

**SPECIAL SELECT BOARD MEETING**  
**September 14, 2016 5:30PM**

**Quorum noted**

**A. 5:30 PM:** Meeting called to order by Chairperson Davis.

**B. Roll Call:** Ms. Davis, Mr. Fernald, Mr. Murphy, and Mr. Pomerleau.

**C. Pledge of Allegiance recited**

**D. Moment of Silence observed**

**5:31 PM** At this time, the public participation protocol was reviewed, which the full Board agreed to.

Mr. Lee read the protocol:

- The Chairman will introduce the agenda item.
- The Town Manager will expand upon the agenda item.
- The Select Board will engage in preliminary discussion.
- A member of the Select Board will make a motion and another Board member will second the motion, if applicable.
- The Select Board will discuss the pros and cons.
- At that time, the public will be invited to participate.
- Please wait to be recognized by the Chairman.
- Please state your name and address for the recording secretary.
- Attempt to limit your comments to two minutes.
- Comments must be germane to the agenda item or the motion under consideration.
- If comments become repetitive or personal, the Chairman will close the public comment session and return discussion to the Board.
- An effort will be made to allow everyone to speak at least once but not before all have spoken once.
- The Chair will decide when to close public comment and return to the Board for final discussion.
- A vote on the motion will be taken then by roll call.

**5:32 PM** Ms. Davis asked if all members of the Board were in full agreement with this process.

The Select Board **agreed by consensus** that they were.

Ms. Davis said that the first item tonight was for Underwood Engineering to make a presentation, after which, the Board will ask questions and, when the Board is finished, the public will be invited to ask questions, as well.

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### **E. Non-TIF Funding Options for Maintenance of Sewer Pump Stations**

**5:33 PM** Mr. Lee said that we have asked Underwood Engineering, as represented by Engineer Keith Pratt, to look into possibly scaling back the cost of the project, the pros and cons of that, how much would be saved, how much that would affect rates, etc.; that Mr. Pratt is here, tonight, and drafted a report for the Board. He added that Mr. Pratt will review that report, take questions from the Board and, then, from the audience. He commented that we do have a microphone down here in the middle of the room, asking the public to use the microphone so that all could hear; that if someone cannot, he will carry a microphone to that person. At this time, Mr. Lee invited Mr. Pratt to speak.

**5:34 PM** Mr. Pratt, President of Underwood Engineers and have been involved with these sewer projects for many years, briefly reviewed some history on this item. He added that the Board gave approval on August 11, 2016 to authorize a portion of the final design improvements contract for Main Street and King's Highway Pump Stations; that prior to us proceeding, the Board asked us to look at cost-savings (scope reduction) considerations at the pumping stations to see if they could offset impacts to the users. He explained that what is recommended by Underwood and supported by the Public Works Department are renovations of both Main Street and Kings Highway Pumping Stations, which is based on a preliminary design report that was completed back in 2014 and a 30% design completed about a year, or so, ago. He said that the basic concept was that we were replacing the existing, original pumps at those stations, which are 33 years old; that we are trying to correct some of the other deficiencies, primarily the reliability of those stations; that we were also tasked to make sure we were in compliance with all current codes, and one of the big ones was electrical issues and some of the code issues associated with that; as well as improve life safety (confined space); that both of them are underground. He clarified that, at Main Street, it's new pumps, a new wet well, a new building, and a generator; at Kings Highway, it would be new pumps, a building addition (allows bringing generator inside) that allows us to put stairs to the lower levels where we can eliminate the confined space. He added that that project is \$1.7 million, with both stations combined. He discussed the background on the rate assessment done just prior to Town Meeting (spring, 2016) regarding a proposal for the Town to share in the cost of this project, with a recommendation of a 25% rate increase, and supporting about 78% of that proposed debt service of the \$1.7 million proposed project, with the General Fund covering the balance. He added that that rate assessment was approved and means that the current sewer budget has an allowance of about \$76,000 to \$77,000 for pending debt service to help with this project; that the current rates are based on a sewer budget of \$470,000, of which \$76,000 (16%) is set aside for future debt service, with \$135,000 (30%) for operation and maintenance, \$188,000 for treatment and disposal to Kittery (40%), and Capital Reserve contributions that we have raised the budget for the last couple of years to allow \$70,000/year to be set aside for the future. He clarified that that is not enough to support the \$1.7 million project, or the associated debt service; that,

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based on current rates and those changes, based on what the current interest rates are, it would probably support a \$1.2 million to a \$1.3 million project; that that's really short if users were to cover all of it by about \$.45 million of what is currently proposed of that \$1.7 million project; that we would need closer to \$103,000 debt service for a \$1.7 million bond, or about \$26,000 higher than what the current user budget supports. Mr. Pratt discussed options of users only or users and General Fund; a user-only option would be \$26,000 (6% increase on average rate).

**5:43 PM** Mr. Pratt discussed ways to reduce the cost, adding that they looked at that when they first did the preliminary design report to identify cost-saving options – examples were whether to keep generators inside or outside and wood or masonry buildings; that they were identified before costs were put in the report and did recommend against them at the time because, while it's not minor money, it did not significantly change the impact on the user rates so, at that time, we kept to what we felt was the right project (\$1.7 million). He added that the memo also talks about whether we take some of this money out, today, reduce some of the capital costs, today, and what impact that has on future O&M for future costs; an example would be a shorter life and more maintenance on the generators if we kept them outside, changing the pump type would incur increased future costs because some of those pumps have a shorter life; that we are sensitive to the fact that to drop project costs by \$100,000 to \$300,000, if we can, what does that truly mean over the next 10 - 20 years. He also said that one question important to him was whether or not we are carrying a lot of cost associated with future capacity and, if we get rid of that, how much are we really saving. He said that, without some of those things, capital costs could be reduced, possibly by \$100,000 to \$300,000, but you would be increasing future O&M and future costs. He said that Underwood Engineers continues to recommend that the project stay the way it is but we wanted to make sure those few things were on the table so that at least we would understand what it would mean in terms of the differences.

**5:47 PM** Mr. Pomerleau said that he thought Mr. Pratt did a great job answering questions; that he sees a potential reduction of \$139,000 and asked where was the rest of it.

Mr. Pratt explained that we looked at four distinct ways to reduce costs; that one was what they had identified in their report 2 years ago and is the \$139,000 – pulling the generators outside, make smaller buildings, and use wood structures instead of concrete. He added that the \$200,000 to possibly \$300,000 we identified is if we give up on not meeting the confined space requirements at Kings Highway, put the generator outside, and use submersible stations. He said that we don't meet confined spaces anymore at Kings Highway and we are, he thinks, increasing future costs.

**5:48 PM** Mr. Pomerleau asked what the downside was to keeping a generator outside as well as a wood structure as opposed to brick.

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Mr. Pratt said that wood structures don't last as long because it's more of a moist environment and masonry is structurally stronger. Regarding generators, if outside, it requires a weather-tight enclosure and, if inside, it's easier to maintain and noise is reduced in the neighborhood.

**5:50 PM** Regarding rate increases, Mr. Fernald asked Mr. Pratt to give him an example of what the total amount would be to a sewer user based on a \$250,000 home.

Mr. Pratt said that the rates being paid are completely a function of how much water they are using (175 gallons/day average). He explained that the State issues some rate-type surveys to give you a comparison from town-to-town; that if you use those numbers and what the State uses as consumption, Eliot is between \$800 and \$880 per user, typically. He added that, back in 2011, the typical Eliot user was under \$300 so the rates have significantly jumped – increases in capital reserves, operating and capital costs to Kittery, operating costs; that if they had to increase the budget by 6% for the \$1.7 million project, the dollar cost would be \$50/year per user. Anticipating the question and because we have suggested some of the cost be put on the General Fund, that same \$26,000 shortage would have less than \$10/year, probably closer to \$7/year.

**5:54 PM** Ms. Davis asked, if we went with the option for saving \$139,000, how much would the savings be against that \$50.

Mr. Pratt said that that 6% would probably go down to 2% because the 6% he discussed was closer to the \$300,000.

Ms. Davis asked if we would be making up for that, in the long run, with higher costs over time.

**5:55 PM** Mr. Pratt said that you would be hurting yourselves in the long run.

Mr. Lee said that he and Mr. Pratt have spent a lot of time about building up capital reserves for emergencies and investments, going forward, and he believed the current number we are aiming for out of the sewer budget is around \$70,000/year into capital reserves. He asked, theoretically, what Mr. Pratt's opinion about reducing capital reserves some, or all, of that \$26,000 shortage, to get that down to, let's say, 2-3%.

Mr. Pratt agreed that that would be a worthwhile option; that we always recommend that rates should be looked at at least every two years, so, if the decision was made to soften the reserves, you would be able to assess that, again, in a couple of years; that what we know, right now, is that we are having trouble gaining reserves because of the maintenance of the system; that we are better off getting the system fixed and, then, reassess in 2 or 3 years and, if it looks like we are still having trouble, then we can have another meeting; that that is a good idea.

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**5:57 PM** Mr. Lee suggested that, at that time, we maybe look at a 2-3% increase, give people a break over the next couple of years and get this project under our belt by using what we have collected; that that's another option rather than reducing scope, he thought.

At this time, public comment was invited.

Mr. (Dick) Shulman, 40 Mitra Avenue, said that we are on the septic system, with our own well. He added that it was his understanding that a portion of what we've paid over the years has gone towards a capital fund to do maintenance and repairs and he would like to know where that money was and how was it spent; that we went from \$69/quarter to a little over \$200/quarter. He also asked if the stand-by generators were run all the time.

Mr. Pratt said that the generators proposed are stand-by generators; that the stations would be run on electric power and the generators will only kick on in the event of loss of power.

**5:59 PM** Mr. Shulman asked about the current situation.

Mr. Pratt said that that is the current situation at Kings Highway; that at Main Street you have to manually go up there and use the generator. He added that the stand-by generators will be run just for exercise but they will not be running all the time, unless needed.

Mr. Shulman asked why it was necessary to replace the generators.

Mr. Pratt said that they were also 35 years old; that we have had an electrical evaluation of the stations, including the generators, and they are at the end of their useful life.

**6:00 PM** Mr. Shulman said he didn't understand; that there are power plants and diesel engines that are much older than that and may not be state-of-the-art but they are reliable, especially when they are only used like that. He added that he would ask for consideration that the generators stay in place and that they remain outside; also consideration of just replacing the pumps, themselves, rather than replacing the buildings. He asked why we couldn't just replace the pumps and fix the safety issues; also asking if one issue was a set of stairs needed.

Mr. Pratt said that we are replacing the pumps because of their age; that what's driving the need for the buildings is our goal to eliminate confined spaces, life safety issues, and the electrical code issue; that there's just not room in the buildings to meet the codes as they exist today; that we do need a building at Main Street and do need an addition at Kings Highway (replace ladder with stairs) to accomplish those.

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**6:02 PM** Ms. Davis asked Mr. Pratt to expand on the life safety issues a little more

Mr. Shulman asked if his first question could be addressed.

Mr. Lee said that, just in the last 2 ½ years, we have run into 4 to 5 emergency situations (mostly pump repairs) requiring expensive resolution (\$40,000 to \$45,000 each). He added that because we don't want to discharge into the Piscataqua, we put in two by-pass valves (one at each station) so that, when they fail again in the future, we have a quick hook-up to immediately stop discharge, which was \$50,000. He said that, if we start getting fines for discharges into the Piscataqua, you could be looking at numbers not unlike that; that we thought that was a good insurance policy to avoid fines and still having to repair it.

**6:04 PM** Ms. Davis said that she thought the by-pass valves were recommended, in any event, and that would ultimately have happened; that the rates weren't high enough before the last 2 to 3 years for us to accumulate any funds and that was the purpose of the initial rate increases. She added that the money that would normally have gone towards a bond is now going towards repairs; that what we are looking at with these rate increases is to keep ahead of this so that we are not just throwing it away.

**6:05 PM** Mr. (Andrew) Gl. ...., Pleasant Street, said that we are sewer users, thanking everyone who put in the hard work on this thorny issue. He said that their house is about 50 feet from the Kings Highway Pump Station and, when we ultimately expand the station, we will be about 32 feet from the station. He added that our house shakes during the weekly test of the stand-by generator and we can barely hear our conversations; that we strongly urge the stand-by generator be placed inside the building as a benefit to us, personally, and reduced maintenance and a longer life for everyone.

**6:06 PM** Mr. (Bob) Seeley, Harold Dow Highway, said that, in Clay Village, all the sewer pipes coming out of the houses are 4-inch clay pipes and go into a main sewer collection 12-inch pipe, asking if that was correct.

Mr. Pratt said they were probably between 6 and 8 inches, Mr. Moulton believes.

Mr. Seeley asked if that 26-inch pipe goes into the pumping station.

Mr. Pratt said that, ultimately, it will go into the rest of the collection system and drains into the pumping stations.

**6:07 PM** Mr. Seeley said that the pipe that goes across the causeway to the treatment plant is 2 ½ miles long, asking what size that pipe was.

Mr. Pratt said that that pipe is 6 inches coming out of the pumping station because it is a force main, so that is under pressure, whereas everything else in the Village

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and Eliot are actually gravity lines; that underneath the 95 turnpike, at some point, it turns back to gravity, which is Kittery's collection system, and those are probably 8 to 10 inches, which then goes to the treatment plant.

Mr. Seeley discussed his concern that pump replacement will not be able to get the sewage across the causeway and up the hill; that he felt it was only a temporary fix to a major problem. He added that he would like to see that line coming from the other side of that pump station into Kittery 12 inches; that you wouldn't have any pumps burning out.

**6:09 PM** Mr. (Paul) Sycamore, Meadow Lane, asked if there would be two pumps in each of those stations.

Mr. Pratt said yes.

Mr. Sycamore asked if they had looked into the possibility of running a third, smaller **basking (basky)** pump that runs on a constant basis; that he knows other municipalities are doing it and saving money and energy costs.

Mr. Pratt said that it is a great idea; that it's easier to do on the municipal water side than the wastewater side, explaining that one thing we need to be sensitive to is that we are moving solids and trying to keep velocities up in the force mains so that we don't end up with depositions and maintenance issues in the force mains. He added that we are paying attention to those efficiencies in our selection of pumps.

**6:10 PM** Mr. Sycamore asked why the bond was for 20 years and not 25 years.

Mr. Pratt said that he thought that would be a policy decision of the SB.

Mr. Lee said that he didn't think they offered terms longer than 20 years because it is infrastructure and they want the term to be less than the life span of the thing you are replacing. He asked, just to be careful with the acronyms, if Mr. Pratt could spell out those words.

**6:11 PM** Mr. Pratt said that we've been working with the Maine Municipal Bond Bank (MMBB) through the Maine Department of Environmental Protection (MDEP) to utilize the Clean Water State Revolving Fund (CWRP), which is a fund established by the feds in all states to provide low-interest loans for wastewater projects. He added that because the fund is a low cost program, there isn't a lot of administrative cost, and is very cost-effective for communities to use; that at one point we were looking at interest rates of about 1% and, right now, he thinks we're at about 1½%.

Mr. Sycamore asked if the SB might consider using a 25-year term to avoid any rate increase for the users.

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**6:13 PM** Public comment was closed and discussion pulled back to the SB.

Ms. Davis said that, at this point, she would entertain some type of motion

Mr. Pomerleau moved, second by Mr. Fernald, that the Select Board put forward a warrant for a November ballot for a bond of \$1.7 million to correct the deficiencies in the Kings Highway and Main Street Pumping Stations, to be paid for 100% through user fees.

### **DISCUSSION**

**6:14 PM** Mr. Fernald said that this was a tough situation and has been a tough situation over a few years, now. He added that we, as Selectmen, realize these pump stations need to be repaired or we are going to have some type of a disaster on our hands and, possibly, the whole Town will get fined because of a break or anything that goes into the river. He said that we have put before the voters several alternatives and they all have failed; that we thought these alternatives were fair. He said his concern was that, if we continue to come up with these percentages of who is going to pay what percent, it will just not get done. He added that that is why he is supporting this.

**6:16 PM** Mr. Murphy said that he knows the pumps need repairs; that that has been recognized for a number of years. He added that he had, from the start, favored our original plan for the Town when we first learned that a gas compressor station was going to be built; that it was instantly recognized by Mr. Blanchette as being the key piece towards Eliot's possibility of having a TIF; that we had particular properties set aside in such a way that any increase in their value would be used for particular purposes.

**6:17 PM** Ms. Davis said to Mr. Murphy that the question before us is the motion for a \$1.7 million bond, asking if he could stay on that.

Mr. Murphy agreed to direct himself to that, saying that the history should be looked into by everyone. He said that he can't agree with this because he doesn't think the sewer users should have to pay the whole thing. (audience clapping) He added that it may be the only way to get those pumps done; that he just has to be consistent with the sensible way, which was proposed and which still sits available to the Town if the Town would step forward and demand that it be that way (audience clapping).

**6:18 PM** Mr. Pomerleau said that he had hoped to find some way of minimizing the impact on sewer users by some cost reductions but, based on what Mr. Pratt spelled out, it would be very short-sighted in the long run, more costly to cut corners at this point. Regarding extending the bonding, he said that one thing we don't want to do is repeat the errors of the past and end up, in 20 years, where we are today without sufficient sewer reserves to pay for the next round. He explained that



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when we accepted EPA money for this sewer system, it was a condition on the Town establishing a user fee system for all repairs and maintenance and replacement of the sewer system; that we accepted 85% of the funding for this sewer system based on that contract with the EPA; that we adopted a sewer ordinance that reflects that and State statutes also require that Town officials enforce that with fees, as necessary, to accommodate the efficient delivery of that service, including any bonding. He said that it was unfortunate, most definitely, that over a 20- to 30-year-period those fees were not adequately established; that it put sewer users in a very difficult position of having to make up over 20 years of fees that were not sufficient to carry this. He added that we have no options, whatsoever; that we have federal law, State law, and we have our ordinance and, at this point, this is the way we need to move forward.

**6:21 PM** Mr. Fernald said that he would like to explain one thing that everybody should know; that you, the Town, tells us what to do and how to do it; that you do that through your vote and, whatever the Town votes, this Board needs to be aware and go that way; that it's for the whole Town; that we are responsible for the whole Town, not just a few.

**6:22 PM** Ms. Davis opened up the discussion to the public, reminding them that they need to be recognized, state your name and address, and we need quiet in the audience so it is fair for all participants to make their statements.

Mr. (Doug) Warrender, Hobbs Circle, said that this is likely going to take longer than the two minutes; that he wanted to thank Mr. Murphy for giving some background and the comments on the history of what's happened in the Town; that he wanted to go through what actually happened; that Mr. Pomerleau's comments that what's been tried and has failed...

Ms. Davis excused herself to the speaker, saying that we do have a 2-minute limitation so please restrain your comments to the 2 minutes available.

Someone from the audience said that he would give his two minutes to the speaker.

**6:23 PM** At this time, there was a heated discussion between the speaker (Mr. Warrender) and the Chairman, with audience comments.

Ms. Davis said that, if we cannot remain silent, then we will close public comment and call the roll.

Mr. Warrender said that this is not him giving comments; this is him giving the background on what has happened.

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Ms. Davis again asked for quiet and said that this Board is very aware of what has gone on in the past because we were there as it was going on; that if you would like to make a statement within the 2 minutes, please feel free to do so.

**6:24 PM** Mr. Warrender said that he would try but his point is that the comments that what has tried, they can't be tried...there have been 3 or 4 bond issues attempted and they've all not passed; that there's been one funding with TIF money that has not passed so why are we not trying to use this TIF money that was explicitly put aside for sewer expansion, which part of the sewer expansion require repairing the current system.

There was additional heated discussion.

**6:26 PM** Mr. Pomerleau explained that you can only use TIF money in an authorized TIF district; that the only other way you can use those monies outside the TIF district is under the criteria of "directly caused by or related to" the primary TIF project. He added that the South Eliot sewer system does not come into play without approval of the Route 236 expansion; that that has been defeated four times. He said that, without the Route 236 expansion being approved, the South Eliot sewer system is not eligible for the use of TIF funds.

**6:27 PM** Mr. Warrender read Section 2.e. of the TIF: "The infrastructure improvements will include the extension of municipal sewer and water lines along Route 236 and for the improvements to existing lines"; that you are absolutely incorrect by stating that it can only be used in the TIF District; that part of the sewer expansion, as he understands what the engineers have said is that, in order to expand the sewer to Route 236, you have to repair the current system that we have in place; that the whole point of the TIF was "improvements to existing lines"; that you have to improve those existing lines before you can expand, asking Mr. Pratt if that was correct.

**6:28 PM** Mr. Pratt said that that was the proposal at the time.

Mr. Warrender said that the first phase of anything that's going to happen along Route 236 absolutely has to be this repair of the pump stations.

Ms. Davis said that Mr. Warrender's 2 minutes were up.

**6:29 PM** At this time, there was additional heated discussion. The Chair closed the public comment and called for the roll.

### **Roll Call Vote:**

**Mr. Fernald – Yes**

**Mr. Murphy – No**

**Ms. Davis – Yes**

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**Mr. Pomerleau – Yes**

**Vote 3-1, motion passes.**

**6:30 PM      Adjourn**

There was a motion and second to adjourn the meeting at 8:30 PM.

**VOTE**

**4-0**

**Chair votes in the affirmative**

**Approved: December 8, 2016  
DATE**

**S:/  
Mr. John Murphy, Secretary**