

VASSALBORO SANITARY DISTRICT
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SELECTMEN'S MEETING 4/11/2024

TIF: The town office received word back from their attorney about her communication with State's DECD – Dept. of Economic and Community Development. The reaction she received was that TIF funds could be allocated towards the sanitary district, as long as the payment of the sewer district's debt was in reimbursement for costs which were authorized under the TIF. It is fine to reimburse those costs. Discussion regarding amending the TIF and, according to the attorney, that does not need to be done. The attorney did note that it must be proportionate with the amount of debt that was taken out for these authorized costs. The amount that is reimbursed by TIF cannot exceed the costs that are associated with the projects.

Example: The town's attorney explained if there is \$10M of debt taken by the sewer district and there was \$100,000 of debt services, expenses related to that debt of the \$10M taken out, \$4M was used on projects within the district or otherwise authorized to be funded by the TIF revenues; the \$6M was used on projects elsewhere in town. In this example, the TIF revenues can only be used to pay up to \$40,000 or 40% of the debt service expenses, and up to \$4M or 40% of the underlying debt.

The town will be meeting with the town attorney next week to answer any final questions the select board has; any questions we don't have answered. The attorney recently asked 3 questions: when the debt was taken out, where the loan funds were used significantly. The town needs to have an understanding of whether the use of the debt can adequately fall into one of the buckets of project costs for the TIF Development Program. Becky asked if they are looking for all the invoices which were paid via the TIF program. Aaron feels any supporting documentation would make sense. Rick Denico stated one the of the town is trying to determine is the total length of the pipeline, which Rick measured roughly at 6.2 miles, the length from Winslow to Vassalboro town line, which is 2.5 miles, and the amount remaining in town which is approximately 3.7 miles – which is .59%.

Taking her math, if the annual debt service was \$100,000, the town would be limited to only doing .59% or \$59,000.00. This needs to be double checked from what the town got.

The select board asks how many miles of new pipe was laid during construction. If VSD has documentation of the mileage of new pipe installed, that would be much more precise. Becky asked if they wanted just the piping on the main street or all the piping for the system just in Vassalboro. If there was piping on the side roads, that also needs to be included.

Question needing answered: At one point VSD was given \$100,000 to be used for the connection of new customers. That money was questionable, so it appears as though it is still in limbo. The select board is trying to find out where it is. On the website it did show some monies allocated to TIF. Under "other assets" it is Restricted Cash – Cash Equivalent-TIF. On the December 2022 statement that was \$138,000. It fluctuated up and down, but it appears it went in, along with some other money, but it looks like it is stuck there. The question is: If that money was there and VSD was not able to use it to connect customers, VSD considers giving it back to us, so the town can give it back to VSD in a form VSD can use. Becky stated VSD still has the money given in 2019. In the TIF discussions which Becky clipped from the Town's website, Becky told the town VSD still has the money. Rick Denico stated that for the outdated purpose of the money, that money cannot be used – hooking up customers; which Becky agreed to.

Because this money was given for one particular use, VSD would have to give it back to us; then the town would give it back to us with what was applicable. Aaron wants to check with the attorney first. If it was not being used for the intent in which it was provided, then Aaron would see if that's a possibility. Then what would happen is you would have to ask the legislative body to reallocate those funds. Aaron's assumption is that those funds were raised at the town meeting; incorrect. The money was approved via the select board. Aaron goes back to his first answer – speak with the town's attorney regarding this.

Becky pulled and read the Select Boards meeting from July 11, 2020:

June 11, 2020: Public Hearing on TIF fund distribution – Chairman Titus called the public hearing to order at 6:57 pm. At the request of Chairman Titus, Sabins explained that the Vassalboro Sanitary District (VSD) submitted an application for \$166K in TIF grant funding several months ago, but the distribution decision has been delayed due to the inability to have the required public hearing through zoom meetings that have occurred since early April. To refresh everyone's memory, Sabins read a section of the April 2nd Selectmen's meeting minutes concerning the mid-March 2020 email agreement with Landis Hudson for TIF Fund distribution as follows:

Distribution of TIF funds – Sabins explained that there is currently \$166,930 in the TIF fund. Sabins read the following email correspondence that she had in mid-March with Maine Rivers Executive Director Landis Hudson about her application for \$143K in TIF funding for the Alewife Restoration Initiative project. "If the Selectmen were to divide the available TIF funds now and give half to your fish project and half to the sewer project, with a promise to commit the balance of your \$143K request by the end of August or first of September 2020 after the next tax commitment, could that arrangement work for your cash flow? The sewer people say they need a minimum of \$72,265 by July to make a loan payment." Sabins stated that Landis responded that she could definitely make that plan work. After discussion, a motion was then made by Chairman Titus to provide \$83K even to the ARI project now and for the \$60K balance of their request to be committed to the ARI project when TIF funds become available in August or September 2020. This motion was seconded by R. Browne and the Board took the following votes to unanimously approve the motion: Browne: yes; Melrose: OK, Titus: yes.

J. Melrose asked about the process and wondered if a second public hearing would be needed for the second half of the TIF money we promised to pay ARI. Chairman Titus was of the opinion that because it was announced at the first public hearing that the money would be distributed in the fall when the fund was replenished, he did not feel a second hearing was needed. J. Melrose asked about the \$100K previously gifted to the VSD. VSD Chairman Ray Breton stated that all donated TIF funds will be used to reduce the VSD debt from the cost of the sewer project and not for hook-up costs as originally planned. Two different legal opinions have advised the town and VSD that the TIF funds should not be used to cover hook-up expenses for customers. J. Melrose suggested that reserve funds could be set up for the District's annual payment for the USDA loan and other financial commitments; he also suggested that Duratherm could approach the town for a loan or a grant from the TIF fund to hook up to the new sewer line. R. Breton stated that any funds the district can get to help fund this project will be a plus. After discussion, Chairman Titus declared the public hearing closed at 7:17 p.m. Selectman R. Browne stated he did not want to spend down the TIF Fund completely and wanted some money left over. J. Melrose stated again that he wants a reasonable plan for TIF fund distribution, rather than just wing it every year. R. Browne stated he feels the town has a good surplus balance because we have flexibility and no long term commitment. Rob observed that he and John Melrose have a different philosophy; Rob likes to leave his options open with flexibility in case unforeseen things come up. After discussion, a motion was made by L. Titus to approve the VSD application for \$166K but to provide \$72,265 for the district's immediate need now with the balance to be paid in the next fiscal year as funds become available. The motion was seconded by R. Browne, and further discussion ensued. J. Melrose expressed concern that the VSD's original application requests TIF funds to pay user hook-up fees, and that the Selectmen have approved an application that contains an unpermitted action. Chairman Titus then amended his motion to include that the TIF funds will be used for debt relief for the Sanitary District, not for use on personal private property. J. Melrose expressed concern still about the \$100K previously gifted. Chairman Titus stated he

would like to let future Boards deal with making a plan. The amended motion was seconded by R. Browne and voted unanimously by the Board.

Becky asked if the \$100,000 could be used toward debt service. Select Board member Mike Poulin stated yes. Rick Denico stated toward debt service, with appropriate guidelines the town was given. Chris French stated he is not opposed to that; however, he recommends both of our attorneys to weigh in on that before the town says yes.

There had been comments previously where customer hookups was a "grey area". The funding mechanisms were different prior to the completion of the construction due to the project still being active. Rick still feels that returning the money and putting it back into something that's more appropriate now would clear the money title.

Also, a couple of days ago, the town received a request from the sanitary district to receive TIF assistance of \$45,000 to cover the costs of manhole covers. DOT has written the sanitary district regarding the upcoming work which entails removing 1.5" of payment from the entire center line. Aaron's understanding was that the sanitary district spent \$400,000 on the manhole rehabs in the past. The state came in and did some work which really didn't match up with the way the manholes were repaired.

DOT has new projects which affect the sanitary district. One is the paving on Main Street and the manholes not seated properly; the other project is replacing the culvert by the Lombard Dam Road. There are approximately 19 manhole tops which may need replacing due to breakage. Plastic rings were used when the infrastructure needed repair. Pulling the plastic rings out, which are glued together, will probably break; needing new replacements. The plastic rings will be replaced with steel and concrete risers and brick. Chris asked if these were the ones the town helped replace a couple of years ago; the answer is yes. The manholes in the center of the road are not affected as much as the manholes on the sides of the road. The state's plan is this work will start in July, providing they get their bids, etc. done.

Chris is not against using the TIF fund to try to bail out the rate payers and the debt service this year; however, what is the end goal? The TIF fund is not a sustainable method to do this every year. There is \$207,000 in the account. We will receive another \$85,000 this year. Chris really thinks, whether it is this board or the next board, they need to come up with a long-term solution to help that area. Chris is in favor of creating a new TIF zone in that area with affordable housing, which is something that has come out recently with the State to promote housing. Chris feels this needs to be looked differently ... how can they help get more people on to help offset some of this cost. From what Chris has read in previous notes, the TIF fund was to help the sanitary district to promote commercial growth. That has not happened, with the exception of Durathem.

Rick mentioned the letter Laurie sent to VSD and the town did not include the TIF monies the town has previously given VSD. The town feels there was some monies missing from the list, \$56,000. That was one question. The other question was Lauri commented on how some of the other communities have helped to pick up some of that cost. The town would like to know what towns or counties, are they in state or out of state. Laurie's response was that she will get these answers and will be answered through Becky. Becky was asked if she had heard from Laurie; which as of this date she has not regarding the above. Becky will reach out to Laurie again to find out the status on this.

Rick stated those are some of the things to help with the selectmen's decisions. For sustainability, what VSD has for debt service is far more than what the town is receiving in TIF, and the TIF is going to continue going down every year.

Chris also feels that with everything going on with the vacancy on the board and recruiting and looking at the statutes for the sewer district, would VSD be willing to reorganize the ordinance to bring back voting; at least through a paper ballot? In the process of a recall, looking at the statute, VSD is obligated to ask the town for the records of who has the right to vote in your district if there is a recalled choice to try to

vote for someone else. Chris' thought is to create a voting district that is only available for sort of like if you're a democrat or republican show up your vote you tell them whatever. They inform you they are on the sewer line and they have a right to vote on the annual board meeting. Chris feels this is important for transparency and may quell some of the negative opinions of what's been talked about for the last year.

Mike mentioned Lisa Miller not being sworn in yet. Lisa has had an accident and is laid up for a bit.

Becky mentioned when VSD went with the Town of Winslow, one of the stipulations was VSD had to follow Winslow's Charter and Ordinance. Asked who made that stipulation – answer was Winslow. The creation of the voting district, Becky isn't sure if this may cause an issue with Winslow(?). Chris asked Winslow handles you as a customer matter what does it matter how VSD decides to vote on your board when the statute says you must live in town to be part of the district. Becky did not have an answer.

The trustees asked for our consideration on this voting. This will be on the agenda next week. The town would consider covering the voting expenses, paying the fees, etc. The town can charge, but they don't feel it's really anyone's benefit.

Rick Denico watched VSD's last meeting and there was discussion regarding a petition, signatures, and the town helping or not. Aaron had done an email to one of the folks who facilitated the meeting. We were asked if we saw the process for doing a petition and so forth. Becky told the selectmen the information they received was from legal. Aaron did make an effort to put some information out there; however, VSD was not aware of it. Becky informed the select board we did receive a couple of scenarios and this was on the agenda for April's meeting. Becky also mentioned the newspaper articles received from a town member, not on the sewer, that this financial difficulty has been going on since 1982.

Selectboard need to make a motion on help next week. They need the information to them by Wednesday, 4/17. The selectmen need clarification on the \$100,000 VSD still has from 2019 and the mileage of new pipe line installed during construction to determine the amount of financial help.

A townspeople suggested changing the TIF ordinance to open up for more usage in the town. Select Board has until March 2025 to do so.