

**VEAZIE SEWER DISTRICT
JOINT WORKSHOP WITH THE VEAZIE TOWN COUNCIL
FEBRUARY 17, 2011 – MINUTES
7:00 P.M.**

Attended by: Chair Steven Thebarg, Trustees Gary Brown and Esther Bushway, Supt. Gary Brooks, Tammy Olson, Town Council Chairman Rod Hathaway, Councilor Brian Perkins, Councilor David King, Councilor Joe Friedman, Councilor Jonathan Parker, Town Manager Bill Reed, Cathy Brooks, Ruth Brown, Todd Lynch, Jim Parker, Travis Noyes, and Karen Humphrey.

- 1) Call Meeting to Order – Chair Steve Thebarg called the meeting to order at 7:00 p.m.
- 2) Introductions – Introductions were made and Chair Thebarg thanked the Council for the opportunity to meet.

Chair Thebarg stated that there were errors in the Bangor Daily News article about this workshop. The Trustees have not approved a sewer rate increase. The only approval was to go through the process. He also told the reporter that if the Trustees determine that the third year increase was not necessary then they would not do it, and that was left out of the article.

- 3) Discussion on Requests for Information – Chair Thebarg stated that the requests for information from the town manager were done on Town time and cc'd to the Town Council, so the Trustees assumed the requests were on the behest of the Town Council. If this assumption is incorrect, then he apologizes. The District wants to be as transparent as possible and we all want to be on the same page since we are in the same community.

Trustee Bushway pointed out that Councilor Perkins and Councilor King are the only councilors that have attended the District meetings. Councilor Perkins pointed out that he has no questions for the District. He was on the sewer board and has always been pleased with the work the District does. Both councilors pointed out that the requests for information were not from them. Councilor King added that he would have asked the District directly if he had any questions. Chair Thebarg stated that the District has no problems with the requests. Councilor Hathaway said he asked Manager Reed to look into all rate increases.

Travis Noyes asked about the District putting the minutes on our website. Chair Thebarg said that the Trustees have already discussed that, and that the goal is to get the website redesigned with minutes by the end of the calendar year.

Councilor Friedman asked if we could work together on liens. There was some discussion on previous property foreclosed on by the town when they did not involve the District. Chairman Hathaway stated that the Town's annual report contains the foreclosure list and that the District could use that. There was some discussion on the Jones foreclosure.

Councilor Jon Parker suggested that the Town foreclosing on a property should not affect the District unless our liens were not filed correctly. Tammy Olson explained that the

District's liens are under the Town, and that when the Town forecloses it negates the District's liens.

Chairman Hathaway then suggested that there be a Town policy that utilities must be notified before foreclosure. Councilor Friedman asked if the policy could be put together before the next town meeting, and Manager Reed said that he would.

Chair Theborge asked about road work. Chairman Hathaway said that nothing has been decided, and that Chair Theborge knows everything that the Councilors know.

- 4) Discussion on Veazie Sewer District's Proposed Rate Increase – Chair Theborge explained the proposed rate increase based on 2000 cubic feet of water usage, which would be about \$14 per quarter. He added that the Town's assessment would increase by \$7,500 in the first and second years of the rate increase.

Trustee Bushway stated that she has been against a rate increase for the past 10 years and that now she feels that was a mistake. She then said that she is against a minimum charge because that affects smaller families and older residents, and added that the District works hard to save money.

Chair Theborge stated that one of the reasons we have been able to hold off on a rate increase is that our delinquent list has gone down dramatically. It helps when people pay their sewer bills.

Jim Parker stated that the District should do a better job of educating the people. There was some discussion on the first paragraph of the letter sent to ratepayers.

Chairman Hathaway stated that residents can deduct their real estate taxes but not their sewer bills, so it may be better to have a higher town assessment and a lower rate increase.

Jim Parker stated that the Orono-Veazie Water District spent \$25,000 on a rate study to come up with their new rate structure, and added that they have to justify their rate increases to the PUC as well as their customers. Since the District does not have the PUC reviewing our increase, he thinks we have to work harder to educate ratepayers.

Superintendent Brooks showed the rate increase notice sent with the January 1, 2011 bills, which was the first step in explaining the increase. He added that the District has heard from three people, and that if the councilors are hearing from others then he hopes they will direct them to the District so that we can explain the increase to them. Trustee Bushway stated that she thinks more education will happen at the public hearing.

Jim Parker suggested that if the District needs to build up its reserves, it should work with the town because his share of an assessment to the town could be deducted on his income tax. He said the District and the Town should work together. There was some discussion about how attempts to work together in the past did not work.

Chair Thebarge asked Chairman Hathaway if he was understanding correctly that Chairman Hathaway preferred a higher assessment and a lower rate increase. Chairman Hathaway replied that the District and the Town should have an open dialogue, and that if the District has unexpected needs come up that maybe the Town could step back on capital accounts and allow for more to flow to the District as an assessment.

Chairman Hathaway said he didn't know how the District would explain the rate increase to ratepayers. Todd Lynch stated that most people don't come to meetings and hearings, and that there probably won't be that many in attendance at the District's public hearing. Chair Thebarge said there is a rationale for the increase, and he hopes people attend the hearing so that the District can explain that rationale.

Chairman Hathaway stated that he didn't think the District and the Town should be adversarial, and that the Town should not be required to sign for documents. He added that we both work for the same people. He stated that the Town could have been more giving of funding for the District's capital reserves to help mitigate the increase. Chairman Hathaway added that the Town has an obligation to assist the District in any way it can. He believes that a lot of people in the community prefer a higher assessment since it can be deducted from their taxes.

Superintendent Brooks discussed perception because when taxes go up, the Town specifically mentions the District and county taxes as the ones that are out of control. Tammy Olson added that the Orono-Veazie Water District hydrant assessments don't make the newspaper articles or the tax bill breakdown. She added that we are not talking about intent, but the perception of taxpayers. Manager Reed stated that the newspaper asks him about assessments, which are only the county taxes, the school, and the District. He stated that the hydrants are a rental fee, not an assessment.

Cathy Brooks suggested that communication with the Bangor Daily News should perhaps be done with Chairman Hathaway instead of Manager Reed.

There was additional discussion on a higher assessment and a lower rate increase. Councilor Perkins stated that he is not a fan of assessments because they affect non-sewer people, and because a large percentage of the population don't itemize. He added that higher rates is the fairest way to do it.

Chairman Hathaway said he is very conscientious of the mill rate and the impact on taxes, and if the Town needs to take a back seat to the District on something the Town needs then we should do it. Trustee Bushway added that it works both ways, since the District lowered the assessment for three years when the Town asked us to.

There was some discussion on how much revenue the proposed rate increase would generate. The breakdown of the three-year increase were given to Manager Reed to distribute to the council.

There was some discussion on the District's debt. The current payment for the upgrade is \$113,602. This District has a Maine Bond Bank revolving 20-year loan at a rate of

2.056%. The payments will balloon, and at the end of the 20 years the payment will be \$117,367. Travis Noyes asked why the District wanted to increase the debt retirement payment, and it was explained that the debt retirement currently brings in \$92,000, which is not enough to cover the current debt.

Chair Thebargé stated that the Trustees would revisit the rate increase by looking at a higher assessment. Chairman Hathaway reviewed the numbers in the proposed rate increase, and reiterated that the Town could absorb some of that to help mitigate the increase. Superintendent Brooks pointed out that the Town is absorbing \$7,500 of it, and Chairman Hathaway said the Town could absorb more than that.

Trustee Bushway said that many people don't like the debt retirement charge. Chairman Hathaway pointed out that he does not believe most people know that the District assesses the Town. Tammy Olson stated that she receives a lot of calls from people asking her to explain the District's percentage of their tax bills. Superintendent Brooks stated that at the end of the District's three-year increase, our rates will still be in the middle of rate range of surrounding communities. He added that for the most part, we have zero industries to generate commercial revenue.

Chairman Hathaway said he would like to forge ahead with a new, more meaningful relationship. He would also like to entertain opportunities to work together to save money. Superintendent Brooks said that the District has always worked with Public Works and always offered our equipment to them. The District has also worked with the Fire Department many times. Superintendent Brooks added that any calls regarding the District received by councilors should be directed to the District.

Chair Thebargé offered to meet with Manager Reed on Tuesday, Feb. 22. Chairman Hathaway offered the Town's resources to the District, including the website and television.

Chair Thebargé thanked the councilors for the opportunity to meet.

5) Adjournment – The Joint Workshop concluded at 8:52 p.m.

Minutes approved March 9, 2011, by a vote of 3-0.

Gary Brown, Secretary. 3/9/11