

Minutes
Bar Harbor Town Council
February 17, 2026

I. CALL TO ORDER – 6:30 P.M.—In attendance were Councilors Valerie Peacock, Steven Boucher, Earl Brechlin, Maya Caines, David Kief, Randy Sprague, and Joe Minutolo; and Town Manager James L. Smith.

A. Excused Absence(s)—None.

II. READING OF THE MEETING GROUND RULES

III. APPROVAL OF MINUTES

A. January 20, 2026 Regular Meeting

B. January 22, 2026 Budget Workshop

C. January 27, 2026 Budget Workshop

D. January 29, 2026 Budget Workshop

E. February 3, 2026 Special Meeting

F. February 3, 2026 Workshop

Ms. Caines, with second by Mr. Brechlin, moved to approve the minutes as presented. Roll Call Vote:

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y

Minutolo Y

Sprague Y

Motion passed 7-0.

IV. ADOPTION OF AGENDA—Ms. Caines, with second by Mr. Brechlin, moved to adopt the agenda as presented. Roll Call Vote:

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y

Minutolo Y

Sprague Y

Motion passed 7-0.

V. PUBLIC COMMENT PERIOD—*The Town Council allows at this time up to fifteen minutes of public comment on any subject not on the agenda and not in litigation with a maximum of three minutes per person.*—John O’Brien, Noreen Hunter, and Gail Leiser all spoke about a proposal for a new ordinance complementing the new state law (LD1971) restricting Town engagement and cooperation with federal law enforcement.

VI. REPORTS AND UPDATES

A. Manager's Comments

Mr. Smith gave an update on water/sewer/stormwater capital projects. Water main is being installed on **Cromwell Harbor Road**, planning is underway for the **West Street Pump Station** project, utility design work is being planned for **Harbor Lane**, and the **Up-Island Water Storage Tank** project is progressing.

Staff is reviewing the Basis of Design document for the **ferry terminal** with engineers and expect to bring that plan to Council soon for consideration and possible adoption.

Planning and Code staff continue work on the **Town Hill Workforce Housing initiative**. The Food and Merchandise Sales ordinance will return to Council next month with clarifications that Council sought at the January meeting, to address use of **Hadley Point Beach**. Work also continues on the **Northeast Creek Watershed** protection and planning to promote long-term water quality. He thanked Planning staff for identifying grants to support some of this work, two of which are on the Consent Agenda for this meeting.

The Fire Department received notice that the town may receive **\$125,000 in Congressionally Designated Spending for a new ambulance**—this appropriations bill has been advanced, but not yet signed into law.

Staff continues to review cost estimates and alternative design options for the **Glen Mary Park Pool** with the Village Improvement Association. The focus is on a practical replacement approach consistent with the existing footprint and layout. He acknowledged that this process has been slow and thanked everyone for their patience.

With **Acadia National Park**, town staff is exploring ways to improve bicycle and pedestrian connectivity, to support safe access, reduce congestion, and encourage integrated mobility options to encourage visitors to “park once” and explore the area using other means of transportation.

Conversations with leaders of the Jesup Library, Downeast Transportation (Island Explorer bus system), and MDI YMCA toward developing Memoranda of Understanding under the new **Community Service Partnership** framework to clearly define roles and expectations are underway; the MOUs will come to the Council for approval.

The Manager has had ongoing conversations with state officials and Congressional field offices regarding the funding mechanisms for **Customs and Border Protection services at the ferry terminal** for Bay Ferries operations.

Public Works Director Bethany Leavitt introduced **Water Section employees**. Business Analyst Christian Gilbert has been with the Town for two years recently earned a Grade III Water Operator license. Superintendent Jason Sockbeson has been here two months and has been working in water and wastewater since 2008. He holds a Grade V wastewater license and Grade IV, the maximum level, for water treatment and distribution systems.

B. Financial Report

Finance Director Sarah Gilbert reviewed the financial summary through January, seven months into FY26. She said that non-tax revenues in the General Fund are at 60.4% of budget, above the 58% benchmark but down somewhat from last year. She noted that last year was an outlier for building permit revenue, since it included the school and other

large projects. FY25 had more PILOT revenue as of January, due to timing, and cable franchise fees are lower.

General Fund Expenditures are at 58.2%.

Property tax revenue is 60.2% collected, in line with prior years. Finance staff have mailed out second-half bills for property owners who take advantage of the option to pay in two installments.

For the Water fund, three quarters' worth of revenue have been recorded. There will be an April billing and the seasonal minimums in this fiscal year. For wastewater, because revenue is billed in arrears, two quarters have been recorded. The January billing went out Jan. 12, which is why the report shows a large figure for Accounts Receivable.

Ms. Caines, with second by Mr. Brechlin, moved to accept the financial report, with thanks. Roll Call Vote:

- Kief Y
- Boucher Y
- Brechlin Y
- Peacock Y
- Caines Y
- Minutolo Y
- Sprague Y
- Motion passed 7-0.

VII. LICENSES AND PERMITS—None.

VIII. CONSENT AGENDA—*A single vote has been scheduled to approve the following routine items of business without discussion, unless individual agenda item action is requested by a Councilor:*

- A.** Order 2026-02-02, authorize the purchase of Self-Contained Breathing Apparatus units for the Fire Department.
- B.** Order 2026-02-03, authorize application for and acceptance of Housing Opportunity Program grant for Land Use Ordinance updates.
- C.** Order 2026-02-04, authorize application for and acceptance of state Community Action Grant for septic analysis and climate resiliency planning.

Ms. Caines, with second by Mr. Brechlin, moved that the consent agenda have passage. Roll Call Vote:

- Kief Y
- Boucher Y
- Brechlin Y
- Peacock Y
- Caines Y
- Minutolo Y
- Sprague Y
- Motion passed 7-0.

IX. RESOLVES AND ORDERS

- A. Order 2026-02-05, approve new Town Council Policy on Disposition of Special Amusement Permits.

Ms. Peacock introduced the order. Councilors said they would prefer to vote on this order at the March 17 meeting, when there will be a public hearing and order on the related ordinance amendment. Following discussion, Ms. Caines, with second by Mr. Brechlin, moved to table this item. Roll Call Vote:

Kief Y
Boucher Y
Brechlin Y
Peacock Y
Caines Y
Minutolo Y
Sprague Y
Motion passed 7-0.

- B. Treasurer’s Warrant—*Request of Treasurer to authorize paid bills.*—Ms. Caines, with second by Mr. Brechlin, moved to sign the treasurer’s warrants for paid bills. Roll Call Vote:

Kief Y
Boucher Y
Brechlin Y
Peacock Y
Caines Y
Minutolo Y
Sprague Y
Motion passed 7-0.

X. ORDINANCES IN FINAL READING, PUBLIC HEARING AND ADOPTION

- A. Amendment to Chapter 201, Water, to adjust water rate structure and rates.

- 1. Public Hearing on PUC Rate Case pursuant to Title 35-A MRS §6104 and on ordinance amendment.

Council Peacock explained that this hearing serves two purposes: the required public hearing as part of the PUC process, and a hearing on the related Town ordinance amendment, which if adopted by the Council would be contingent on PUC approval of the rate proposal.

Six residents offered comments: Mary Jane Whitney, Kevin Knopp, Sharon Knopp, Katherine Whitney, Tom St. Germain, and Brynna Golden.

Public Works Director Bethany Leavitt, Finance Director Sarah Gilbert, Annaleis Hafford of Olver Associates, and Town Manager James L. Smith answered questions and participated in the discussion.

Comments related to why rates are higher for seasonal customers and why higher-volume users pay lower effective rates per gallon. There was a concern that this

structure could discourage conservation practices and place an unfair burden on residential customers.

Another comment related to why a tiered rate structure was preferred over a flat rate. Ms. Gilbert explained that under a flat rate structure the system would face financial insolvency, with less revenue and more expenditures, even before one gallon of water is used and billed. She noted that 70% of the meter accounts are residential but generate only 40% of the metered revenue, while 30% of users generate nearly 60% of the metered revenue, and that a flat rate approach would effectively quadruple the residential account bills. She emphasized that the discussion is not only about consumption, but about what revenue is generated by different meter sizes and users.

Mr. Smith further explained that the system costs approximately 3.2 million dollars per year to run, of which about 2 million dollars are fixed costs such as debt service and staffing that must be paid just to have the system ready to deliver water. Only a small portion of costs vary with producing additional water. He noted that if consumption declines, or if a large user stops using water, the fixed costs remain and the system would not have sufficient revenue to meet its obligations. Because of this, the Town must raise sufficient revenue to cover those fixed costs regardless of consumption levels. He further noted that the proposal shifts more of the overall cost to larger meter users compared with the current rate structure, with higher effective increases applied to those accounts.

Ms. Leavitt noted that a flat rate structure would disproportionately impact the residential users. She noted that the tiered structure accounts for meter size and demand on the system, and that larger users are experiencing significantly higher effective increases under the proposal.

One resident noted that there has been a decrease in unaccounted-for (not billed) water in the system, and asked whether that could be a method for alleviating the rate increase. Ms. Leavitt explained that unaccounted-for water results from firefighting, training, flushing, and main breaks, and that the Town is now down around 20%. She confirmed that the system is aging and that infrastructure needs replacement, stating that the Town should be investing at the minimum 1% of our infrastructure costs every year.

It was also noted that the PUC now allows for rate adjustments of 1.5% per year. This requires a separate process, but not a complete billing analysis and public hearing.

- 2. Order 2026-02-06, adopt amendment to Chapter 201, Water, to adjust water rate structure and rates.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the order have passage. Roll Call Vote:

<u>Kief</u>	<u>N</u>
<u>Boucher</u>	<u>Y</u>
<u>Brechlin</u>	<u>Y</u>
<u>Peacock</u>	<u>Y</u>
<u>Caines</u>	<u>Y</u>
<u>Minutolo</u>	<u>Y</u>

Sprague _____ Y
Motion passed 6-1.

XI. ORDINANCES IN FIRST READING

- A. Order 2026-02-07, schedule public hearing on amendment to Chapter 14, Amusements, to update Special Amusement Permit procedures.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the order have passage. Roll Call Vote:

Kief _____ Y
Boucher _____ Y
Brechlin _____ Y
Peacock _____ Y
Caines _____ Y
Minutolo _____ Y
Sprague _____ Y
Motion passed 7-0.

- B. Land Use Ordinance amendments proposed for the June 9, 2026 Annual Town Meeting Warrant:

- 1. Order 2026-02-08, schedule public hearing on Holy Redeemer Church, LUO Amendment #2026-01.

Town Clerk Liz Graves introduced a requested correction. Ms. Caines, with second by Mr. Brechlin, moved to amend the order to read:

NOW THEREFORE, BE IT ORDERED, pursuant to Town Code Section 125-9 (B), that a public hearing be scheduled March 17, 2026 for public comment on the Land Use Ordinance Amendment – Holy Redeemer Church, version dated February 4, 2026, presented below.

...and the proposed Warrant Article to read:

Shall an ordinance, dated February 4, 2026, and entitled “An Amendment to amend the Official Neighborhood Districts Map by rezoning the Holy Redeemer Church from the Mount Desert Street Corridor District to the Downtown Residential District,” be enacted?

Roll Call Vote on the amendment:

Kief _____ Y
Boucher _____ Y
Brechlin _____ Y
Peacock _____ Y
Caines _____ Y
Minutolo _____ Y
Sprague _____ Y
Motion passed 7-0.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the amended order have passage.

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y

Minutolo Y

Sprague Y

Motion passed 7-0.

- 2. Order 2026-02-09, schedule public hearing on Design Review, LUO Amendment #2026-02.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the order have passage.

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y

Minutolo Y

Sprague Y

Motion passed 7-0.

- 3. Order 2026-02-10, schedule public hearing on Campgrounds and Private Campsites, LUO Amendment #2026-03.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the order have passage.

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y

Minutolo Y

Sprague Y

Motion passed 7-0.

- 4. Order 2026-02-11, schedule public hearing on Minimum Area Per Family, LUO Amendment #2026-04.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the order have passage.

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y

Minutolo Y

Sprague Y

Motion passed 7-0.

5. Order 2026-02-12, schedule public hearing on Lodging Regulations, LUO Amendment #2026-05.

Ms. Caines, with second by Mr. Brechlin, moved to amend Order 2026-02-12 to include the following additional recitals as well as the amendment to §125-32 Ireson Hill Residential as presented:

WHEREAS, a scrivener’s error has been identified in the proposed Land Use Ordinance (LUO) Amendment titled Lodging Regulations; and

WHEREAS, the intent that the amendment eliminate the Lodging 1 use entirely from the LUO was first stated in November 2025 and remained consistent throughout nine meetings between November 2025 and February 4, 2026, during which the amendment was presented; and

WHEREAS, the draft published in Council Order 2025-02-12 omitted one of the districts where the Lodging 1 use is presently allowed; and

WHEREAS, to correct the error, a minor modification to the proposed ordinance is presented below;

§ 125-32. Ireson Hill Residential.

D. Activity or structure requires site plan approval. Activity or structure requires approval through site plan review process before it may be commenced or built:

Cemetery

Eleemosynary, educational or scientific institution

~~Lodging-I~~

Municipal school

Place of worship

Road construction

Solar photovoltaic system, principal use (SPVS-PU)

Wireless communications facility

Roll Call Vote on the amendment:

Kief Y

Boucher Y

Brechlin Y

Peacock Y

Caines Y
Minutolo Y
Sprague Y
Motion passed 7-0.

Ms. Caines, with second by Mr. Brechlin, moved to waive the reading that that the amended order have passage.

Kief Y
Boucher Y
Brechlin Y
Peacock Y
Caines Y
Minutolo Y
Sprague Y
Motion passed 7-0.

XII. COUNCIL COMMENTS

Mr. Boucher said the hearing and conversation about the water rates was tough, and that he wanted everyone to know that the decision wasn't made in a vacuum. There were a lot of considerations and a lot of hard work on the part of staff and Council to get to this point. He said some commenters made reference to the way things were done in the past, but tonight could be the beginning of a new approach or philosophy that works better.

Mr. Sprague asked how the ordinance proposal referenced at the Public Comment period at the start of the meeting might proceed. Ms. Peacock said since that topic is not on the agenda for this meeting, Council Comments is not an appropriate time to discuss it.

Ms. Peacock recognized all the work happening in the budget process, with staff, Council, the Warrant Committee, and school staff and the School Committee. There's a lot of attention and a lot of eyes on the budget, and she appreciates the community doing that. She thanked people for coming out and commenting, but asked for folks to be aware of the tone. It's all right, in a democracy, to want transparency and want to understand. But it is also really challenging to be in these positions, as a staff member or as an elected official, having the public question the work in such a way that it's questioning the integrity of the people involved. She said sometimes there are issues and challenges that need to be raised, but she is concerned at what she has seen at recent meetings that have been less than congenial. She thanked people who are asking questions in respectful ways and really trying to understand how we can be better together.

XIII. EXECUTIVE SESSION—None.

XIV. ADJOURNMENT— Ms. Caines, with second by Mr. Brechlin, moved to adjourn at 8:20 p.m. Roll Call Vote:

Kief Y
Boucher Y
Brechlin Y
Peacock Y
Caines Y
Minutolo Y

Sprague Y
Motion passed 7-0.

Elizabeth N. Graves, Town Clerk