

**BRUNSWICK SEWER DISTRICT**  
**Board of Trustees**  
**Public Rate Hearing**  
**22 January 2015**

**Approved Minutes**

**Call to Order**

The Board of Trustees Public Hearing regarding proposed changes to the Brunswick Sewer District's User Rate Schedule was called to order by General Manager Blanchette at 6:35 PM on Thursday, 22 January 2015, in the Board Room at District offices at 10 Pine Tree Road, Brunswick, Maine. A prepared agenda was noted and the meeting was recorded.

Members present: Chair Priest, Trustees Harvey and Rice, and Trustee Barbour via Skype.

Others present: General Manager (GM) Blanchette, Assistant General Manager (AGM) Pontau, Finance Manager (FM) Caron, Administrative Assistant Bonnie Shippen (minutes), and Camera Operator Dan Munsey. Also present were Mr. Stuart Kay, Superintendent for Topsham Sewer District, and Mr. Thomas Brubaker from MRRA, Mr. David Chittum, and Ms. Priscilla Anson.

Members absent: Trustee Green

**Meeting Advertisement**

The meeting was advertised in the Friday, 02 January 2015 and Friday, 09 January 2015, editions of the *Times Record*, and the Friday, 02 January 2015 edition of *The Forecaster*. All ratepayers were mailed the "Brunswick Sewer District Notice of Public Hearing" noting the date and time of the hearing and the proposed schedule of rates.

**Note Sign-In Sheet and Available Documents**

GM Blanchette thanked everyone present for attending the hearing and requested they document their presence on the sign-in sheet by the door. He noted that he will review the rate schedule and then would like to hear comments from the public. He requested they please stand and introduce themselves before speaking.

**Explain Rate Change Process**

GM Blanchette noted that the process for a rate change requires that first the Board take the first of two votes required to initiate the rate change. That is followed by a public notification in which all rate payers are sent the notice of meeting and proposed rates. By Charter it is advertised at least 14 days and again at 7 days prior to the public hearing. The Board takes into consideration the comments at the hearing and either takes the second vote to implement as proposed, or implement a revised rate schedule, or decide not to change the rates.

**Present Proposed Schedule of Rates**

GM Blanchette distributed the 2015 Proposed Schedule of Rates and reviewed the proposed increase for Rate Schedule I through VI. He also distributed a comparison rate chart of other sewer districts and municipalities in the State of Maine. He noted that, going from high to low, currently we

are in 18<sup>th</sup> place out of 23 Districts and municipalities listed. If the proposed rate changes are approved, BSD would move to 15<sup>th</sup> place.

### **Review Need for New Rate Schedule**

GM Blanchette noted the reason for the rate increase is to finance the \$22 million upgrade to the Treatment Plant. He noted that it will take approximately two years to complete and the District will have to start paying the bond the year after it is completed. He distributed the Project Costs and Financing, Wright Pierce's Project study from 2012 and the Project Financing Summary, reviewing the information.

GM Blanchette noted the Five-Year Pipe Replacement Plan for 2016 – 2020 detailing the streets, pipe size and cost entailed. He noted that the funding for this is included in the proposed rate increase.

GM Blanchette noted that in order to do a rate change there are two votes required by the Board of Trustees. The first prior to the public hearing. If the Board chooses to enact rates either as proposed or amended, the second and final vote will be taken. The second vote is planned for February 2015 and the new rates will go into effect on 01 April 2015.

GM Blanchette noted that currently the interest rate is in the 1% range and the \$22 million amount for the upgrade is only an estimated amount. They are currently working on the design phase and hoping it will go lower. He noted that they will only be borrowing what is needed to complete the upgrade project. GM Blanchette noted that the loan payment, upwards of \$1 million per year, would begin after the completion of the project, and the rate increase is needed to build up revenue to make these payment. He believes it will take approximately four years of increases to reach that amount.

### **Public Comment**

The floor was opened up for public comment. Mr. Thomas Brubaker from the Midcoast Regional Redevelopment Authority questioned if the other annual increases would be similar to the 14% increase in 2015. GM Blanchette answered yes, but the 14% will go down each year due to the compounding effect. He noted that we have hired a construction management firm that will oversee the design and construction phases to implement efficiencies for both. The CM is also required to set a Guaranteed Maximum Price (GMP) which will become the basis for the loan amount with the Maine Municipal Bond Bank. The GMP should be available by June or July of 2015. Once we have the guaranteed maximum price and know the annual debt payment amount, we can adjust the annual rate increases at that time. Based on the current planning number, rates will need to be some 41% higher than the current rates.

Mr. David Chittim introduced himself noting he was not a resident of Brunswick, but has property here and is a ratepayer. He noted that he took a quick look at the budget analysis and noted that ratepayers are looking at a large rate increase that has not been seen in 10 years. Mr. Chittim noted that service to the District is not optional and there is no alternative. He is concerned about those on a fixed income as this is a significant increase. He noted he did not know what the increase was for until he came this evening, and questioned if it was necessary.

Mr. Brubaker introduced himself again and noted he wanted to publicly thank the staff of BSD since MRRA took over the Navy base. He noted that his comments are not based on the services he is receiving from BSD. Mr. Brubaker noted that their customers pay the metered cost and MRRA is responsible for the remainder of the billing. He noted that they have made significant improvements

with the help from BSD and they still have a ways to go. Mr. Brubaker is concerned that with the increase their bill will go up \$60,000 this year and most of the businesses at MRRA are not prepared for a huge increase. Mr. Brubaker questioned if the rates include I & I costs. GM Blanchette noted that yes, the rate includes an I&I component. Chair Priest noted that billing is based on what goes to the plant for treatment, and since it all comes in one pipe, it has to be treated and it is irrelevant as to what it is. Chair Priest applauded the efforts of MRRA for trying to remove the I & I. Mr. Brubaker posed a question that he would like the Board to consider. If the rate includes a component for I&I costs, then maybe MRRA was paying twice for some of the I&I they discharge. The Board noted they will take this under consideration at a later date.

Mr. Stuart Kay, Superintendent for the Topsham Sewer District, introduced himself and noted that Topsham is bound by the Legislature to send sewage to BSD for treatment under an agreement that extends for approximately eight more years. He noted that he supports the upgrade as it is needed and it benefits Topsham. He noted that they will be paying their proportionate share of the loan.

### **Remarks from the Chair:**

Chair Priest noted that it has been approximately 25 years since the last upgrade. He believes if we don't do it now, we will end up with an emergency situation with no funds to fund the repairs. Chair Priest noted the Board and Staff are sensitive to the affect the increase will have on the rate payers, but noted that the facilities need to stay functioning.

GM Blanchette noted that there have been many ways that employees have worked to cut costs including reducing electricity, heating, insurance, and chemical use.

Chair Priest asked if there were any other comments. With none forthcoming, he thanked all those that attended the hearing.

### **Adjournment**

There being no further business before the Board of Trustees, the public hearing was closed at 7:10 p.m.

Attest: \_\_\_\_\_  
David N. Barbour  
Clerk, Board of Trustees