

October 6, 2009
Town of Southwest Harbor
Water & Sewer Board Meeting
Board of Selectmen

MINUTES

I. Call to Order/Roll Call: The meeting was called to order at 6:00 p.m.
Present: Trudy Bickford, Ralph Dunbar, Skip Wilson, Kristin Hutchins;
Town Manager, Robin Bennett; absent: Bert Willey

Visitors Present: Molly Lyman, Mark Good, Anne Welles, Linwood Leighton, Jarvis Newman, Joe Saunders, Shirley Soukup, William Soukup, Peter Welles, Don Lagrange, Diane Carter, Ben C. Worcester III, Damaris Smith, Linden O’Ryan, Carol Williams, Rugh Jellison, Sandy Johnson, Anna Welles, Don Jalbert, Javier Montesinos, Dick Dimond, Pete Benedetti, Bob Shields, Doug Arntzen, Lisa McGarvey, John McGarvey, David Shook, Edith Stanwood.

II. Visitors to be Heard not on the Agenda: none

Chairman Wilson explained that the purpose of this meeting was for the Selectmen (who are also charged as the Water Sewer Board) to meeting to discuss the Town’s water and sewer infrastructure. He expressed surprise at such a large turn out.

III. Sewer Audit Report: Bennett said the audit report has just been received, and indicates that there is not enough revenue being generated to cover the cost of operations, putting the Town at financial risk. The auditors recommend action on the part of the Town, as the department lost about \$250,000 last year. Wilson asked for a solution, and Bennett said raising rates is the only solution. Johnson asked if the Town’s rates are in the ball park, and Bennett said we are currently mid-range.

Bickford: told visitors present that the Selectmen have discussed the roads to be upgraded and their concern over the water and sewer pipes under roads that need work. Wilson confirmed that discussions have been held concerning repair of pipes prior to road repair; however, the water and sewer departmens have no money for capital improvement to infrastructure. To

change the way the department costs are parceled out would mean an ordinance change, switching from user fee to the infrastructure costs being born by all taxpayers and this would have to go to a Town vote.

Dunbar asked if Bennett knew what it would take to break even. Bennett said to break even on operational costs would possibly mean doubling rates. She referred to the audit report. Visitor Johnson asked about the Town subsidizing the Water & Sewer Departments. Bennett said the Town is legally required to cover costs. She said the rate deficit is at least 20 years old. Bickford agreed, saying the rate increase in 2004 was an attempt to fix the problem, but fell short. Johnson said these types of increases come close to putting her out of business. Hutchins, as a business owner also, disagreed. Lyman encouraged addressing the whole infrastructure, and would like to hear the Selectmen's opinion about the Sewer and Water pipes, saying they should be considered part of the Town infrastructure, and not have the cost of repairs borne by a small percentage of taxpayers. Hutchins asserted her view that funding should be user fees.

Wilson said the water pipes are old and in bad shape. The Sewer project of 74, 75, 76 took care of some of the sewer pipes that had roots growing in them but the majority of the pipes are transite pipes and are beyond the life of the pipes . The Town has 26,000 feet of pipe reaching the end of its life. There is no money in the present budgets to do the work. Bickford said that either way, it has to be funded.

Visitor Carol Williams said, in support of Johnson, that the only way to proceed is to try to emulate the Town of Mt. Desert by appealing to the nature of the community to change the system. She suggested a bigger meeting to talk with the entire Town, as it would help the citizens to understand the magnitude of the problem.

Dimond said if the notion is that one pays for what one uses, but is not assessed for payment of stuff that one doesn't use, it throws into jeopardy the entire funding of the school system.

Wilson said the Selectmen needs to have the discussion with the Town in a larger forum. Bickford said maintaining an infrastructure by bonding might be too much for just the users to absorb. Wilson said there are many homes in the Town because of their income limitations who cannot afford to absorb the increased rates.

Visitor Javier Montesinos asked who checks the efficiency of these departments. Lyman asked when the sewer debate to extend the lines to Seawall took place, if the Town votes on the whole system as an infrastructure issue, not a vote by the users only. Wilson said the way the system is set up now, it is not the only users who vote, it's the entire taxpayers vote, guaranteeing that money will be paid back.

Wilson said it is obvious that the meeting needs to be continued in a larger forum. Dunbar said that before that meeting he would like Bennett to look into the system that Mt. Desert uses, and what increase needs to be achieved to off set the operations of the Sewer Department. At some point he would also like to look at what kind of bond money would be needed to achieve the goals.

Wilson and Bickford said the Board needs to set out a plan outlining what roads and infrastructure improvements are needed before looking at a bond amount. Bennett said the Town could bond as much as it needs to in all likelihood. She referred to the hand-out which provides the condition of the infrastructure, and based on that, said a bond could be huge. She will contact Olver Associates to get a basic per foot price for pipe replacement.

Johnson suggested raising rates 20% over a period of time and keep doing what needs to be done, but don't do it all in one year. Wilson said the problem with not catching up is that the \$400,000 already owed the Town, is eating up the fund balance.

Visitor Benedetti said the Town has always done things on the 'cheap'. Each year things have to be re-done. Do it right the first time. Worcester said if the Town considers changing the system to taxpayer funding, the service should be available to them where pipes are installed.

Bennett said that the Town's other Capital Improvements are nickel and dime compared to the projects that have to happen with Water and Sewer – potentially millions of dollars with every street you have to do. For utility infrastructure, bonding is the best way to go about those types of projects. Just for operations, the rates are woefully short without capital improvements.

Wilson suggested scheduling another meeting with tax rate proposed increase information and costs per foot for improvements.

Bennett reported that she has discussed the water tank repair with Analise Hafford, who suggested addressing the water tank repair/replacement with another stimulus bond. Dunbar questioned whether the second water tank is needed now that generators are operating at all facilities. The next meeting, suggested by Bennett for public discussion, was November 17th, at either the Fire House, Legion Hall or School.

III. Adjournment:

It was Moved Hutchins and Seconded Bickford to adjourn the meeting at 7:05 p.m. Vote in favor: 6 – 0.