

Water/Sewer Board
Monday, July 15th, 2010 @ 6pm
Southwest Harbor Fire Station

Attendees: Town Manager-Robin M. Bennett
Select Board-Dorr Wilson, Trudy Bickford, Kristin Hutchins, Ralph Dunbar, JR.
and Berten Willey

Public Works Director: Pat Biegler

General Public Attending: Mark Good, Richard Dimond, George Jellison, Earl Alley, Anne L. Welles, Lee S. Wilbur, Anita Chalfoun, Robert Bosserman, Anne W. McGowan, David Minctons, Ida Smallidge, Jarvis Newman, Paul Slack

I.) Call to Order/Roll Call.

Wilson called the hearing to order @ 6pm. All members present.

II.) Response to Letter from E. Alley.

Suggestion by Mr. Alley on how to raise money for the water department referred to as a Spigot Tax.

Bennett explained that PUC will not allow this type of tax. You cannot impose this type of tax and charge for usage. The PUC also does not allow you to raise money in anticipation of a future expense.

The Water Department cannot budget for operations to achieve a profit. You are allowed only 5% above operating expenses per year. You are not allowed to build any type of reserve fund. It is set up so the user pays no more than the yearly cost.

Dunbar discussed the need for Ordinance changes regarding the recent Town Meeting vote to pay debt service on infrastructure costs through taxation.

Bennett explained that since that vote any bond issue that goes to the voters would have to describe the method to be used to pay for it. There is nothing in the ordinance, now, that says how debt service it to be paid.

Bennett-Ultimately, with taxation, the cost will be passed on if you're in a position to do that. I appreciate you coming to this Board with a solution. Everyone comes with problems but no one comes with a solution. I just don't think it's feasible.

It was a vote of the Town to have this paid by taxation, by three or not, it needs to be respected.

Dunbar suggested reviewing the Water and Sewer Ordinances at the next meeting to get a better sense of if anything needs to be changed. Wilson agreed.

III.) Recovery Zone Bonding Projects.

At the last meeting it was mentioned that a favorable response was received to our application for stimulus money for Wesley Avenue and Mansell Lane. What we received was a recommendation for approval by the Hancock County Commissioners for a subsidy to our

interest rate. It would be for 45% off the interest rate. Money can be used for drainage, water, sewer, and road infrastructure upgrades. There are still a few questions so firm details are not available but it seems to be a done deal as far as the Maine Bond Bank. They have three programs and whichever one will best benefit each individual project will be the one we settle into.

IV.) Meter Replacement.

Memo from the Public Works Director, Pat Biegler, was read aloud.

Some money was built into the recent rate increase to replace the defective meters and it was discussed that for not much more money we could put in the remote readers. \$22,000 was built into the rate. A 5% contingency of \$21,000 is also built into the current rate. The other half would come from Sewer fees. Sewer bills are based on water consumption from reading the meters and they benefit equally as much from new readers. This is the single most important thing we can be doing for the health and future of the Water Department. The time and labor savings are huge. For four quarters it cost us approximately \$15,000 just to read the meters. With the new system you could essentially read meters, and print and mail bills in one day.

Dunbar feels this is a luxurious venture the Water Department cannot afford at this time. If we had federal funding that would be wonderful.

Bennett explained she feels the Water Department can not afford not to. There are 200 to 300 meters that absolutely need to be replaced. This is our cash register. This is how we get what is due the Water Department. We owe it to the customers to bill them correctly.

The new system reduces labor costs significantly and will allow us to provide accurate and timely information to our customers. Providing information to them regarding leaks before it racks up their bill is something they will appreciate. It would also allow us to capture, more accurately, what is being used and bill it appropriately. The trend among Water Companies is to electronic metering. The Return on Investment is there and long term you could justify it.

Hutchins asked if the Sewer Department had their half of the money already available. Bennett responded that it would be built into the new rates for Sewer.

Bennett explained that when we started the process of replacing new meters it came to her attention that for not much more money we could implement this new technology. The current meters that we have that are working properly can still be used there is just a better way to collect the information.

L. Wilbur-seems that if you don't vote for the new meters then you'll be taking a step backwards. That's never been good business. If there is a chance to increase your revenue that's what you do.

Bennett-I really think this is the best thing we can do for the financial future of both departments. I would put using that contingency money for this at a higher priority than paying back the Town. We will be able to bill properly and collect what we are owed.

Bickford made a motion to accept the Public Works Directors recommendation as presented.

Hutchins seconded. Vote: 3-2 (Dunbar, Willey)

V.) Water Terms & Conditions.

Bennett-Just want to make you aware that there will be some updates coming up. There are legislative changes that will effect our Terms & Conditions coming up. The Ordinance and the Terms & Conditions are two separate things. Terms & Conditions are approved by the PUC. There will be some housekeeping things between the two but Terms & Conditions trump Ordinance.

VI.) Sewer Rates

Bennett-We are working on it now. Looking for an October 1st, 2010 implementation date.

Wilson-When will there be a public hearing?

Bennett-Mid-September.

Dimond-Do you have a ballpark sense of the increase that will be recommended?

Bennett-Double.

Dimond-Are there any new testing results since the water project has been fully operational?

Bennett-We are at 65ppb for THM's which is under the MCL of 80ppb. It's a rolling 4 quarter average.

VII.) Adjournment.

Dunbar made a motion to adjourn. Willey seconded. Vote: 5-0

Adjourned at 7:35pm.