shift to the other side, extend a service line up a little bit further. He said that those things happened and they happened in construction, adding that, if they were to ask them if this was the final design at Town Meeting after they spent another X amount in final design, he would still tell them it was their recommendation. He said that they might have a little more complete and have more easements in place but, commonly, they were funding this on a conceptual-level study. He added that they actually had drawings now and easements in hand so they were a little bit further along than most towns. He said that he hoped that helped answer the question even a little bit.

Mr. MacDonald said that, with that said, the goal was to service the users along Route 236, but they wouldn't really have a definitive cost on what this money was going to buy until the design was finished, until it was put out for bid, until people bid on it and they got the numbers. He added that this warrant article allowed expenditures up to a certain amount. He added that they would design within that amount and build contingencies into the project to not exceed that amount. He said that they would fit this to try to get the Town the best buy they could get for their money. He added that they did this all the time and had a fix on today's prices but, if they had to wait another six months or a year, then that whole figure that they presented to service this area could change or they might have to increase the amount of money. He explained that it was all contingent on the bid climate, the price of iron and fuel, and all that contributed to the cost of the project. Mr. MacDonald agreed with Mr. Pratt, that they were engineers, that they had to stamp the thing, they were bound by a certain code and, if the Town was not comfortable with the review or there were concerns about the design, then other engineers would review their work – that there was always the possibility for a third party. He added that, not to put any of the folks down, that was their training and what they did and, generally, it was to provide a service and they were bound by a certain oath to do that and, if they were not providing a service to someone, then that was certainly something that could be questioned and something that could be designed for. Mr. MacDonald said that the real issue usually was, when a town was going to vote for something, the cost and that was laid out in the warrant article but that was like hitting a moving target. He added that they have provided estimates for next year's season, adding that the current trend has been 3% to 4% a year, reiterating that it depended on the bid climate, cost of fuel, cost of materials, etc. Discussing the easements, he said that all the folks they had been talking to were willing and they all believed in development and building the sewer, which was why they were willing to give them an easement and the Town was getting those easements at no cost. He added that he was surprised to hear the comment about suggesting carrying the design level to 100% because, if the town were really not on board with building and providing sewer to this

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

area, then they have now wasted (for design) about 10% of the cost of construction or another \$500,000 +/- and, then as far as the budget things, etc., that would be a tough question to answer – if the Town or BC recommended spending \$400,000 and then they were back in the same room discussing the same thing, then that money was out and that was why it was recommend for this approach from the beginning.

8:20 PM

Mr. Moulton said that he was going to say exactly what Mr. MacDonald said – that everything was contingent upon that and costs could escalate. He added that this economy would turn around and construction costs would accelerate and it was a benefit to try to do this now. He added that they were developing a maintenance plan, that they would have a maintenance plan, and he was doing things differently than they have been done before. He said that, as long as he was here and the Town kept him here, they would have a plan and they would follow that plan. He said that he wanted people to know that they were actively pursuing all those avenues and part of the things he has been before this Board to do. He added that, as they moved forward, everything would be in place at the conclusion of this expansion project, that it would be managed and it would be followed to the “T”.

Mr. MacDonald said that the SRF was not always a guarantee right now. He added that they had gotten emails and indications from people at NVPPE that there was money available at 2% less than the current bond rate but if other communities become interested in that money...it was not an endless supply. He added that they rated the projects and gave the money to the highest rate so, if another community came along and showed a bigger need for money than Eliot, then there was no guarantee that money would be there. He added that they hoped that they could get that money at a lower interest rate to save the Town some money.

Ms. Davis said that she just had to say that they had to ask these questions because Underwood was in the business and they knew what was going on all the time but the Town was being asked to fund something and they were in the dark on a lot of these issues. She added that they have answered a lot of the questions.

Mr. MacDonald said that that may have been their shortsightedness and he apologized. He added that they certainly would have spent the time with the BC if they had thought of it, he guessed, and along that line, they had been busy and maybe had some tunnel vision looking at what they were doing, how to save the Town some monies, and trying to find the best deals they could find but it seemed as though they missed a step along the way in getting that information to the BC. He said that it was available and they would be happy to sit down with the BC and go over it.

Ms. Adams said that she was not personally concerned with the design issue because she thought it was very good that, finally, there was some long-range planning and Eliot was not known for long-range planning. She added that they were sitting in a town hall that was obsolete within she didn't know how many years because it didn't provide space and look at the room they were in to hear at a Town hearing, and people had to stand, so she was really glad about that. She added that what she thought she was hearing was that people were really concerned that the Town not get into the same problem they were now into where they were paying for a sewer system that the whole Town was paying for one part of the Town. She said that she loved her neighbors down in South Eliot and she voted that they do that because she thought that was only fair and when it came up to Goodwin Road, then she expected the whole Town to pay for her sewerage, too, but she did not want that to have to happen. She said that that was what she was hearing – they didn't know or hadn't been told directly that people were working on those plans (although they have been told now) to make sure the fees were adequate, that the funding was adequate for repairs in the future. She said that she thought the problem was that people didn't have a complete picture of what was actually going on. She added that she didn't know if that was something they needed to have before they went to vote on this – it may be – that may be the real problem, that they didn't know why they should have to pay for someone else's sewer system when most had to pay for their own septic system where she lived and no one was going to come and bail her out, she didn't believe.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

8:26 PM

Mr. Fernald said that that was one of the reasons they had had so many public hearings on it to try to get the information out. He added that, obviously, when they went to a public hearing, then they needed to be prepared with what type of questions that needed to be asked and, sometimes, they didn't know what those questions were until they actually have the presentation.

Ms. Adams said that they had not heard from the Selectmen on what their plan was, what your input was. She asked if they expected that the Town would, every year, take from unappropriated surplus or raise money to pay for future repairs or expect that only the sewer users would be paying for this. She said that she thought that was what she understood about the TIF money accumulating and that the extra could help to fund this, too, but that was still taxpayer money and not the user money. She said that those kinds of things they had not had any direction on from the Town and people could say they were working on it but they hadn't heard the Selectmen say they planned that this wouldn't happen again.

Mr. Fernald said that, sometimes, the Board forms the different committees or instruct different department heads on ways to do things or directions and so forth and a lot of those things didn't get out to the public. He added that the Board had a responsibility to do as much of that as possible - that was why the Town voted for the Board - to administrate those funds and those projects. He agreed that they may not have done their best at getting out the information that the people needed but they were working on that.

8:30 PM

Mr. (Frank) Murphy said that for the last four days he had been walking around his neighborhood and talking with his neighbors about the election coming up June 12th and only one out twelve even knew there was going to be a vote June 12th. He added that there was a big problem with communication with the Town with its people when they didn't tell them when the elections were going to happen - they put it up on their website and people didn't go to the Town website. He added that there had to be a way to tell the people of the Town when they were going to vote and what they were going to vote for. He did say that people who came to these meetings knew what was going on and, granted, he only started coming a couple of months ago, but he had caught up to speed rather rapidly.

8:31 PM

No one else wished to speak and the Public Hearing was closed.

Mr. Murphy read the fourth article.

Mr. Fernald opened the Public Hearing at 8:35 PM and asked if anyone would like to ask questions.

A member of the public asked why the BC was against it.

Mr. Reed explained that they recommended a no vote on the first warrant article for reasons they had explained before and, assuming that that article did not pass, by definition, would not pass, as it would make no sense to run a gravity feed down Beech Road towards Route 236 when there was no place to go.

Mr. Murphy discussed this warrant article. He said that, as Selectmen, they had had time to look at this and it arose out of the engineers pointing it out as an opportunity because, if the TIF was approved, then that would mean a force main would go down Beech Road to State Road, go up to the Mount Pleasant Cemetery and join the present system. He explained that while that route was open to install that force main the Town had an opportunity to somewhat deepen that opening and install at least part of a gravity line, which would be the beginning of an expansion to serve the central part of Town. He added that a gravity line coming from the library, for instance, would come straight down, with no pumps involved, go right over to Ray Grover's and join the pump station that the TIF would build and such a line from the library could allow Riverside Estates and others down there could pump back up and join that, so quite a lot of problematic areas in Town could be solved at the Town's expense by taking advantage of this road opening. He said that that was a complicated thing, as it would interrupt traffic, ripping up the tar, having to look for various things and, if they could get two things done at

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

once, then they were saving a lot of money. He added that that was the reason for offering this to the Town as a possibility. He clarified that the Town would have to pay for this because the TIF could not pay for this.

Mr. Reed discussed that, with the force main that went from Route 236 up Beech Road and State Road, people could not actually tie their houses into that because it was a force main and what was needed was a gravity feed line that actually hooked local people on the street and that gravity feed line then went down Beech and Route 236 to the pump, which pressurized the force main, and went from there. He said that the TIF project could not service the people on Beech Road or State Road for their sewer.

Mr. Murphy said that part of the TIF design out on Route 236 would involve a low pressure force main along part of Route 236 and that was because of the unusual land layout there, where the road was up higher than the wetlands around it and so one would have to sort of pump up to that system. He added that that would be a different technology than would be needed on Beech Road or this part of Town, which could use normal gravity lines to collect from individual users.

Mr. Reed asked if anyone had asked if anyone on Beech Road wanted to connect to the sewer.

Mr. Pratt said that he thought that the only reason they brought it up was because of the cost issue and some people who lived on Beech Road at some of the other public hearings asked about whether or not they would have the ability to connect. He added that not everybody had been asked in a formal way but that there had been some discussions.

Mr. Reed said that one thing had to do with the wording of this warrant. He explained that, at one point, he had asked about the wording saying it would authorize the Treasurer and the Chairman of the Board of Selectmen, as he was concerned that the authorization should go to the entire Board. He added that he thought he was led to believe at the time that that was a reasonable thing and asked if there was some legal reason why the wording had to be that way.

Mr. Blanchette said that the Bond Counsel wrote the article and when he went back to the Bond Counsel to see if they could change it to the Board of Selectmen he said not to go there, that that was not advisable, absolutely not because it needed to be a few key people to have the authority to sign the documents, otherwise, they might be having a Selectmen's meeting up in Portland and, depending on how it was technically worded, did it have to be just a majority of the Board or the whole Board, and one person could hold up the whole process.

Mr. Reed said that, since there was some reasonable expectation that the TIF sewer project would be paid for by the TIF revenue, he was curious to know if the SRF loan that they had researched and gone into a little bit might be applied to this one because the cost of this particular sewer project was being born by the taxpayers without the benefit of the leveraging from the TIF structure. He added that that lower interest loan may be a better deal, overall, for the taxpayers.

Mr. Murphy said that he didn't know the answer but suspected that the Town could do that.

Mr. Pratt agreed, saying he thought that was a good point that was raised and he had responded that, on behalf of their work with the DEP, they would ask that question. He added that they were actively trying to increase the amount of SRF already committed, as well, reiterating that he thought it was a good point and they would see if they could apply it to that project, too.

Mr. Fernald clarified that this would not affect this article, though.

Mr. Blanchette said that, no, it would not, not directly.

Mr. Pratt agreed, saying that it would help the taxpayers.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Hirst said that one advantage that hadn't been mentioned was the condition of the Eliot Elementary School's (EES) septic system. He added that it was in tough shape and having a gravity line one mile closer to it would make hooking up to it and solving that problem much easier.

Mr. Wood said that, if they were putting in roughly 3600 linear feet of gravity sewer and think they would get a very good price because the trench was open for the force main, did they know what the cost would be if they had to go back and do it and they didn't have the trench open and weren't under construction. He added that he was just trying to figure out how much they would be saving by putting it in now. He also added that he thought it was probably a good idea.

Mr. Pratt said that they look at this a lot and they didn't have real numbers, obviously, but their experience has told them that the Town would be in the 15% range of savings.

8:43 PM Ms. Davis asked if the sewer users would pick up any of the cost of this or would this be Town funded entirely.

Mr. Blanchette said that that decision had not been made by the Board. He clarified that that would be in terms of a betterment fee and that would be one possible source of revenue – a betterment fee on property owners along Beech Road.

Ms. Davis asked if there was any State rule regarding the amount or percentage of the betterment fee or would sewer users pick up 100%.

Mr. Blanchette said that the maximum they could charge the users was 50% of the cost to the Town.

Mr. Murphy clarified that, if the cost was a million dollars, then \$500,000 of that could be expected to be collected over a period of time from all the projected users on that project - those lands of that portion when it was done would affect so many plots of land and those plots of land would be assessed to no more than \$500,000.

Someone from the audience asked how many plots of land would be involved.

Mr. Murphy said that he didn't know but thought it might be 20 or 30.

A member of the public asked if it went without saying that the SC would also be researching fees and long-term goals for maintenance and repairs.

Mr. Murphy said yes.

8:45 PM There was no one else who wished to speak and the public hearing was closed.

Mr. Moynahan read the fifth article.

Mr. Fernald opened the Public Hearing at 8:47 PM and asked if anyone would like to ask questions.

A member of the public asked if there had been any attempt to reach a local agreement with either Kittery or South Berwick to combine these services, where they already have facilities.

Mr. Fernald said that he did not know if there had been talk with Kittery but that there had been discussions with South Berwick but they didn't have a program like Eliot's and have a senior center there.

The same member said that, if one looked at the Portsmouth area, they were going through much the same concerns about funding essential services versus elective services. He added that Eliot had much less of a tax base than some of the surrounding towns and Eliot needed to look at funding essential services and not cut them short.

Ms. Dow asked what the school facility was like.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Fernald said that there were two areas that were shown – one was upstairs, which was probably not the best because people had to go through the office to get to ECSD, however, there was an area downstairs by the cafeteria that would have its own entrance.

Mr. Dunkelberger said that, for those that remember, it was Ms. Cerabonna's old classroom and it had a door entrance right to the lower parking lot so the folks visiting the ECSD would not have to go through the school. He added that it would require the Town to build some walls or partitions in there to create some offices and costs would be about \$1,500 a year.

Ms. Selsberg asked why the BC voted against this.

Mr. Reed said that the BC felt that the research done by one of the BOS and found that the option to house the ECSD in the EES was a very good thing for the Town, suitable space, there wouldn't be much construction requirements, that MSAD #35 was willing to offer this possibility for \$1,500 a year was a wonderful thing. He added that many of the kid programs have actually been run out of the EES for some time now. He said that it didn't make sense to do anything else as far as they were concerned. He added that the BC actually tried to provide the information that the fees for having the ECSD in EES were \$1,500 a year but that was not allowed.

8:52 PM

Ms. Muzeroll-Roy said that, as they talked about the \$1,500 a year, what hasn't been discussed or researched yet was that that classroom downstairs was not close to being ADA compliant. She added that the classroom was a kindergarten so the bathroom was a kindergarten-size bathroom so there was substantial work that had to be done to that bathroom. She added that, in order to do that work, they were looking at possible lead paint testing, reiterating a substantial amount of work needed to be done but she was not an engineer and did not know how much that would cost. She added that any money put into the school, if she was only there a year, that money would not be returned to the Town. She said that people needed to know that once that money has gone into the school it would stay within the school. She said there was still concern about if there was one person over in population, that there were people who have argued that was not going to happen for another five years – who knew – there could be a potential that in one year she could be kicked out of that room. She reiterated that money that went into that classroom there was no return for the Town. She said that another thing was who was going to pay for those ADA retrofits, as the money set aside for the ECSD building was, in fact, for the ECSD building, not to make up a room in a classroom at the school.

Ms. Davis said that she thought the difference in utilities that they were paying to the Fire Station versus what they would pay to the school would probably pay for the construction of the new bathroom, potentially.

Ms. Shapleigh said that she did not think it was a good idea to add more traffic to that area. She added that this ECSD building was also taking care of elderly people and it seemed to her that they shouldn't be driving in and out of the school yard, with school buses being loaded and unloaded and where there were children running around. She added that the Town voted for a stand-alone ECSD building and she thought that was what they should be looking for.

8:55 PM

Mr. (Frank) Murphy asked how she could bring up lead paint issues in the school and asked if she thought lead had been left in the school for the kindergarteners for the last forty years. He added that they all knew she wanted the building...

Mr. Fernald interrupted and asked the public to stick to discussing the article.

Mr. (Frank) Murphy said that he didn't feel they needed this building in this Town because, as has been put out, only 28% to 30% use it. He added that, with 100% of the people paying for 20% to 25% of the people to use it that was an added cost to the taxpayers of the Town that they didn't need. He said that his position was that he thought they should do away with the ECSD entirely – that was \$285,000 they had dealt out this year and they took out \$190,000 out of the reserve fund to fund the Town. He felt they shouldn't be touching the reserve fund because that was what it was for, a reserve, and they had depleted it from 1.4 to the \$190,000 they took out to balance the

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

budget this year for the Town. He said that, now, they wanted to take out another \$382,000 because, as everyone knew, there was already money in the contingency fund from that 100% of the Town to fund for 25% of the people who use it. He reiterated that, as a tax-paying citizen of this Town, he felt that they didn't need this kind of expense. Mr. Murphy said that the school offered a great opportunity to continue the program.

Mr. (Jack) Murphy said he would like to address his position that the issue of using the unreserved balance and discussed recent history for this back to 2006, adding that that was the year he was elected Selectman for the first time. He said that the budget that year in June 2006 contained 13 different warrant articles taking money from the unreserved account. He added that that year and the following year they had some members of the budget committee who were very much against raising taxes at all and they looked at all that money in the unreserved account (about 1.5 million) and they didn't want to be raising taxes when they could spend that money down and, so, on 13 articles in June 2006 the amounts were \$6,000, \$23,000, \$31,000, \$25,000, \$8,000, \$40,000, \$5,000, \$35,000, \$5,000, \$20,000, \$1,000, \$5,000 and \$15,000, adding up to \$221,000 on various articles in order not to raise taxes. He said that the next year, June 2007, there was a major article, Article Four, to take \$350,000 from the unreserved account in order to not raise taxes. He said that the BC recommended it be \$247,000 and a motion on the floor was to make it \$296,000 and that motion passed, which was voted in – just to not raise taxes for the running of the government of the Town. He added that, in addition, Article 35 used \$25,000 and the total that year was \$321,000 taken out of that just because it looked too rich and they didn't want to raise taxes. Mr. Murphy said that, in 2008, only \$25,000 was taken out because the Town had used so much they didn't dare touch it. He added that, in 2009 and 2010, nothing was taken out. He said that, in 2011, four different articles amounting to \$25,000, \$59,000, \$5,000 and \$11,000 totaling \$100,000 was taken out of the unreserved surplus, so, this went up and down, up and down, up and down. He added that, in June 2007, when they planned to take \$350,000 out, at that time the unreserved surplus had 1.2 million. Mr. Murphy said that what he was trying to say was that it was not a bad thing to use the unreserved account, particularly when one was using it for a one-time item, like building a building. He added that what was not so smart was to be using it for running the Town where there were 13 standard things and one was going to dip into that to pay things one ought to be paying for each year out of taxes – that wasn't a good year and, yet, they expended \$221,000 doing that. He added that he had no feelings or qualms at all about dipping into it for this purpose to build and building, which was thought about in the Town for 15 years. He added that they had a department that has lost its building and though they had an appropriation here or a possibility he also agreed with Ms. Shapleigh that mixing all those activities in a school with cars coming and going and driving past the front of it in order to get to the side entrance that had limited and difficult parking – it just bothered him. Mr. Murphy said that the building was not just a community services department building, it was a Town building, and they could be holding the hearing over there because the big room would hold many more than this room. He said that it would be a Town building that would expand Town uses and using this amount of money out of unreserved balance – it would recuperate, saying that each year, when they plan for the budget cycle, each department was safe, meaning that they would not run out of money to do things with at the end of the year. He said that they try to build in a little bit, those little bits add up and they replenish the unreserved surplus. He added that that happened over and over again, saying that he would like to see a graph of the audited state of that for the last twenty years to show how those things went up and down and up and down as things got done in the Town – that was his theory.

9:02 PM

Ms. Adams said that undesignated surplus money was not free money, it comes from the source of their taxes. She added that, when a budget was presented that didn't use all this money (what she was told, anyway) – for example, when the Police Department didn't use all their money, then the extra money would go into the undesignated surplus – it was still their tax money, they raised it. She said that there were two ways she saw that that was depleted in Town – one was that they used it to cover taxes to pay for already inflated budgets and the other way, it was her understanding, was that a department head could come to the BOS before the end of the year and say they needed this but did not have it in the budget for that and could they use it from another place in

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

their budget and, if the BOS wanted, they could say go ahead and use it for something else – so they didn't have to adhere to their budget. She said that when the Townspeople say that they were appropriating X amount for this thing, while they could go over, she wished she had brought her papers because in one of them the Police budget had gone over their budget in a certain department. Ms. Adams said that she was sure it did not come back to them and they say they needed more money but came out of some other part of the budget where they didn't use it, which meant that they could fund even more of what they got. She added that it was a slush fund, in her opinion, when they used it like that. Ms. Adams said that the other point she wanted to make was that, when she reviewed the programs and locations of the ECSD, which has its office in a building and now has its office in another building, the majority of programs that were in buildings were at EES – in the cafeteria, the science room, the music room, and the outside areas, along with the parks in Town - so 90% that she saw occurred in that school. She added that other programs were in a gym, it might be at the Middle School in the gym, or some other place, some programs were online, one program on Facebook, some happened at the golf course over in York, reiterating that 90% of it occurred in that school. She said that it was her understanding that people entering there, the entrance would be on the side at ground level, so, they wouldn't go in front of the building but the side of the building. She said that the question she would ask was, when the elderly actually signed up for things, did they actually physically go to the office.

Ms. Muzeroll-Roy said yes.

Mr. Fernald asked Mr. Blanchette to explain what went into the undesignated fund balance.

9:06 PM

Mr. Blanchette said that there were a variety of things that went into the undesignated fund balance. He said that one of them was, as Ms. Adams pointed out, any article that was not expended to its full amount, the difference went into the undesignated fund balance. He added that any income projections that they made for collection of, in particular, excise taxes, which was a big one for the Town, but there were probably 10 other things they collected. He explained that, if they collected more than they anticipated and put down against the budget, then that went into undesignated fund balance, adding that there were a variety of things that went into that to make it up, but it was money they have collected, either through real estate taxes or other taxes. He added that, if the Town happened to sell some property, then that would go into undesignated fund balance because, in all likelihood, they would not have budgeted for that. Mr. Blanchette commented that he wasn't sure this was exactly what Ms. Adams said and he didn't want to put words in her mouth, but she seemed to be saying that the BOS could authorize departments to use monies from undesignated fund balance.

Ms. Adams clarified that she said from their own budgets.

Mr. Blanchette said okay, that it sounded a little bit like that and he wanted to make sure that everyone understood that the BOS could not use undesignated fund balance without prior approval at Town Meeting. He added that, by State law, there were two exceptions – one of them was General Assistance and the other one was repairs of roads and there was a percentage that the Town was allowed to go over, which he thought was around 15% to 20%. He clarified that snow removal was by article.

Mr. Fisher said that he was not against any buildings but he was against this particular building. He added that they had a plan for an extension on the Town Hall and this place right here were they were holding this meeting they could hold in the building that was designed to put on the back of this Town Hall. He added that the room they were in could make four offices that they already had and all they had to do was build partitions, then they would not have to have a meeting where they could only have 50 people, when they should have 300 tonight. He added that they didn't want to stand so they probably didn't come. Mr. Fisher said that the Town Hall already had the sewer system, the security system, the telephone system, generator system, they had everything they needed right at Town Hall and it wouldn't cost them half the money they were spending now. He added that he thought it was a wonderful idea that they could go to the school, like Ms. Adams said, nine chances out of ten, any parking at that facility was where the cafeteria was, they would go in and out of the cafeteria if they

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

held functions there, anyway – no danger at all. He said that there was a danger to elderly people in an emergency at the Fire Station. Mr. Fisher said that he thought the school was a fantastic idea. He said that a couple of meetings ago the BOS said they were going to pursue it and get more details on it and he has not heard those details.

A member of the public said that he had qualms about going into the fund for a non-essential building at this point. He said that, as a senior, he thought he could recognize as well as anybody, that they were at a time in the economy that was probably the worst in their lifetime, as he didn't think anyone tonight was born in 1929.

Mr. Murphy commented that he was born in 1928.

That same member said that to spend money at this time, when they looked at what was going on in the United States and in Eliot, with people on fixed incomes and those fixed incomes had gone down – why didn't they just kick it down the road and take the offer of the school. He added that it was a good offer and it wasn't irrevocable, saying that, if it didn't work or somebody had problems riding in with school buses, then let's revisit this in a year. He asked what was so wrong with that. He said to push it down the road when times might be better because they were all hurting and it wasn't the time to spend. He said that he had heard the argument that it would cost less this year, adding that he had not had a problem, personally, with his own money, spending a little bit more when he had the money – when one didn't have the money, one didn't spend it. He added that it was that simple and, maybe, that didn't get across here. He said that he came to meetings and it was like it was somebody else's money but it wasn't somebody else's money – it was his money, it was your money, it was all of ours and he was not willing to spend for this building. He reiterated doing it down the road when Eliot had the money – that they had an alternative and supported using it.

9:12 PM

Mr. Dudek said that the arguments he has heard were very sound arguments. He said that the thing that disturbed him about this warrant, adding that he had been to multiple meetings and heard it discussed, was that the alternatives to constructing the building was one sentence. He added that it referenced to the Fire Station and it referenced to MSAD #35. In the spirit of transparency, he asked why financial information was not put in for the alternatives. He added that they knew the BOS went to MSAD #35 and had a preliminary of \$1,500 a year and, if there was a wall to be built or something like that, then they couldn't at least get an estimate so that the people of this Town could decide. He said that the only thing the people decided here was multiple hundreds of thousands of dollars. He said that he didn't understand why, in the spirit of transparency to the voters, they could not put financial numbers in there.

Mr. Brandon said that he agreed with the economic arguments. He added that his main problem with this, however, was the process they have gone through in order to arrive at this point in time. He added that there was never an investigative – and what he thought the BC wanted to do – a real overview of what the Town's needs were at this point and not just for ECSD but also for their Town Clerk, storage of records, meeting space for the Town – a number of different issues. He added that they were told by the BOS that they understood but don't do that, focus on a separate ECSD building. Mr. Brandon said that, right out of the gate, he felt the process was faulty. He added that the gentleman had brought up that there was a lack of transparency and information for people to vote on, saying that, from his point of view, also a fault of process. He suggested voting this down and go back to the beginning and get this right, work this out with transparency and in a systematic way, considering all the alternatives, then, arrive at where the Town wanted to go. He said that that could take three years and he was sure the school would be open for three years, that he didn't see a problem and didn't think it was a one-year shot. Mr. Brandon said that they could go about this in a much different way and he would like to see the process amended and opened up.

9:15 PM

Mr. Reed said that one of the things he did not address earlier was that the undesignated fund balance was being depleted by this particular warrant to a level that he has stated as a BC member that the Town needed to be cautious about pulling funds out of their savings account to pay for things that were either operating expenses, or could be construed as operating expenses, or things that were just not necessary. He said that, if they were going to spend their tax money, whether it was raised through taxes this year

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

or previous years, from undesignated fund balance, then they really needed to be aware that the financial health of the Town was important going forward, for instance, if they wanted to borrow money. He added that, if they needed money for a rainy day and they had spent it all on things that maybe aren't necessities, then they would find themselves wishing they had that money back. Mr. Reed said that it seemed like Mr. Murphy was saying that the BC was recommending taking a bunch of money out of undesignated fund balance to hold people's tax bills down. He said that he had been on the BC since that time, as well, and never had the BC said that it was a good thing to pull money out of undesignated fund balance for no good reason. He added that, in fact, if they went back to the Town books and read some of the letters written by the BC through the years, even if the BC did not explicitly recommend that warrant article not be funded just because they would be taken out of undesignated fund balance, they would actually address the issue in the letter. He reminded everyone that the budget was not put together by the BC – the budget belonged to the BOS – that the BC recommended things and was an advisory committee, adding that they had advised many times through the years that the Town not take money out of the undesignated fund balance unnecessarily. He explained that the reason for that was that the BC believed that a healthy undesignated fund balance, which was definitely more than \$999,000, was necessary for the Town. He said that people used to say that undesignated fund balance or cash on hand for a town should be something on the order of three months cash flow. He said that cash flow for Eliot includes money paid to MSAD #35 so, their burn rate through the course of a month was quite significant and \$999,000 did not quite make one month. He said that before 2006 the undesignated fund balance was significantly more than 1.2 or 1.4 million and it seemed as though 2006 was one of those watershed years where they felt they didn't need the undesignated fund balance to be anywhere near as high as it was and could scrape along with spending a lot of money on whatever it was they spent on that year. He said that he believed spending \$350,000 in one year was unconscionable unless there was a very good reason. He added that to spend to just hide the fact that they were spending more than they should and to keep people's taxes down when the spending was going up, was faulty thinking.

Mr. Murphy said that he would like to read the Town Report for 2006-2007 and read the warrant articles in which this took place. He added that he would say that Mr. Reed did not remember the BC approving using the undesignated fund balance but there was definitely a BC member that was fighting to not pay taxes and to use more of that undesignated fund balance and that was all he said. He said that there were two years in which an awful lot was taken out and, then, there were three or four years following when they couldn't take money out because it had gotten down to a dangerous level, but, it wasn't that dangerous because it got put back up, particularly when they were using it for a capital expenditure – a one-time expenditure and not part of the operational budget. He added that the thing that was wrong in 2006 was that there were 13 operational budget items, for the most part and the second year was clearly to reduce the taxes.

Mr. Ackerman said that he served five years on the BC and five years on the BOS and one of the big things about the undesignated surplus that no one had mentioned was that the Town's regular operating expenses were supported in the summertime and part of the year by their tax anticipation notes. He explained that the undesignated fund balance reduced the interest that the Town paid on those notes and prolonged the time the Town could operate without borrowing. He added that, if they ran that balance down beyond 1.2 million, then they were spending money they had to chase the taxpayers for and that was just a rule-of-thumb for the BOS when he was there and he didn't think it had changed much since then.

Mr. Fisher said that the Snow Account was mentioned as one that could be fooled around with and now, he thought he understood that the money not used in that account did not go back into the undesignated fund but went back to the Highway Department, where the Director could spend it on something else and he thought that was wrong.

Mr. Blanchette clarified that the Snow Account didn't just pay for salaries and so forth but paid for equipment that paid for snow and so forth, that there were a multitude of things under the Snow Account and equipment was one of them.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

Mr. Fisher said that he understood that the Director bought a cherry picker, something he cut bushes with or some type of equipment like that and he didn't think that had anything to do with snow removal. He added that he knew it let the sun come in and he didn't have to plow as much but when he was voting for the Snow Account he figured that was what it was going to go for – snow plowing and equipment maintenance, everything to do with that – he didn't anticipate that other departments taking other parts of their surplus they didn't spend and pick out items they thought they should have. He added that they buy those things and the BOS has been approving it and he didn't think that was correct. He added that he thought that the \$280,000 they were recommending this year was \$280,000 more than what they really needed – give them \$100,000 or \$75,000 – it didn't matter what they gave because if he ran over he could go to the BOS and ask for more, so why raise it, and he raised it from \$270,000 to \$280,000 this year.

Mr. Wood said that it seemed like they had grown the ECSD programs over the last 20 years and it seemed like they served a lot of people from the very young to the very old and everyone in between. He added that maybe 25% of the people used it but it was available to 100% of the residents. He added that, before he voted to put it in the Fire Department or the school, he would like to know how that would impact the programs and the residents' access to those programs.

9:25 PM

Mr. Moulton clarified a couple of things. He said that the radios would not be used with the Snow Account but would be used with his equipment line. He added that the utility truck that was purchased was purchased out of the reserve account with a combination of his budget and the Fire Department and they both would sufficiently use it. He explained that using that to cut trees opened up the roadways, allowing the sun in there in the wintertime and did reduce the cost of salt and maintenance during the winter season because it helped the atmosphere to melt the roads.

Mr. (Frank) Murphy said that the copy he was reading said that the undesignated fund was over 1.4 million and he understood it was over 1.4 million before they took out the \$190,000 to subsidize the budget. He asked if the figure was wrong and shouldn't it be 1.2 million.

Mr. Moynahan explained that it was 1.4 million and this article and others to follow would bring it to \$900,000. He said there was \$200,000 in the regular operating budget, then the \$368,000.

Mr. (Frank) Murphy said that this was not really showing where they were spending the money.

Mr. Fernald said that they were in the other articles...

Mr. (Frank) Murphy said that reading this piece of paper showed him that the Town had 1.4 million, which he knew they didn't have, they had 1.2 million because they took out \$190,000 to fund the Town.

Mr. Blanchette said that he couldn't answer because he didn't know what Mr. Murphy meant by they took out \$190,000 already.

Mr. (Frank) Murphy said that at the meeting a couple of weeks ago they appropriated the Town budget, which took out \$190,000 out of the reserve fund to keep taxes low. He added that, at that time, he was told there was 1.4 million and the \$190,000 came out and made it 1.2 million.

Mr. Blanchette said no, the BOS did not appropriate the \$190,000, the Town Meeting in June would appropriate that \$190,000.

Mr. Reed asked how much was in the undesignated fund balance today.

Mr. Blanchette said that it was over 1.4 million.

9:30 PM

There was no one else who wished to speak and the Public Hearing was closed.

BOARD OF SELECTMEN'S MEETING
May 24, 2012 6:30PM (continued)

9:31 PM Due to the lateness of the hour, the Board agreed by consensus to put off the rest of tonight's agenda.

Old Business (Action List):

1. Sewer Contract Committee – Mr. Moynahan, Mr. Murphy, Mr. Marchese, Mr. Moulton and Mr. Blanchette – IMA Update
2. Monthly Reports from Department Heads
3. TIFD reports and updates
4. Health Insurance Costs
5. Review existing Sewer User Rates and update – Sewer Committee
6. Regionalization of Town Services
7. Sewer Allotments – fee for reserving such
8. Auditor – Management Letter
9. Consistent Format – Budget, Time Sheets, etc. – Mr. Moynahan and Mr. Dunkelberger
10. Monthly Workshops – 3rd Thursday of the month
11. Employee Reviews in monthly Department Head Reports
12. Mass - email
13. Legal issues – pending and Consent Agreements
14. Community Services Building
15. Police Union Contract
16. Finance Director/Comptroller
17. Personal property tax
18. Town Forest – Johnson's Lane
19. Taping of meetings – policy
20. Amend Ordinance Governing Boards – time limit for agendas & meetings

Selectmen's Report:

Other Business as Needed:

Executive Session:

Adjourn

There was a motion and second to adjourn the meeting at 9:32 PM.

VOTE

3-0

Chair concurs

DATE

Roberta Place, Secretary