

Belfast Water District's Public Statement to Its Customers and the Residents of the City of Belfast

There have been many questions raised during the past year regarding the proposed sale of Belfast Water District property and water to Nordic Aquafarms. The Board of Trustees and myself as Superintendent have attempted to answer these questions promptly and completely. I recently was asked how a large user would benefit the water district and our customers. I was then asked if I would consider making a public statement as to why we made the decision to sell and explain the process that led to our decision.

I was first asked if we would consider selling the Little River property in the fall of 2017. I inquired about the intended use for the property and was told that it was for a land-based salmon farm by a company named Nordic Aquafarms. I told them that the Board might consider a sale and that they should attend the next scheduled board meeting to speak to the Trustees directly.

Elizabeth Ransom came to the board meeting in October 2017 to ask the Board if they would consider selling to Nordic. We told her that we would consider selling, but only under the following conditions:

1. The sale of the property would have to generate enough money to allow us to move our operation without any cost to our customers.
2. Nordic would need to purchase a minimum of 100 million gallons of water annually at the same price every other customer pays, and they would need to purchase that amount for an extended period of time.
3. Nordic would have to agree to continued public use of the walk-trail on the property.
4. The Belfast Water District would be allowed to retain ownership of the property where the Bayside Meter Vault sits.

The Belfast Water District and Nordic Aquafarms, through their respective legal representatives, negotiated a Purchase Agreement for the property and a Water Purchase Agreement, which was signed on January 30th 2018. These agreements are available on the Belfast Water District website. A paper copy is available at the Belfast Water District office weekdays during regular business hours.

Here is a brief explanation of the agreements:

Nordic Aquafarms will pay the Belfast Water District \$1,059,000 for 30 +/- acres of land and the buildings at closing. Also, the City of Belfast will pay the Belfast Water District \$100,000 to purchase 12 +/- acres of property that surrounds the Lower Reservoir for conservation, a 250-foot wide strip of land that encompasses both the walk trails. This will ensure that the trails will remain intact and available to the public.

The Belfast Water District will retain ownership of the Lower Dam for up to two years from the date of closing and provides Nordic the option to purchase the dam for \$1.00 dollar at any time within that two-year period. (Note – Nordic has verbally committed to exercise the option.)

The Water Supply and Purchase Agreement states that Belfast Water District will supply up to 262 million gallons of water annually to Nordic Aquafarms. Nordic agrees to pay for a minimum of 100 million gallons of water annually from the District, at the same rate that all our customers pay, for the first six years regardless of whether they use any of that water or not. They also agree to pay the Belfast Water District for the first 100 million gallons of the six-year contract at closing. The agreement also has ten additional one-year renewal terms in it.

What will this mean for additional revenues to the Belfast Water District?

100 million gallons per year sold to Nordic at current rates is \$287,500. We calculate the cost to pump and treat that amount of water annually to be approximately \$25,000. This will provide estimated annual net revenue of \$262,500 from Nordic at minimum.

Where will the Belfast Water District move their headquarters after closing?

The Belfast Public Works Department purchased land on Crocker Road to build and relocate their new operations facility. After a site search, we purchased five acres of this property from the City for \$1 to build our new water district headquarters, which is close to the center of town and most of our infrastructure. This will save fuel and provide quicker response time for our customers.

How much will new buildings cost, and who will pay for it?

The preliminary building and site plans have an estimated budget of \$1.2 million for a 3,200 square foot office and attached 6,000 square foot garage. The proceeds at closing will provide the funds necessary to build the new facility and relocate.

What does the District plan to do with the additional revenue it would receive from the sale of water to Nordic?

The Belfast Water District has more than 39 miles of water main that supplies our 2,000 plus water services and 5,500 customers. They also supply the water to 250 plus fire hydrants and four water storage tanks that store three million gallons of water to the system for high demand such as large fires. We know that our system has at least 13 miles of old and undersized cast iron water main, which are more than 100 years old. Some of the water mains are more than 130 years old and in extremely poor condition. Just this past winter a section of six-inch cast iron water main on High Street ruptured six times within a five week span. Four breaks happened in just one 30-foot span. The pipe in this span was so weak that it couldn't be repaired and had to be replaced in order to restore service. Present water rates allow for \$190,000 worth of improvements to be made annually to the entire system, which includes mains, wells, pumps, tanks, buildings, vehicles, equipment, and fire hydrants. The average cost at today's prices to replace one mile of water main is \$687,000. The extra revenue from the sale of water to Nordic will allow us to begin immediately replacing as much of this old main as possible while keeping our rates to our customers steady.

Can the Goose River Aquifer, Belfast's water source, safely supply all of our existing customers and the additional amount that Nordic would need?

This was the first question we asked ourselves last fall when considering this sale. The sale was also a major consideration for the Maine Public Utilities Commission when they approved the agreement. Fortunately, our aquifer and wells have more than 50 years of data history. We know the amount of water that was pumped, the precipitation during that time, and the drawdown history taken from the many test wells in the aquifer that surround the two wells. Two extensive pump tests have been performed on the aquifer and wells. One when the wells were drilled back in 1957 and 1965, and another in 1989.

We asked the leading hydrologist in the State of Maine to give us an evaluation of water capacity for our system. His findings were that today there is a safe yield of 699 million gallons per year. Our demand has averaged 234 million gallons per year for the past 17 years. Considering the maximum amount of the Nordic water supply agreement of 262 million gallons per year, we would pump 496 million gallons per year if we were at the maximum. This leaves an operating reserve of 192 million gallons annually. The precipitation records taken from 1960 to 2018 show an annual average rainfall of 49 inches locally. He reports that 50% of annual precipitation will actually recharge ground water, or 24.65 inches of precipitation, over the recharge area of Goose River Aquifer that covers 3,888 acres or six square miles. Those 24.65 inches of precipitation will provide the aquifer with an annual recharge of 876 million gallons of water per year. The report also shows that 2001 was the worst drought year on record in this same 50-year period with 27.16 inches of precipitation, which gave a recharge of 482 million gallons that year. 2001 was the last year that Stinson Canning was open and the pumping for that year was 339 million gallons. The two wells are 45 feet deep in the aquifer. Our records show that the average static water level around those wells, since we began keeping records in 1989 is 7 feet. (This means that 7 feet down from the surface of the ground you will strike water). Our records also show that in August of 2001 the static water level was 12 feet. In conclusion what this means that in the driest month of the driest year we have on record the aquifer still had a more than ample supply of water.

How would Belfast Water handle an extreme drought condition, if ever faced with it?

There has been a rumor circulating that the Belfast Water District would supply water to Nordic before it would provide for human consumption in an extreme drought. This is false. The Belfast Water District is currently drafting a drought plan. It will be implemented as part of our Terms and Conditions, and approved by the MPUC and Maine Drinking Water Program, in late 2019. The plan has 11 water use priorities to be implemented in the event of a drought. The priorities and most critical to supply start at #1 and goes to the least critical to supply #11: (1. Hospitals) (2. Nursing homes) (3. Human consumption at residences, drinking water, cooking, bathing, toilet) (4. Fire protection) (5. Pets and Livestock) (6. Aquatic habitat) (7. Commercial uses Restaurants and offices) (8. Industry, FISH FARMS, and other manufacturing processes) (9. Pools) (10. Watering lawns) (11. Washing cars) Human consumption is third most critical and Industry is eighth.

The Board of Trustees, the staff of the Belfast Water District and I, want our customers and the entire City of Belfast to know that we understand there are strong feelings about this development and the desire to maintain our property as green space because we love coming to work each day in such a picturesque place too. We had the responsibility to consider the question of what would benefit all of the customers of the Belfast Water District. When considering whether to keep our picturesque office, while facing the prospect of spending money on dams that haven't been necessary for 38 years, the answer was clear, to sell the property, relocate and agree to supply water to a large user to benefit our customers.

In conclusion, we want everyone to know the Belfast Water District will be here to serve you whatever the future holds, just like we have for the past 106 years.

Thank You

Keith Pooler, Superintendent
Belfast Water District