

SPECIAL BOARD OF SELECTMEN'S MEETING
May 26, 2015 6:30PM

Quorum noted

A. 6:30 PM: Meeting called to order by Chairman Beckert.

B. Roll Call: Mr. Beckert, Mr. Hirst, Mr. Fernald, Mr. Murphy and Ms. Davis.

C. This is an informational meeting for the bonding of the sewer pumps.

Mr. (Tom) Page, Underwood Engineering, and Mr. Moulton, DPW Director, where present to discuss this bond and answer questions.

Mr. Page, Project Manager, said that these pump stations were constructed in 1983 and are very well aged now; that there are a lot of problems with the facilities and equipment; that we are proposing some major improvements and corrections to them.

6:32 PM King's Highway Station (KHS)

Mr. Page said that this station was located near Pleasant Street, just north of the causeway over Spinney Creek. He said that that station takes care of all the flow from Eliot and sends it to the Kittery Waste Water Facility (KWWF). He added that the pumps are at the end of useful life, there are a lot of electrical code issues, inadequate clearances in front of equipment, very limited space in the existing building; that the only access to the lower level is down a ladder, so very limited access, and a wet well that is out in the travel way. He said that the proposed improvements to that station are to build an addition, take over part of the road and discontinue use as a through travel way; that the purpose of this is to give us enough space so that we have adequate space to install a new electrical panel, per code, and to give ourselves room to put a stairway down to the lower level for better access and maintenance. He added that the new building would be architecturally designed to be compatible with the neighborhood, similar to the houses in the area; that they would put the generator inside, get rid of the propane tank outside, improve the alignment of the street so that we could eliminate the travel over the wet well currently happening and that would make it safer for the operators to maintain.

6:34 PM Main Street Station (MSS)

Mr. Page said that this station (upstream) receives most of the flow from Eliot and sends that flow down to King's Highway Station and is closer to Bolt Hill Road. He added that you hardly see anything if you drive by because most of it is below grade; that it is basically a buried concrete chamber with the pumps below grade, so very limited access to get down in there, and is a very cramped space. He said that the equipment is at the end of useful life. He added that we are proposing to

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

eliminate that station and build a new, above grade station in a building, which will be much more reliable and provide the space to install new panels, per code, and allow safe operation. He said that there would be a new wet well that receives sewerage flow, which would hook in to the existing force main that sends the flow down to the KHS. He added that they would replace the current temporary generator and put the new generator inside the new building.

6:35 PM Project Budget

Mr. Page said that the total project budget is \$1.5 million; that they worked with the Town to come up with a method to fund the project based on sewer users and Town tax base; that of a number of options, the one that was arrived at was 55% sewer users and 45% Town tax base sharing in the project cost; that they based that on 200,000 gallons/day as the capacity that Eliot has with Kittery; that about 55% of that flow is being used by the current sewer users. He added that that is what the current warrant article is going to be based on.

6:36 PM Ms. (Rose) Dougherty, Park Street, said that there are 90,000 gallons reserved for future people who come on, correct.

Mr. Beckert said that was correct.

Mr. (Jack) Dougherty asked how much of what we are doing now is to repair the existing system and how much is being used to allow for future expansion.

Mr. Page said that all the improvements are needed for your current capacity of 200,000 gallons/day; that there are provisions in the design to expand the facility in the future, if needed beyond that, such as providing pace for a third pump in the KHS.

Mr. Dougherty said that the current users are not only paying for what has to be repaired today but also funding the cost for future expansion, which the Town taxpayers are only paying 45% of.

Mr. Page said that to expand the facility there would be significantly more cost in the future, such as additional pumps.

Ms. Dougherty asked if we would be paying for that and anybody else that comes along in the future joining us until hell freezes over; that the first part of the sewer will be paid for by us and whatever expansions will be added on to us every time the flow is increased. She said that if we are paying empty dump now or, in other words, if we are to pay 55% of it and it has to be expanded, maybe, up towards River Road, with those people paying part of the cost, plus the people that are paying for it now in South Eliot will also be sharing that cost; that the next time it

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

goes on and the federal government mandates somebody else to come on, the original ones will be paying for it, the next one's paying for it and the next one's paying for it.

6:39 PM

Mr. Page said that, presumably, new people that would connect to the sewer would pay an impact fee; that they would need to buy into the equity, buy into whatever has been built.

Mr. Dougherty said that we are paying for the initial cost of the sewer; that we are also paying, now, for expansion capabilities; that the poor people of Eliot that don't have the sewer - it's a Town sewer, by the way. He added that as additional people are coming on they are not going to be back-fitting us with any money, that they would just be putting on from where they are, and we will continue to pay the 55% because we are on the Town sewer.

Mr. Page said that as more people connect in the future they are going to share in those costs. He added that everything that needs to be done today needs to be done regardless of future expansion.

Ms. Dougherty said that was to keep the Town from having to pay off the federal government because they would get fined; that we should bear that for the 78% that is paying \$10 and something extra this year on their taxes for every \$250,000; that she didn't think it was very fair.

Mr. DePaul, Beech Road, asked if they could explain how they came up with the 55/45 split.

6:41 PM

Mr. Page said that you have 200,000/day allocation that Eliot can send to Kittery; that the current average usage is 110,000 gallons/day or 55%, which is from the total flow allocation.

Mr. DePaul said that right now it's 55% of total capacity that Kittery can accept, so, how was it determined that the current sewer users would pay that percentage.

Mr. Page said that the current sewer flows are about 55% of the total flow allocation with Kittery. He added that the decision comes down to what a majority of people think is fair in trying to balance the cost between users and the Town.

Mr. Saklad, Marjorie Lane, asked for clarification Kittery's capacity to accept flow from Eliot.

Mr. Page said that it is 55% of the allocation for the Inter-Municipal Agreement (IMA) that Eliot has with Kittery to accept up to 200,000 gallons/day average flow.

SPECIAL BOARD OF SELECTMEN'S MEETING
May 26, 2015 6:30PM (continued)

Mr. Saklad asked who was using the percentage that was not being used.

6:43 PM Mr. Page said that that is not currently being used.

Mr. Saklad said that the seemed like an arbitrary amount to choose.

Mr. Page said that it was based on flow data.

Mr. Saklad said that he understood but did not believe that that had anything to do with a percentage of what the taxpayers should be paying.

Ms. Saurman, Park Street, said that the question has been, all along, what part of this is repair and what part of it is for repairing for some future usage of this \$1.5 million. She asked if Mr. Page could break down what is proposed as to what it actually costs to repair the existing repairs that need to be made versus what it's costing to do this project in its entirety where you are anticipating there will be a future need. She added that she thought that the question becomes for some of us that we are being asked to fund what's needed to prepare for some future use and that doesn't seem quite right to those of us who are only using what we're using. She said that she was wondering if you folks can present a figure that says, of that \$1.5 million, such-and-such a number is actually to repair pipes and such-and-such a number is actually to make new platforms for some future pump; that if it is a platform for a future pump those of us on the sewer shouldn't be paying for that alone; that the Town, if they are interested in doing that, not those of us who are using it; that surely you know what will be new pipes and what will be fixed pipes – can you distinguish that figure for us, what's actually going to be repairing and what's actually going to be preparing for the future.

6:45 PM Mr. Page said that he understood her question and he can appreciate you trying to understand this. He added that there is no easy way to break that down because essentially, with all the improvements, we are not increasing the current capacity of the stations of 200,000 gallons/day; that all the work being done is to meet your current flows; that all these improvements need to be done just to meet current codes and standards. He said that the actual improvements that relate to provisions for future expansion are things that make sense to do now, they are very cost-effective to do now and they are very minor compared to the cost of just repairing things to meet current flows.

Ms. Saurman said unless you have a lot of people in your town who are interested in helping pay for it.

6:47 PM Mr. Beckert said, addressing Mr. Moulton, that there was a figure out there that was a basic breakdown that he thought was, out of the \$1.5 million, around

SPECIAL BOARD OF SELECTMEN'S MEETING
May 26, 2015 6:30PM (continued)

\$300,000+ and that was for the structural upgrades that are needed to be able to put in additional pumps in the future.

Mr. Moulton said that that was correct.

Mr. Page said that Mr. Moulton had asked us for an estimate of what we would have to do just to keep these stations running in the interim and we estimated it to be on the order of \$300,000; that he called it a bandaid to keep them going but you still end up in the same situation; that you have pumps below grade and a confined space that doesn't meet code issues; that those repairs need to be made immediately to keep these stations running, and an accident happened. He said that it was much more cost-effective to make the comprehensive repairs and do this right so that you have made an investment for the next 20 years.

6:48 PM

Ms. Dougherty said that it is more cost-effective for the Town to do that and put it on our backs.

Mr. Page said it was more cost-effective for the sewer users and everyone.

Ms. Dougherty said that apparently the rest of the Town – the 78% that don't use it – could move and buy a house in that part of Town if they wanted to and asked why we should be paying for the upgrade. She added that we should be paying, like Ms. Saurman said, for what needs to be done but, if the Town wants a nice upgrade, then the Town should be paying for that part, she believes.

Mr. Moulton said that the estimated cost of the project is \$1.5 million; that of that there is a figure of some of \$300,000 and change that was looked at to be considered future; that if you want to put rough numbers to it, then it is roughly \$1.2 million to \$1.3 million going to the improvements that are necessary to keep the pump stations from having an illicit discharge in Town. He added that we've looked at it many different ways and, as Mr. Page just stated, an immediate fix. He said that should this not pass in June, depending on the BOS wish to do, then there would either be another referendum in November or we would have to look at some kind of immediate fund of money to get these pump stations so they will bandaid along. He added that you would be out of compliance with electrical; that we've already put about \$50,000 into Pump Station #2 since the end of March to keep this thing going. He explained that, on the old system with the flanges, valves, etc., they would have to do a retrofit; that you would be spending \$300,000 for a retrofit, which could last five years, or you could spend \$1.5 million for forty years. He said that it's a lot of money up-front but the cost is covered into the future by those improvements you do now. He added that, with Pump Station #2, there are two suction lines and one out of two is currently working; that if the second one fails there could be an illicit discharge; that there has been talk of fines and there could be fines anywhere from \$100/day to up to

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

\$25,000/day during this whole repair and reconstruction because, even during this, you would have to also pay any fines should the State choose to impose them. He added that he has had discussions with two entities at DEP because this has been an ongoing issue; that the pump stations was one of the things he was tasked with focusing on when he was hired; that we did an audit of the systems and they were found to have a life expectancy of about five years. He said that we are pushing that based on spending \$50,000 for Pump Station #2; that Pump Station #2 is now at full capacity and out-pumps Pump Station #1; that there are deficiencies within the whole system, the potential for fines was brought before the Town five years ago, and the Town needs to start looking at doing things because we are at the end of useful life of the system. He added that we are not at crisis mode, yet, but we are in a situation where something needs to happen. He said that the thought was, with the \$1.5 million with a little thought for the future, and not to burden the sewer users with it, it was the better dollar spent up-front versus the \$300,000 for a short-term fix when we could just end up spending more money down the road.

6:52 PM

Ms. Saurman said that she wasn't sure how she felt about it but she was curious if they could explain to her if they knew the difference between those two prices, which apparently you do, thank you. She added that the other question becomes the sort of view of how the rest of the Town actually benefits from having part of this Town on sewer and she would have to say that she thinks that is part of the conversation that's been missing. She said that there is talk on the TIF Committee of maybe developing one of the great resources of this Town, which is the Piscataqua River; that for that to be developed and for that to turn into any kind of tax development or revenue for our Town that river has to stay clean; that for the Spinney Creek houses that we used to call the Project, that are now waterfront homes, and those people are paying high taxes on those waterfront homes, that water would be polluted, those people would not want to live there, if they had to deal with what we all had to deal with when we were growing up. She added that she agreed that we've got to do something. She asked who was going to pay if this fails and it pollutes the river, pollutes Spinney Creek, and has fines from the federal government because we don't fix that; is the Town, then, going to ask every sewer payer to pay for that. She said that she thought it was short-sighted to think that, because the whole Town doesn't have sewer, doesn't mean that the part that does shouldn't get support from the Town; that the whole Town benefits from part of their Town being on sewer and, in fact, most people tell you that you are lucky if you have the entire Town on sewer and that's what towns should be moving toward, in her view. She reiterated that she wanted to know if you knew the difference between what we were paying for and what we were preparing for; that it sounds like a reasonable figure, to her, to say \$1.5 million and do what's needed; that she thought that the message needs to be that there is a benefit to the Town to have its most densely populated land on sewer that's safe and not ruining the environment.

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

6:55 PM Mr. Dougherty said that we all know how many miles of highway we have in this Town – a simple math problem – 5,280 feet - would give us the number of feet that we have, divide that by the cost; that he lives on Park Street in a small part of South Eliot and he has 150 feet of frontage; that most of his travel is about a mile and a half down Rt. 103 into West Kittery sending you down into downtown Kittery, north to York or south to Portsmouth, very little travel; that he does come up here once or twice a year to pay his taxes. He added that what he's getting at is that he is paying at the same rate as anybody else is in Town; now let's take a look because it's a Town road; that he has only 150-foot frontage, he can only use a couple of miles of it; now let's take a look at the fire barn; that he is on Town water and he has a fire hydrant right by his property and asked why he was paying for the cost of those two tank trucks; wouldn't it be more fair if we're only paying for what we're using for him to pay for five trucks and the other two by the rest of the Town. He said that he thought that what we're finding here in South Eliot, which took him rabble-raising on Park Street, that we look at the Town needs through different sets of eyes – the sewer, well, those people, they're the only ones on it and the only ones who benefit from it; however, when we take a look at the Town, well, everybody in Town can benefit from the roads and everybody in Town benefits from the Fire Department trucks. He said that he thinks the point we are trying to make is that this is a Town sewer; that we have paid for the initial cost for building it and we are now getting hit with the major percentage for upgrading it for the future use of the Town that are going to come in at a very low cost; that it's not fair – in plain English.

6:58 PM Mr. DePaul asked if the Town has explored subsidies that they might be eligible from the State or federal government.

Mr. Beckert said yes.

Mr. Moulton said that one thing we've found is that there is, through SRF, a low-interest loan that the Town can obtain; that the cost of the interest for the entire life of the loan (20 years) was \$38,000; that that is 1% to slightly lower.

Mr. Page said that that is the State Revolving Loan Fund Program for wastewater projects like this; that it's a very good deal, gives a very low interest, and you only have to borrow what you actually spend; that if you spend less than that's what the loan is finalized at.

Mr. DePaul asked what the loan impact would be for a year.

Mr. Page said that we did estimate some calculations – if it was 55% on the sewer users and the typical user impact might be an increase of \$71/year and, then, on the Town tax base, if it was a 45% allocation, the general impact on the tax rate

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

would be four cents per thousand or about \$10/year, per person, if they had a \$250,000 home.

7:00 PM

Mr. Fernald said that he would also like to point out that that tax rate will also be put on the sewer users so it's a double whammy for them.

Ms. Dougherty commented that it would be the \$71 plus the \$10.

The Board agreed.

Mr. Murphy said that they looked at who should pay for it; that for the last several months, or so, it has been looked at and there are a lot of people who feel it should be 100% on the sewer users; that a number of other people feel it should be 100% on the Town because it is a Town system – the Town owns it, does all the billing for it, does all the work on it and the users have no say whatsoever in the operation of it, they are limited, captive users; that in an attempt to rectify this 100%/100% a mid-point was tried to be found and that is the point that was found for the reasons expressed. Additionally, several months ago he started to look at how much the sewer users contributed to the Town tax base, adding income to the Town; that he added up all the property values of the sewer users and multiplied that by 13.8 to find out how much in taxes they paid out of the total tax amount of the Town; that he discovered that the sewer users pay 21.8% of all the property taxes that are collected in Town; so, on anything that is paid by taxes, the sewer users pay 21.8%. He said that looking at this addition - 55/45 – which seemed reasonable; but the 55 is by people who also pay taxes and they're paying 21.8% of the taxes; that 21.8% of 45 is 9.8; so, 9.8 of that 45% that the Town is paying comes from sewer (user) taxes; that if you add that to the 55% the sewer users will actually be providing 64.8% of the actual cost; that the rest of Town will be paying, by Town taxes, only 35.2%; that that is a logical and truthful way of looking at who pays for what and how much. He said that there has been a lot of talk about people who are opposing the Town paying anything because individuals live on a septic system and who will help them pay for their septic system; well, the big picture is that the values of properties are dependent on market value; that the values don't come from State law or Town ordinance but market studies of actual sales by neighborhood; that people who are on sewer are valued higher; that they have a higher market value and they pay for their sewer. He added that those not on the sewer have been awarded a lower value on their property; that if their property had been on sewer they would be paying much more but they don't have to pay more; that they are expected to recognize that difference and pull that out each year, save it up for the time when they actually have to work on their septic system; that they are much nearer the same value in terms of who pays for that whole service. He said that you get lower taxes if you're on a septic system but you have to expect that it will be made up over a period of time by the cost of septic system maintenance. He added that you don't

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

have to pay for water, either, but you have to have your own well and that is also figured into that added cost that you don't have not being on Town water – think about those things. He said that what he just said about the 64.8 and 34.2 may cause more people to vote against this because ones who are on the sewer are even stronger against this particular break-out of costs; that he wasn't sure because you were already there and it may not affect it that much.

7:06 PM Ms. Davis said that Kittery is expanding their sewer system up Route 236 and she believes they expanded to other areas, as well, and asked if the KWWF has a 2.4 million gallon capacity.

Mr. Murphy said that was it, per day.

Ms. Davis asked how much of that was unallocated and unreserved at this time. She also asked what happens as we go into the future and they utilize more and more of their capacity. She described an example – what would happen, if River Road was mandated to have sewer but Kittery was already using up a large portion of their capacity, in that event.

Mr. Page said that if the Town wanted to have additional capacity at Kittery's plant then they would need to negotiate an agreement and pay for whatever additional costs to expand Kittery's facility, as necessary, to buy into or create that initial capacity.

Ms. Davis asked if Kittery was able to expand their capacity beyond what it is now or what is the contingency as they start to use up more and more of their 2.4 million gallons/day.

7:08 PM Mr. Page said that he was not sure how much they have planned into the future but the Town of Eliot would need to buy additional capacity.

Ms. Davis said that a lot of the rationale for the allocation that the Town pays is the fact that we have purchased 200,000 gallons/day but right now we are only utilizing 110,000 gallons/day. She asked why it was not possible to reduce that allocation.

Mr. Page said that it was just smart planning to have a certain allocation of flow; that you are required by design standards to have some reserved capacity in place and, in fact, your percentage of flow was higher than 110,000; that it was more like 150,000 gallons/day not too long ago. He added that that is principally because a lot of efforts have been done in Town to reduce infiltration and inflow (I&I), the storm flow into the system, so the increase of available capacity was made just by making repairs to the sewer system and reducing leakage into the sewers.

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

Ms. Davis said that better maintenance and control of the system would keep a lot of the I&I at a low number; that if you kind of know what your future plan...how many people can ultimately hook up to the existing sewer then you know, more or less, how much you have to reserve. She added that she guessed we were buying a bit more than we are using and because of that the rationale is that the rest of the Town should pay for that unallocated, or unused, gallons per day when, in fact, we could probably reduce that amount and that eliminates that rationale.

7:10 PM

Mr. Page said that that would not be recommended to reduce that any; that you need to operate a system with a certain amount of reserve capacity always available and be planning for that; that that has only recently become available due to the repairs. Regarding the allocation of costs, he said there is no single, one right answer to this; that it is a decision that has to be made based on what a majority of people feel is fair because work has got to be done, one way or the other.

Mr. Murphy said, regarding the break-out of Kittery's use, that his understanding is that Eliot uses about 16% and 16% of the cost; the Navy Yard has a built-in of 44% and he thinks they use about 40% of that; that that leaves about 40% unused that Kittery owns and uses about 38% of that now, he believes, but the rest of it is pretty-well planned for Kittery's expansion. He added that Kittery isn't trying to stop growing, at all, and it would behoove us not to give back anything because we might not get it back again when we need it.

7:12 PM

Ms. (Cindy) Saklad, Marjorie Way, said that when we all tied into the sewer, many years ago, we had to pay a betterment fee and an impact fee; that that was a considerable cost for all of us who tied in, right there; that whether you can equate that to a septic system, or not, she wasn't sure, but it wasn't just one day we started paying our sewer bills, we had to pay for that tie-in.

Mr. Beckert agreed that that was correct.

Mr. Dougherty asked if the Town, including those of us in South Eliot, votes this thing down then what are our options.

Mr. Moulton said that, based on recommendations from the Board, they could go back to the residents of Eliot with another allocation, possibly 100% sewer users or possibly 100% Town or, should we have a major issue, repairs of some sort need to happen in the near future. He added that if we want to gamble and hold off we could end up with repairs, plus fines; that it is an unknown. He said that we do know, and there are signs that, when we did the audit of the system, it had about five years left and we are about to the end of that five years; that we are showing increased costs – we spent, in eight weeks, approximately \$50,000 on Pump Station #2. He discussed a potential pump station failure – Pump Station #2

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

fails, you have a discharge and, potentially, you could be looking at fines; that during the repairs of this you are running pump trucks at an hourly rate to pump the sewerage from the pump station, take it down to an intercepting manhole so we can monitor it to Kittery, and still continue to pay. He added that he didn't have an exact figure for that but it could be a large dollar amount to keep things going while doing the repairs. He said that we have had to do that several times and is part of that sum of money we've spent since the end of March. He added that this usually requires two trucks and, during peak flows, they need three trucks. He clarified that this was to give everyone an idea of how fast costs could escalate.

7:15 PM Mr. Dougherty asked what it would take to get the Town's attention.

Mr. Saklad said that he talked about a \$300,000 patch or the \$1.5 million and asked if there was a liability issue the Town has if we do that \$300,000 patch when people are now working in these facilities that aren't safe. He said that there are clearances around electrical panels not to code, etc.; that we are now working in these things that were built to code thirty years ago and no longer meet code and we know we are in facilities that we've been suggested to get repaired; that somebody goes to work in there and has an electrical problem – they hit something because they don't have the clearance – and asked if the Town was going to have liability for that.

Mr. Hirst said that he would say so; certainly Worker's Compensation if someone was injured; that if the Department of Labor comes in and says we are in violation, we certainly do have a liability from that standpoint.

7:16 PM Mr. (Jim) Tessier, Johnson Lane, asked if they had an estimate on how much the sewer users are currently paying for their sewer use.

Mr. Page said that, typically, the current sewer rate is about \$591 annually.

Mr. Tessier asked how much that was going to increase.

Mr. Page said \$71 plus the \$10.

Mr. Tessier said that, realistically, it sounds like this system has to be fixed and it has to be improved; that if we don't there may be potential issues with fines and sewage dumping who knows where. He added that he thinks the Town needs to get behind this and fix the system. He said that he hears two factions here; one side is saying that they don't use it so they don't want to pay for it and the other one says, we use it and we don't want to pay for it, either. He asked, if someone builds a new house and puts a septic in, what is the cost of that (many thousands); so, if someone is building a new house and they have to put in a septic system

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

because they're not on the sewer system, then they have a major expense but people on the sewer system don't have that major, big expense but are paying for it on a monthly or yearly basis plus, like someone said, the sewer user has maintenance and repairs; that it seems like both sides of Town have a fair amount of expense in dealing with their sewage. He asked if the Town could get together and figure out a way to get the system improvements done that we need to do; that he thought the 55/45 was a pretty even, fair split for the non-user and user. He said that it seems like we ought to figure out a way to get the work done and share in the cost.

7:19 PM

Ms. Saurman said that she thought the other piece people in Town might try to understand is we sewer users, until this episode on this issue, have never had the sense that we owned it; that if we needed a repair we called the Town and the Town took care of it; so this idea that it is our sewer versus a Town sewer is new to us, as well; that that might be a thought to put in and be very useful. She added that you need to understand that, suddenly, it has become our sewer and we've never been investing in it as if it was our sewer, we've never been included in a contract to sit down with Kittery, or any of those kinds of things; reiterating that it is new to us, this idea, and we are paying for it every single month and, because we pay for it every single month, a huge mass of land in this Town stays clean and safe. She said that she doesn't have any guarantee as a taxpayer in South Eliot how the folks in the rest of the Town are maintaining their septic systems and whether they're doing their job to keep their land safe; that there's no way to check that out. She added that, if they're smart and putting money away each month like we are, then when they have septic problems they will have the money saved for it; that she doubted that was actually happening and she would be willing to venture that there are many people in this Town who do not have their septic systems maintained the way they should.

7:21 PM

Ms. (Donna) Murphy, Hanscom Road, said that, regarding this 90,000 that you are splitting with the 55/45, when it is allocated and people are paying their impact fees and hook-up fees will 45% of that income then go back to the Town, as the whole Town is paying for that; that she assumed that 45% of that would go back to the General Fund as opposed to just going in for the sewer users.

Mr. Beckert said that it goes back into the Sewer Account, which you knew.

Ms. Murphy said that you are expecting the Town to pay this 45% but there is absolutely no benefit for us in the future when this 90,000 gallons is used; that 45% of the costs those people are hooking up and paying doesn't come back to the Town.

Mr. Beckert said that there are definitely two sides to this issue; that there are the pundits that will say that the issues and the fines are being exaggerated to scare

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

tactics – well, they're not. He added that he has seen the email traffic from the DEP and the fines are a potential, they could happen; that they have happened in public communities but we have no idea if they will happen here. He reiterated that they are not scare tactics but factual information – the Maine DEP has the ability to levy fines and the federal DEP has the ability to levy fines above and beyond what the State can levy. Discussing the \$25,000/day fines and saying they are probably levied very seldom but he saw email traffic just recently from Maine DEP from one of the division heads that South Portland was levied a fine of \$190,000 for a discharge. He added that they weren't saying that it was going to happen but that the potential is there; that if a discharge happens it is not the sewer users that are responsible but the entire Town of Eliot that would be responsible for that fine; just like the whole Town of Eliot had to float the bond for the original system, even though the federal government came in and said that you will sewer this area of Town, which happens to be Clay Village, to protect the river; so, is it a benefit to the entire Town – absolutely; that it is always a benefit to ecologically protect our water sources and our environment; that other areas of Town still need that protection.

7:24 PM Ms. (Cindy) Lentz asked why they couldn't make the split more fair for the people in South Eliot; that she didn't realize they had to pay an additional tax on top of their fee.

Mr. Beckert said that the engineer came up with four scenarios and, out of those four, there was one that was 100% on the sewer users, there was 100% to the Town and, then, there was the 45/55 that was based on the 110,000 gallons/day being used and the 90,000 that is still in reserve; that, yes, they would be used by somebody at some point in time but, today, that belongs to the Town of Eliot and does not belong to the sewer users already on the system.

Mr. Page said that the other scenario was a little different calculation but it was a similar roughly 50/50 split.

Mr. Beckert said that the BOS wrestled with it; that we are a community and we felt that the 55/45, based on the data from the flow usage that seemed a good, legitimate, scientific way to look at it, was the best way to go.

7:26 PM Mr. Fernald said that the Board made this decision to do a 45/55 scenario and none of us are on the sewer system; that we did it because we felt it was the best choice for the entire Town and we want you to know that.

Mr. Murphy said to Mr. Moulton that he wanted to enquire about the \$300,000 bandaid. He asked if that wouldn't be, in itself, a significant sort of repair and action on this station and wouldn't the State take that as, "You had a chance to repair the deficiencies in this, that, and the other and you've avoided that." – and

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

that would incur a fine, in itself, if you spent those thousands without making the system changes that they want.

7:28 PM

Mr. Moulton said potentially; that there is a letter he received from the Maine DEP that said that should this vote fail in June then the DEP will look upon Eliot heavily should we continue to have issues with discharges. He added that we have been very fortunate that we've been able to respond and take care of things quickly but there could be, at some point; that he didn't know as there are a lot of unknowns, which he tries to alleviate; that the DEP will look upon the Town of Eliot in a manner that, should you continue to have illicit discharges and you are divided on how to fix it, and again, you don't know what they're going to do or say but that is when the fines, small or large, could be imposed and they could escalate from there; that it's a catch-22, he guessed.

Mr. Murphy said that the second, later article on the \$38,000 is going to be the first payment if the bond issue is voted for in June; that he felt that the important thing is to approve the first article, approve getting those repairs done and we can fight for a year or two later over who is going to pay for it and how much; that all the Town in some form is going to pay for it but you have to do those repairs.

Ms. Saklad said that we sewer users pay a reserve fee with our quarterly bills and she thought that the reserve fee went to build up an amount to take care of repairs, asking if she was wrong.

Mr. Moulton said that she was correct.

Ms. Saklad asked what was currently in the reserve account.

Mr. Moulton said that he would say it is less than \$100,000.

Ms. Saklad asked if that money had been used strictly for repairs all these years.

Mr. Moulton said that it was strictly repairs, anything repaired related to the sewer.

7:30 PM

Ms. Saurman said that she appreciated that the Selectmen tried to find a compromise because you do have an entire community; that she wanted to state that clearly she appreciates that you tried to find a figure that would be helpful even though it may not seem like the fairest thing. She asked if anyone recalled what the Selectmen's vote was on that 55/45, were you all in agreement.

Mr. Beckert said that it was three in favor, one against, and the Chair concurred in the affirmative.

SPECIAL BOARD OF SELECTMEN'S MEETING
May 26, 2015 6:30PM (continued)

Mr. Fisher asked if the sewer user rate would go down with passage of this bond.

Mr. Beckert clarified that their sewer rate would actually go up approximately \$100/year.

7:32 PM

Mr. Saklad said that there is a quote of 200,000 gallons/day capacity and we are using 110,000 and he asked if Kittery is charging us for 200,000.

Mr. Moulton said no.

Mr. Saklad clarified that it's just a capacity figure that's being used.

Mr. Moulton said yes.

Mr. Hirst said, to answer Ms. Saklad's question, that in late 2011 we looked at the rate structure for the sewer users, which had been the same since 1983, and the portion she referred to is the capital improvement portion; that it was \$50/quarter and he believed it was now up to \$61/quarter.

Mr. Moulton clarified that it was \$71/quarter.

Mr. Murphy said that the Selectmen draft minutes for April 23rd shows the time when we went through the articles one-by-one gives no breakout in the vote and all were approved; however, signing a warrant was only signed by four Selectmen out of five; that the fifth one refused to sign.

Ms. Dougherty said that, once upon a time, we were a Town, we loved the Town and we supported the Town; that now there is an element that has put doubts in the minds of people about how things are run and she doesn't know how we can really get anybody to run the Town for what they have to take for abuse. She added that it would be nice if we could be one Town again and all look out for one another.

7:34 PM

Mr. (Denny) Lentz, Creek Crossing, said that he has listened to every one of these meetings and he has been a good listener for the last several months and he has learned absolutely nothing new; that it's always the same thing. He added that there is no doubt in his mind that it needs to be fixed; that no matter who he talks to they say it should be fixed. He added that the issue is, and again, you folks have allowed this Town to be divided; that it's never been put in writing, it's never been explained and sent out to all the households to say what is going to happen, what it's going to cost. He said that we allow people to come in here and everybody advocates their own personal opinion and position and that's what splits this Town up. He added that it's not the new factions because I'm one of those and I support this Town.

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

7:35 PM

Ms. Davis said that the people who have a septic system paid for 50% of the construction of the sewer system that they can't use; that by putting in their septic systems they also contribute to the environment by making it clean; that if we look at the logic of the 90,000 gallons/day what, in essence, that boils down to is that the rest of the Town is paying for an allocation that isn't being used and seems counterintuitive. She added that sewer fees haven't gone up for years, not since the sewer was implemented, so it's been pretty much of a bargain for thirty years; that that's why there wasn't enough money to pay for the repairs and maintenance that needed to be done. She said that, if you take \$700 and multiply it by 20, then that's \$14,000; that the average new septic system costs anywhere from \$14,000 to \$25,000 so that seems equitable; that the Town paid for half of the installation and now there are repairs and maintenance required. She added that septic users are already paying for theirs; that they are paying for installation that they don't get a 1% loan for; that they are paying an equitable amount relative to what sewer users are paying and, in addition, they have to have them pumped out, often times, on an annual basis and that is another cost of approximately \$250. She said that this is kind of a crap shoot because there are many people in Town that she represents; that she is not speaking for herself but people who talk to her; that they pay for their septic and they are not going to vote for this because they do not feel as though they should have to pay double for this. She added that when we look at a 5-year system that needs to be repaired what we've done here is that it has a feeling of an attempt to force the balance of the Town by saying this thing needs to be fixed now and we are going to force you into contributing towards this by putting it on a warrant whether you like it or not; that if you vote for this, because of the terminology that's on the warrant, you are not only, in a sense, agreeing to bond this out but you're also saying, per force, that you are agreeing to pay for 45% of these costs. She said that we are gambling with the fact that maybe the other 2,000 households in Eliot may vote against this; that it seems a little irresponsible in light of the need there is to repair this. She said that she guessed they didn't even have a very good contingency plan if this doesn't get voted in in June. She asked what we were going to do; that we have spent a lot of years sheltering the costs of this, the rates didn't go up when they needed to, we don't have the savings we needed, and here we are, again; that we are attempting to shelter the costs and we are gambling with the outcome.

7:39 PM

Ms. Dougherty said that back in 1978 we paid \$10,000 to put in a new sewer system in our yard; so we've also had sewers and we've also had to pump them out, so we know the problem.

Mr. Moulton said that it's his job to report the issues to the Board; that it's not his job to cram it down anyone's throat; it's my job to bring forward the issues with the system within my department so he has done that; that he has met and given you all the information he has; that it is up to a vote of the people of the Town, of which he is one, to decide which way to go and it's up to the Board which

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

financial way they want to fund this. He said that, with all due respect, Ms. Davis, but he took offense that she looked at him while she was speaking like this that she was saying he crammed it down her throat; that he just reported what the issues were, we had an audit done, all things that needed to be done. He added that we have developed an O & M Plan, we've changed the ordinance in Town, we have done a lot of things to better control the sewer system here in Town so that it's better for the folks that are on sewer and it's cheaper for the folks that are on sewer. He said that, with the I&I work that we have done, we have taken a lot of clean water that these people were paying for in their rates that they didn't need to pay for; that the allocations have dropped down. He added that he has done his job as a department head to bring forth the issues to the Town and the Board and, now, the Town Manager and tell you what's going on, this is what's happening, this is how much money he is spending, this is what the potential of things that could be.

7:41 PM Ms. Saurman said that she was curious, frankly, why it was just directed at Mr. Moulton. She added that to use the word 'force' in a democracy, where people are going to vote, is absolutely surprising to me; that no one is going to be forced to do anything they don't want to do; that they'll go to the polls and they will make a vote and that's how it works in a democracy – people vote and nobody gets forced to do anything; so, to use the word 'forced' in a situation where we have a voting day, and a warrant, is very surprising.

Ms. Davis, responding to Mr. Moulton, said that he was standing, and don't be overly sensitive; it was the Board that voted in the way this is going on the warrant and, in some respects, against Mr. Moulton's advice because you had said earlier on, in an email, that you thought that taking a chance with putting it in a split was a little bit iffy; so, she is not looking at him.

Mr. Moulton said that he felt that way and apologized.

Ms. Davis said that 'by force' she meant that the text was put in the warrant and now people who want to vote for this bond have to do so with the idea that that's going to be the implication that they agree to contribute the 45%; that you're forcing them into a corner; that they want the repairs to be made but they may not necessarily want to contribute.

Ms. Saurman said that if that is what you are saying, yes, and that's very different than force; that they might want the pumps but they don't want to contribute; however, no one is forcing them to take a vote.

7:13 PM Mr. DePaul said that there is an old saying, and if he understands the reason we are in this pickle is because sewer users weren't charged enough to properly

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

maintain the system since it was put in place thirty years ago, that says that mismanagement on your part shouldn't necessitate an emergency on my part.

Mr. Beckert said that there's also an old saying that says if you keep looking back you will never move forward; that they were trying to fix the problem and the majority of this Board chose to put the funding question to the Town as it is written on the warrant, and this is a majority Board.

Ms. Dougherty said that, years ago, the Town voted to have this as a Town sewer; that we were forced in to it by the feds and had no choice. She added that this Town has been a very nice Town to live in because a lot of nice people in this Town worked hard to do things; that they made extra ball-fields, they volunteered their time, people who lived in this Town volunteered their equipment. She said that they had a daughter in the 5th grade in 1978 that wanted to play softball; that Ms. Dougherty organized softball and we got 59 little girls and one little boy in this program and, to her knowledge, she thinks it's still going. She added that she wasn't the only one who started things; that other people started Lacrosse and stuff; that the people in the Town loved the Town and now it's so divided; that it's either like you die or you move out, if you don't like it.

7:15 PM

Ms. Saklad said that we, the sewer users, didn't mismanage the funds; that we never had them to manage.

Mr. DePaul said that he wasn't directing his comments to the sewer users but at the people who controlled the sewer rates; that he was just making a general statement.

Mr. Murphy said that controversy in the Town is as old as the Town; that the biggest one he can remember goes back to 1939 when the new high school was going to be built and that's where the building, which is now the elementary school, was the new high school; that it really divided the Town because what we had already was good enough for 'my grandfather', and so forth, and why should we bring all those crumbling district schools in. He added that we had a neighbor, whose hay we used to cut, and she was so angry and so opposed to this that she would stand up and sing as loud as she could at Town Meeting whenever anyone spoke for the school; that because people knew her they let her sing.

7:17 PM

Mr. Fernald said that he wanted to respond to the statement that, in those days, funds were mismanaged. He said that that was 20, 30 years ago and there were a lot of things that happened in those times; that decisions were made based on those days and what contributed around it; that economics then were different.

Mr. DePaul said that he wasn't looking at what was billed out 30 years ago; that he is looking at the last 30 years and the rates that were set for the last 30 years.

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

He added that he is hearing that the rates were inadequate to properly maintain the system and that's why we're in the pickle we're in.

Mr. Fernald said yes but it doesn't mean it was mismanaged; that the point he was trying to make was that, in those days where decisions were made about increasing the sewer rates, it was a different time; that there were different reasons for why we did things. He added that the sewer system did not have as many problems as it has in the last few years so we didn't have to dip into the reserve account as much as we have; that there was no reason to increase the fees in those days.

7:19 PM

Mr. DePaul said that he understood but hindsight, 20 or 30 years ago, did you think this system was going to live forever; that, with the life expectancy of the system and, when you bill rates, you know it's going to have to be replaced at a certain point in time, so you build the reserve up so there is adequate funding to do that when that time takes place. He clarified that he was saying that it wasn't properly billed and it was mismanaged from a funding standpoint.

Mr. Murphy said that Eliot didn't build our sewer system; that the feds provided 85% of the cost of the system and the Town only paid 15%; that it was a gift to the Town. He added that the feds were afraid that we wouldn't do it on our own and that the back-up in Spinney Creek would remain and the Town would declare bankruptcy, or something like that, and the feds would have to come in and do a lot of clean-up; that they wanted to get this system going in Eliot so they paid 85% and that's a lot of money.

7:20 PM

Ms. Davis said that on some of these cost sheets it looks like around \$200,000 is for new pumps and a couple hundred thousand is for new generators; that a lot of the rest of it is in electrical panels, most of it seems to be geared toward new housing and asked if there was any way to value-engineer this any more than what it has been in order to bring some of these costs down. She added that she is looking at the design and engineering for the first pump station (Main Street) and the engineering cost for that is \$123,000; that Kings Highway engineering cost is \$132,000. She added that she thought that some of this has already been pre-designed, asking if there was any savings off some of these numbers and why is the second pump station more expensive than the first one when it seems like a lot of the flow analysis, and everything, would have to go into the first pump station and you have fewer lines going into the second one. She added that there are also big contingency numbers and it just looks like there's room to save some money.

7:22 PM

Mr. Page said that he has worked on this project quite a bit and we have recommended the repairs we think are important and justified without including anything that is completely unnecessary; that they recommended cost to effect repairs and hopefully provided an adequate budget to do the work. He added that

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

there is nothing significant in there in that we would not recommend cutting anything out of that to reduce the costs; that that would be short-sighted to try to do anything. He said that he believes it's the right project, it's the right investment for the foreseeable future, and 20 years from now, people are going to say in hindsight that they did the right thing when they made these improvements.

Ms. Davis asked, when we go to bid, if we are going to bid this out.

Mr. Moulton said yes.

Ms. Davis asked if, when we do that, we are going to be looking at different ideas. She also asked if there is some reason why we can't use at least some of this or are you saying that it is all in such bad shape and it's too small and it's misconfigured such that we can't reuse anything.

Mr. Page said that there are parts of the King's Highway Station that we are planning to reuse and refurbish; that we are reusing what we can and, where it's not cost-effective to reuse, we are replacing.

7:23 PM Ms. Davis said that there was a 2-foot expansion on one of the buildings that Mr. Pratt seemed to indicate was being built into this first phase.

Mr. Page said that he wasn't sure about the two feet but they are expanding King's Highway Station to provide additional space for the stairs and panels there.

Mr. Moulton said that the \$1.5 million is an engineer's estimate; that it will be put out to bid and, then, we will get adequate bids for the project. He added that to try to cut numbers now may bite us in the tail later because it is an estimate and could come in lower. He said that the engineer's estimate is the best guess based on current costs and what we can anticipate for costs. He added that she was very much correct when it says things could be different and that's why we are bidding both projects together because we would get a better price, especially bidding at certain times of the year; that there are many variables, reiterating that it will go out to bid and we'll see what the numbers bring.

7:25 PM Mr. Saklad agreed; that it is a proposal and you have to start with a budget some place and you have to plan contingencies in there; that usually part of the bidding process is someone comes in with another idea on how to do it and the Town will look at it and say that's a good idea and didn't think of that, they will work with the engineers; so, to micromanage this he thinks he would let the guys and the engineers doing this do their job; that you can value-engineer projects so much that you will pay a lot more for it in the long run.

SPECIAL BOARD OF SELECTMEN'S MEETING

May 26, 2015 6:30PM (continued)

Mr. Fisher asked if we could get out of it cheaper if we had pre-formed and pre-wired pump houses.

7:26 PM

Mr. Page said that in the application, here, with the type of stations we recommend would not be available in a pre-packaged, factory-built configuration; that the type of stations we recommend are the best long-term investment for the Town.

Mr. Fisher said that every unit has the exact same thing in it and he was wondering why we couldn't do the same thing. He added that when he does electrical problems in a factory, he puts the septic system in and he wires it so that all they have to do is drop a cement building on it, with the proper door, roofing already done, and all they have to do is hook the wires up to the pumps and the overloads; that that's pre-formed.

Mr. Page said that these stations are a little more complex; that he has worked in other communities in the past where they have used packaged, pre-built pumping stations in steel cans and, now, they are replacing those because they rusted out and there's nothing left. He added that they will put in a new, pre-cast wet well at the Main Street Station and that will be dropped in place, the new buildings built, and the new equipment installed.

Mr. Fisher said that after you get the pumping station on-site you could put stucco on it and make it any design you want.

7:28 PM

Ms. Dougherty said that what bothers her is...we've lived in Eliot for approximately 50 years, come this fall, and we fought for pre-school and for the school to have whatever they needed to run the school and people have volunteered time to do stuff, people with the band; that we all kind of pooled our time and our resources for the community; that now it seems that it's just the pocketbook of the ones that have come in new, and that is fine, they have a nice system and a school system, and everything, but however it got there doesn't matter; that it's going to cost them another \$10 on a \$250,000 house. She added that this really irks her; she was sorry, but it does.

M. Adjourn

There was a motion and second to adjourn the meeting at 8:00 PM.

VOTE

4-0

Chair concurs

DATE

Mr. Grant Hirst, Secretary