

**SPECIAL SELECT BOARD MEETING**  
**Special Referendum Warrant Articles**  
**October 1, 2020 6:00PM**  
**(Marshwood Middle School)**

**Quorum noted**

**A. 6:00 PM:** Meeting called to order by Chairperson Donhauser.

**B. Roll Call:** Mr. Donhauser, Mr. Lytle, and Mr. McPherson.

**Absent:** Mr. Orestis (excused), Mr. Widi (excused).

**C. Pledge of Allegiance recited**

**D. Moment of Silence observed**

**E. Public Hearing for Special Referendum Warrant Articles**

**6:02 PM** Mr. Lee said that the purpose of tonight's Public Hearing was to review the four items that will be on the ballot November 3<sup>rd</sup>. #1 is to choose a moderator; #2 is about bonding TIF funds to do infrastructure improvements on Route 236; #3 is an amendment to the Sewer Ordinance clarifying who, within 250 feet of the sewer line would be obligated to hook up to that sewer. Then there are two non-binding questions. One is a Memorandum of Understanding that has been discussed between the William Fogg Library and the Town. The other would be what the preferred hours at the Town Office that people could weigh in on. We are going to start by discussing #2 and with us tonight from Underwood Engineering is Mr. Keith Pratt (principle) and Cole Melendy (principle project engineer). Given that there are very few folks here that don't know about this, we'll keep it fairly brief. He made some brief comments about the TIF project. A couple of the things are different this time around versus other times when it's been shot down. There was quite a bit of debate about who should actually pay for deferred maintenance on those two sewer pump stations that we recently bonded \$1.7 million; that I think that was a stickler for a lot of people who didn't feel that TIF money should go into deferred maintenance and that it should be the sewer users paying for it. This time that's not on the ballot. Additionally, we've done a number of studies on the Route 236 corridor about safety, turning lanes, intersections, egress. We've also done a build-out analysis with an economic development consultant. The build-out was done at the 50% level, which we think is conservative, and would be looking at 682,000 square feet of new commercial/industrial development between now and 2040. We've also looked into how we'd rezone it with infrastructure out there and we'll be recommending a whole new type of use table to limit the stuff we don't want and allow what we do want. We don't want box stores, anymore, so we're probably going to put in some design standards and a Dollar General-type store would have to have some esthetics to it. We also looked at all the wet areas and what may be developed, as well as probable brownfields sites (polluted sites). There are about five of medium concern. So, we've done a lot of homework this time around and I think we've really thought this out this time and I hope people will

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read up on it. We have a Facebook page for the Eliot TIFF with a lot of information there as well as on our website. He explained what each of the big maps showed that were present for tonight's meeting.

**6:06 PM**

Mr. (Keith) Pratt, President Underwood Engineers, introduced himself and Mr. Cole Melendy (Project Engineer) and discussed the background, project goals, a summary of the design flows and planning areas, costs, and the schedule. The Town asked us to update what was done in 2012; that we add water where water wasn't initially part of the plan to areas on Route 236 that didn't have it; coordinate with Kittery Sewer and MDOT as it relates to Route 236 improvements, and develop plans and costs. It was the same basic design but we put more investment and time into field operations, such as surveys, wetland delineation and geotechnical borings, which helped us develop 44 design sheets. We have costs for those as well as for downstream improvements, to include both the Eliot and Kittery systems. He briefly described the different areas (1-3) and Downstream Area (impacts in Kittery and Eliot that need to be addressed) as he pointed them out on the map. He pointed out the TIF District, starting at Bolt Hill road, ending at Arc Road, with Beech Road in the middle, also pointing out water that has been added on the western end and will complete the water line through the TIF District. The Collector Sewer will go from end to end, with a secondary collector sewer to capture cross-country back lot properties. Discussing the sewer/water connections within 250 feet, there will be 37 new sewer and 19 new water connections for TIF parcels and 37 new sewer and 9 new water connections that are for non-TIF parcels. He discussed the downstream impacts/improvements related to extending sewer and water to gravity mains and pumps stations, showing those on the map. Discussing flows, Eliot has purchased 200,000 gpd from the Kittery facility, using about 120,000 gpd; that we know that there are some projects that are underway already allocated and we have a contingency amount that equals about 34,000 gpd, which makes about 34,000 gpd available for the TIF project and other areas of growth in Town. We didn't just look at Route 236 potential growth but looked at potential growth down by the Town Office, Elementary School, and all the way down to Riverview. We estimated, through planning, that the 34,000 gpd would be used up in 2 to 10 years, depending on the pace of growth, which means that a part of this project we are suggesting that an additional 200,000 gpd capacity be purchased and those costs are included in this project. Regarding planning costs, the actual work in the three areas is \$16.5 million, Kittery downstream improvements are \$1.9 million, and Eliot downstream improvements are 3.5 million for a total cost of \$21.9 million, with an additional 3% cost adjustment for 20/21 that would bring the total to \$22.6 million. In summary, it's a \$22.6 million program; that \$4 million would be paid out from collected TIF reserves as cash, with \$18.6 million bonded out, and bond payments 100% from TIF revenues for the term of the bond. If this passes in November, work over the winter would be to finish the design and put it out to bid, with bidding in the spring and construction to start next summer. Because of the size of this project, it will be a 2-year project; that Route 236 work would be done in the first year and everything outside of

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Route 236 would be done the following year, with anticipated completion in the fall of 2022.

- 6:16 PM** Mr. Lee summarized the minor sewer ordinance amendment that clarifies who will need to hook up to these sewer lines when they go in front of your property within 250 feet, shifting it to the building rather than the property line. He invited Chief Muzeroll to speak to safety impacts because of the additional 6 fire hydrants be added.
- 6:17 PM** Chief Muzeroll said that he has spoken before about the importance of having more water in the Town and, in particular, this proposed project out along Route 236, and discussed some major fires the Town has had within the last several years out there. With one of the fires we had there, we drew water from the public estuary of about 1.5 million gallons, which is a lot of water that apparently affect the turtles and butterflies; that during this time of year, where everything is running dry, we don't have that water source available. That compounds our fire-fighting capabilities where we have to utilize our mutual aid partners (10-11 communities), with some of them having to take 20 to 30 minutes to start supplying us with water. Those communities that help us supply water comes at a cost to those communities, as well. When we talk about how much water we have available, standards across the country usually say that, to fight a fire, most fire departments initially need the availability of 1,000 gallons a minute available to them on Route 236. On Route 236, that's what we would need available, at a minimum. Every time we go out the door, over 300 times a year that that fire department responds, we stand the potential to have a catastrophe or a relatively small fire. Each one of those events could include the use of massive amounts of water or a minimum amount of water. What we need to think about is how we operate and we have three rules, and I usually extend it to five: protection of your life, protection of your property, and protection of the environment. I also want to protect the responders and the Town's investment in the equipment. So, every time that I can propose or stand here and say give me more water, I think it just makes a lot of sense. We don't get a lot of return on that water. More fire hydrants is going to help whoever wants to build along the Route 236 C/I Zone. It will also provide us with an opportunity to get, believe it or not, if this mile of water goes through, that gets it a mile closer to a lot of residences that may benefit from a homeowner's insurance reduction because water is a little bit closer to their property. Discussing the environmental portion of this, if I use water from the estuary and you look at some of the data presented here, we have some areas in Town that people don't want to drink water from their wells, or whatever they're using, along the Route 236 corridor. So, where is that water coming from. It's actually coming from available water source that we have available above-ground to us. Now, think about this, we're taking water that people won't drink, although fish and other animals don't seem have a problem with it, and we're putting it in vehicles that may, in the long term, develop mechanical problems or maintenance issues. We're applying it to structures and properties that may help and may benefit fire suppression but, if it's contaminated water, or water not suitable for drinking,

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all we're doing is moving it from one spot to another and depleting that water source that is available for the creatures that can survive on it. I also have to be aware of the people who are fighting the fires. If the water is not good enough to drink, it's not good enough to have on our equipment and on our personal gear. We focus on keeping everything clean. The more opportunity that we have to fight a fire or meet an emergency with cleaner water, I think we would be wise to move in that direction. I can stand here all day and say that if we don't have water we'll survive but, if we have the opportunity to add more water on this corridor, I'd like to see it extended a little bit further, at least to the Middle School, and that may be in long-term planning, and I think it's smart for the community to start thinking in that direction. The 1,000 feet is going to put us in the area of Arc Road. It will hit the major properties that may be developed in the future. Also, we have to start thinking about what actually goes up and down Route 236 on a daily basis. We have tank trucks and, if you could think of it, it has probably, at one time or another, been going up and down Route 236. And that may require large amounts of water to control whatever is going on, whether it's a hazardous material spill, a flammable liquid on fire, we don't just do it with the 5,000 gallons of water the fire department shows up with, initially, if we're using 1,000 gallons a minute. It doesn't take a Marshwood math genius to figure out it doesn't take long to deplete our available water source without relying on somebody else.

**6:24 PM** Mr. Lee introduced Richard Donhauser, Select Board Chair, saying that he was a CPA and wanted to look with his own eyes and develop a confidence that the money coming into the TIF fund, the total amount that we expect, is well more than we could expect to pay out in debt service. I've run those numbers independently but, he wanted to run them independently to confirm them, and I encouraged him to do so because I'm not a CPA.

**6:25 PM** Mr. Donhauser said that why we should be excited about this as a community is that it's more than going to pay for itself. Basically, a tax incremental financing district, or TIF, is a subsidy by the State. The State allows you to collect money and put it into a special fund for economic development. We've had that for 10 years, now, and we haven't been able to push it off the diving board. Now, I think we're ready to dive off the diving board on the November ballot. It allows us to collect in excess of \$30 million. What if we don't have the TIF. If we don't have the TIF, we will collect the money that is coming in, with a net result of around \$13 million. If we do this project and utilize the funds to build the project, in the total when you get done with the 20 years, we'll have collected \$30 million. We use that \$30 million today by going out to get a bond so it's like leveraging your home; you have a salary of \$150,000, you can't buy a \$300,000 house, so, you go to the bank and leverage your salary by getting a loan to buy your home. We're doing the same thing as a Town; that we are using \$1.5 million that is going to come into this dedicated fund and we're going to leverage it by selling bonds. And I can tell you, during the whole life from Day One to the end of 20 years, the TIF fund will never fall below \$1.7 million. I did 5-year projections and I did year-by-year. In the 5 years, after building

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this project, we'll have over \$2 million in the TIF fund. After 10 years, I project we'll have \$3 million and, after 15 years, we should have another \$3 million. But, at the end if we did nothing else and had no economic development; if we build this project and there's no economic development at all, these numbers stand because that money is going to come in from the taxpayers on Route 236. We don't have to send \$1 of resident taxes. The money being spent for this project is entirely coming from commercial taxpayers on Route 236. Another thing I think we should note and recognize as a Town is that 70% (68% but rounded up for ease of discussion) of your tax bill is going to the school district. That is providing the cost for a student to go to Marshwood High School, which is \$11,500 per student every year. I asked the Tax Assessor what is the average, if you take all of the homeowners and exclude all commercial properties, of their property taxes paid and the average is \$4,600. With commercial taxpayers, their average tax bill is \$17,300. A commercial property does not send any students to school; however, they're paying in an average of \$17,300 in real estate taxes and it only costs \$11,500 to educate one student. In theory, if you do the math, that's one and a half students they are educating without adding any students to Marshwood. My point in this whole discussion is this Town of Eliot Route 236 Project bonding warrant is really a good deal for the Town of Eliot; and that's without any growth. We do a project and nobody builds anything, we still accumulate \$30 million. If somebody builds something, we collect more. And, as Keith Pratt from Underwood Engineers mentioned, there are commercial properties along the TIF that are not in the TIF and, as those properties improve, that money goes directly in the General Fund to reduce your real estate property taxes. With the TIF properties, the incremental value tax goes into the dedicated fund but what's really interesting about this is, 10 years out, we still have \$3 million to \$4 million and we're not going to do another project, we can say we no longer need those funds in the TIF and we can release that to reduce our taxes. But we'll never get there if we don't do something with this TIF dedicated fund because the State is only going to let us accumulate this money for a short period of time, as we've already accumulated for 10 years. People are wondering if we are going to spend this money. I think we should spend this money for economic development that will benefit the entire Town and it opens up all kinds of alternatives that we can take 5 to 10 years down the road.

**6:32 PM**

Mr. Lee added that a commercial/industrial property is 3.6 times more of a property tax generator than an average residence. He said that Article #4 is the Memorandum of Understanding (MOU) non-binding advisory question. A Library founder had had a trust fund set up but, over the years, that trust fund has not been able to keep up with the expenses at the Library. They did a lot of research on how libraries are funded; that they put out a newsletter that explained that Eliot is one of a few, if not the only, communities that do not pay the operating costs of their library. They came to the Selectmen to ask if we could put out to the voters as to the level of support of the residents for the library with their tax money and if they would like to have us, as many other towns do, support the Library much more assertively. It's a good question and our newsletter explains more

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about it and what the increase would be. I encourage you to look into it, think about it, and go out and vote.

**6:34 PM** Mr. Lee said that non-binding Question #2 has to do with the Town office hours. The staff has been working 4/10 since COVID broke out trying to reduce one day a week that we're not exposed. The staff kind of enjoys the four days a week and staff would be open more hours to the public under 4 days a week than we were under the old schedule of 5 days a week. And, so, that question is being put to the voters, as well. Again, that is something to consider, adding that we would be open on the order of 38 hours per week under the 4/10 scenario and only about 33½ hours a week under the previous scenario. I think that's an important thing to note. Someday, when we return to normal, we would like to know what hours you would like to keep.

There was no one from the public with questions or comments.

**F. Adjourn**

There was a motion and second to adjourn the meeting at 6:36 PM.

**VOTE**

**3-0**

**Motion approved**

**Respectfully submitted,**

**Ellen Lemire, Recording Secretary**

**S/ Mr. Robert McPherson, Secretary**

**Date approved: December 10, 2020**