

**VEAZIE SEWER DISTRICT
PUBLIC HEARING
MARCH 2, 2011 – MINUTES
7:00 P.M.**

Attended by: Chair Steven Thebarge, Trustee Gary Brown Supt. Gary Brooks, Tammy Olson, Councilor Brian Perkins, Councilor David King, Cathy Brooks, Sharon Thebarge, Ruth Brown, Travis Noyes, Todd Lynch, Councilor Rod Hathaway, Bill Reed, and Councilor Jon Parker. Trustee Esther Bushway was absent and excused.

- 1) Call Meeting to Order – Chair Steve Thebarge called the meeting to order at 7:00 p.m. and explained Trustee Bushway's absence.
- 2) Report on Proposed Rate Increase – Chair Steve Thebarge began with introductions, and then pointed out to the ratepayers in attendance that they are paying the same amount this year for sewer usage as they did 10 years ago. He said that we now need to look to the future of our district, and want to give everyone a chance to give input. We held a workshop with town council and heard concerns, and now we are using this public hearing to listen. We will go over a new rate increase proposal, which differs from the one sent out two weeks ago. He added that there will be no rate increase on April 1 as originally stated. We will get feedback from people on what they think of the new proposed rate structure, then take comments and questions from the public.

Chair Thebarge explained that the Veazie Sewer District basically has three facets to our revenue: user fees, debt retirement (how we pay our mortgage for the upgrade), and the assessment that goes to the town. We were going to make adjustments to all of those. Chair Thebarge thinks the biggest angst among ratepayers is the debt retirement. It never really covered the debt, which is why we wanted to increase it in the original proposal. Chair Thebarge then asked what if we didn't have a debt retirement charge? We don't have a minimum charge for ratepayers, but in essence the debt retirement is a minimum. Steve provided examples of a rate structure without a debt retirement based on different water usage and showed that lower users would see their bills go down and higher users would see their bills go up. Steve asked what people think about that. Councilor Brian Perkins stated that he liked the new proposal. Travis Noyes stated that he likes the debt retirement concept, and added that it is similar to a ready-to-serve fee where people still pay when they use no water.

Supt. Gary Brooks explained history of the debt retirement. When the District did the upgrade, the debt retirement fee was not touched. He explained some aspects of what the plant is required to do, including the possibility of needing an upgrade in the future, which would mean more debt. This upgrade was approximately 10 years ago, which was the last time the District went up on the rates. At the time, it was known that we did not go up enough, and the plan was to go up 18 months to two years after the first rate increase. The Trustees said no at that time and wanted to hold off.

Supt. Brooks explained sludge removal. We last had our sludge removed 11 years ago at an approximate cost of \$100,000. A facility similar to ours had it done last year at a cost

of over \$300,000. At some point we will have to remove sludge because if you don't, you will no longer meet DEP limits.

Chair Thebargé again reviewed the three components of our revenue. He asked Supt. Brooks if other districts have a debt retirement charge and Supt. Brooks said no, and then explained how most have minimum charges and what those charges are.

Bill Reed said that Rob Tomlison asked him about our assessment, which originally was to cover debt service and a sinking fund. Rob Tomlison said there was a 1987 law that repealed the use of the funds for a sinking fund. Supt. Brooks explained that some legislation is for sanitary districts and not sewer districts, and Chair Thebargé said we would look into that when our attorney is back from vacation.

- 3) Discussion on Rate Increase Options – Chair Thebargé explained that by doing away with the debt retirement and going with a rate of approximately \$5.55 per 100 cubic feet is the equivalent to approximately \$5.22 per 100 cubic feet. Travis Noyes stated that he doesn't understand what is meant by reassessing our rate increase because “in” has to equal “out.” He asked how we are going to evaluate. Chair Thebargé reminded him that we are not voting today, and added that the next public hearing could be late April or early May.

Chair Thebargé mentioned that in the workshop with the town council, Chairman Rod Hathaway was in favor of increasing our assessment. Chairman Hathaway said he was only speaking to his opinion and not the council. He added that from a collections aspect, it is easier to collect from the town than ratepayers, which should be better for cash flow. He also thinks people that use it more should pay more. Chair Thebargé said that the nice thing about pay as you go is that you control how much water you use.

Chairman Hathaway added that we all have an obligation to support the plant which protects the environment. Councilor Perkins added he is in agreement with Chair Thebargé and Chairman Hathaway.

- 4) Comments and Questions from Public – Todd Lynch commented that going 10 years without a rate increase is impressive. He doesn't think that anyone in the state has gone without a rate increase in 10 years.

Chair Thebargé commented that most residents don't know what we do. Supt. Brooks added that we put a letter in every town report welcoming people to call and visit. He stated that the community's investment is well taken care of and that the District has a very talented staff. Supt. Brooks said that people are often surprised when they see our plant and how well taken care of it is.

Sharon Thebargé asked if we get rid of the debt retirement, would there be enough money for the District's future needs? Chair Thebargé said that we need to look at five years out, especially our obligations, to make sure we have enough funding. Oak Grove Street, our oldest infrastructure, needs work and we are looking at rough estimate of \$200,000 to complete the work.

Supt. Brooks said that the Town puts money away every year for dump trucks and backhoes and fire trucks. We don't have those things but we have blowers, sludge removal, etc. to pay for. Over the years we say we will put money in but we don't make it or something comes up and the funds are diverted.

Travis Noyes stated that he hears a lot about revenue and what you need to bring in. He said salaries are a big expense and asked if we were going to look at ways to minimize those costs. Chair Thebarga said that our staff is our number one asset.

Chair Thebarga stated that the Trustees are not out to get money. We are always looking for ways to save money. We have a great staff. One example is that our costs would be a lot higher if we didn't have mechanical expertise. Every year we look at things, and recently found a way to save a lot of money on health insurance. We look at salaries, and we look at everything else. Travis Noyes stated that the District staff got increases while some of his staff did not. He added that he doesn't think we get the most bang for our buck. Supt. Brooks said we are able to save money on engineering. Tammy Olson mentioned that you can look at a salary line item on any budget but then other budgets would have line items for maintenance, tech support, etc. – things the District does in house. Bill Reed pointed out that prior rate increases were avoided by increasing the assessment. Travis Noyes asked if we have looked at other ways to cut back on staff such as by sharing duties with the town. Chair Thebarga said that we will look at everything.

Chairman Hathaway stated that he doesn't feel as though the Trustees have explained what our projects are, particularly whether they are a one-time thing or ongoing. If this is a once in a 10 year spike, he would rather see the assessment go up. Chair Thebarga said he heard Chairman Hathaway's concerns at the workshop and explained that that's why the Trustees are not voting tonight.

Chairman Hathaway suggested that we publish the District's budget ahead of our annual meeting so people can provide feedback. Supt. Brooks said that we meet every month. In the past year, we have had two people attend, and both were Councilors that were former District Trustees. Tammy Olson added that the budget is worked on during two to three public meetings before the annual meeting.

Chairman Hathaway stated that Trustee Bushway made the District's financial situation seem like dire straits. Councilor Perkins said he did not get that opinion from the workshop. Chair Thebarga said we are looking to the future. Tammy Olson added that we have already mentioned that our reserve accounts have not been funded, and now we need to look to the future.

Supt. Brooks said some people don't understand wastewater and don't want to pay for it. Typically, they don't mind paying for clean water, but don't understand why sewer fees are higher. He then explained recent dealings with the DEP over potash, and how that was a large expense that we avoided by making our case to the DEP. Less experienced staff might have just gone along with DEP without even trying to fight it.

Councilor Jon Parker asked if there was any liability to doing things without engineering, Supt. Brooks said no.

Travis Noyes said that he should not have to pay for salary increases that are out of line with other districts and municipalities.

Supt. Brooks said that capital expenses aren't going to last without a staff that takes care of the equipment and the plant. When a capital investment has a life expectancy of 20 years, it's not going to last 25 years or more without the proper maintenance and attention. When they last 15 years or less, the cost you save in personnel is eaten up by the capital costs.

Travis Noyes said that he needs to see numbers to understand it. Cathy Brooks expressed the opinion that Travis Noyes's firm, CES, would like to run the plant. There was some discussion on disagreements being personal.

Todd Lynch pointed out that Travis Noyes complains a lot about the school budget in town meetings, and added that the District is only about 2% of the overall town budget. He added that there is a meeting right now down the hall with the school board that Travis could be attending.

- 5) Adjournment –Steve moved to adjourn, Gary seconded. Vote 2-0, passes at 8:18.

Minutes approved March 9, 2011, by a vote of 2-0.

Gary Brown, Secretary. 3/9/11