Kittery Water District

Proposed $75 Million Debt Limit: Questions & Answers

The Kittery Water District understands that residents have questions about the proposed $75 million debt limit and the districtwide referendum vote on **Wednesday, December 30, 2026**. We want voters to have clear, accurate information so they can make an informed decision. This document explains what the proposal means, why it is being considered, and how to take part.

Key Facts at a Glance

What voters will decide	Whether to establish an initial maximum debt limit of $75 million for the District
Public hearing	**Wednesday, December 16, 2026** 4:30 PM Kittery Town Hall Council Chambers (200 Rogers Road, Kittery)
Referendum (VOTE) Date	**Wednesday, December 30, 2026**
Absentee voting:	**December 9 – December 23, 2026** Monday–Friday, 7:00 AM – 3:00 PM Kittery Water District Office (17 State Rd, Kittery)
In-person voting:	**December 30, 2026** 7:00 AM – 2:30 PM Kittery Water District Office (17 State Road, Kittery)
Questions	(207) 439-1128 // info@kitterywater.org

About the Proposal

1. Is the Kittery Water District part of the Town of Kittery?

No. The Kittery Water District is an independent public water utility governed by its own elected Board of Trustees. The District works cooperatively with the Town of Kittery and surrounding communities, but it manages its own finances, budgets, infrastructure, and capital improvement planning.

The proposed debt limit is a Kittery Water District matter. It is not a Town of Kittery borrowing proposal.

2. Is the District asking to borrow $75 million?

No. The $75 million is a maximum debt limit. It is not a request to borrow or spend $75 million.

A debt limit sets a legal borrowing ceiling. It does not mean the District owes $75 million today, intends to borrow that amount, or has approved any specific project. Any future borrowing must comply with the District's charter and go through the applicable approval processes.

3. Why does the District need a debt limit?

Under Maine law, water districts are subject to requirements governing borrowing and voter-approved debt limits. The District is seeking to establish an **initial** debt limit under Title 35-A M.R.S. § 6413. This is not a proposal to increase an existing voter-approved limit. (Section 6413-A separately addresses increases to established limits.)

Establishing an approved limit gives the District the legal framework to finance necessary infrastructure, projects and upgrades, including replacing aging water mains, maintaining treatment and distribution facilities, and ensuring a reliable supply of safe drinking water.

4. How much debt does the District have today?

The District has about **$9.2 million** in bonds. Of that, $3.8 million finances work that is already complete and paid for, and $5.4 million is tied to work that has not yet begun.

Bond	Amount	Status
Existing bond, scheduled to be repaid in 2029*	$1.2 million	Funds already spent
Existing bond, scheduled to be repaid in 2039*	$2.6 million	Funds already spent
Bond for Kittery's share of the Portsmouth Naval Shipyard treatment plant upgrade	$4.2 million	Work not yet begun
General resolution bonds	$1.2 million	Work not yet begun
Total	**$9.2 million**	

* As the 2029 and 2039 bonds are repaid, those debt payments end.

5. How was the $75 million figure determined?

The District is planning significant infrastructure investment over the next 10 or more years. Current planning estimates identify about **$46 million** in capital needs, in today's dollars:

Category	Approximate Amount	What it covers
Water main replacements	$25 million	Replacement of 42 aging water mains, about 25% of the District's water main inventory, prioritized by condition, system needs, and urgency
Source water improvements	$6 million	Reservoir rehabilitation, transmission main repair or replacement, and studies to evaluate and protect the long-term water supply
Distribution system improvements	$2 million	About $1.5 million for an ongoing hydrant and valve replacement program (10-year cycle) and about $500,000 for booster station planning and water storage improvements
Potential future capital projects	$13 million	Preliminary allowances for possible source water exploration and major facility replacements, including a pump station and water tower
Total identified capital needs	**$46 million**	

To estimate the amount the District could need to borrow, the District added the bonds in Question 4 and applied planning allowances, because projects built over the next several years will cost more than they do today. The allowances apply only to work that has not yet begun. The two existing bonds, $3.84 million in total, already financed completed work, so no escalation or contingency is applied to them.

Component	How it is calculated	Amount
Existing bonds for completed work	$1.2 million + $2.6 million; no escalation or contingency	$3.8 million
Capital work not yet begun	$46 million identified needs + $4.2 million Shipyard plant bond + $1.2 million general resolution bonds	$51.4 million
Construction cost escalation	4% per year, compounded over a five-year planning period, applied to $51.4 million	$11.1 million
Engineering and construction contingency	7.5% of the escalated cost of $62.5 million	$4.6 million
Additional infrastructure allowance	5% of the $51.4 million	$2.5 million
Total projected requirement		$73.6 million
Proposed debt limit	**Rounded up from the projection**	**$75 million**

* These are preliminary planning estimates, not final project budgets. Actual costs will change as engineering studies, designs, funding opportunities, and priorities evolve.

6. Why is the limit higher than the $46 million in identified projects?

Three things account for the $29 million difference:

- **$9.2 million** in existing bonds and bonds for work not yet begun (Question 4).
- **$17.3 million** in planning allowances for cost escalation, contingency, and unforeseen needs, since projects often take years of planning, engineering, permitting, and construction, and large projects commonly encounter site conditions, design changes, and regulatory requirements.
- **$1.3 million** from rounding the $73.6 million projection up to $75 million, about a 2% cushion.

The District does not currently have additional projects identified beyond those described above that would use the remaining borrowing capacity. The limit is meant to provide long-term flexibility without automatically authorizing borrowing for projects that have not yet been developed or approved.

7. Will the District borrow for every project on the list?

Not necessarily. Not every project will proceed on the same schedule or be financed through borrowing. Grants, reserves, available funds, outside contributions, and other financing options may reduce the amount of debt the District ultimately needs.

Water Rates

8. Will approving the debt limit increase my water bill?

Approving the debt limit does not automatically increase water rates. However, future rate increases will be necessary to maintain, replace, and improve the District's infrastructure.

Like many water utilities, the District faces the ongoing challenge of maintaining aging infrastructure while planning for future water supply and treatment needs. These investments will be supported by a combination of water rates, financing, and other available funding sources.

Approving a debt limit does not commit the District to borrow the full amount or to raise rates by a set percentage. Future rate adjustments will be evaluated based on actual operating expenses, capital improvement needs, debt obligations, and other financial considerations. Any proposed rate change will continue to follow applicable Maine Public Utilities Commission requirements and public notification procedures.

9. Why borrow instead of paying for projects entirely through rates?

Water system assets such as pipes, tanks, and pump stations serve customers for many decades. Financing allows the cost of these long-lived assets to be spread over time rather than funded entirely through immediate rate increases. Whether and how much to borrow for any given project will depend on project needs, available funding, financing terms, and the approvals required.

10. What happens if the debt limit is not approved?

The District's infrastructure needs would remain. Without an approved limit, the District would have less ability to finance capital projects through borrowing and would need to rely more heavily on rates, reserves, grants, and other sources, or bring a new proposal to voters.

Related Projects and Questions

11. Is the debt limit related to future housing developments or expansion of the water system?

The District's capital plan focuses on identified infrastructure needs: maintaining and replacing aging infrastructure and ensuring the long-term reliability of the water system. Longer-term planning also anticipates the possible need for additional water storage and, potentially, additional treatment capacity within the next 15 to 20 years to maintain adequate supply, storage, treatment capability, and reliability.

12. Is the debt limit related to the Portsmouth Naval Shipyard treatment plant upgrade?

Partly. The District works closely with Portsmouth Naval Shipyard on water infrastructure and service requirements. The treatment plant upgrade is estimated at approximately **$90 -$100 million** over 2027–2031 and is being advanced under a funding commitment from the U.S. Navy.

The $90-$100 million project as a whole is **not** included in the debt limit. Only the District's share is: the **$4.2 million** in bonds for Kittery's portion of the upgrade, which is counted in the figures in Questions 4 and 5. The District's financial obligations beyond that will be governed by the applicable funding arrangements.

Voting Information

13. Why is the referendum vote scheduled for December 30?

The District has scheduled a special districtwide referendum for Wednesday, December 30, 2026. The date was determined based on applicable state requirements and the required timeframes for public notification and preparation of referendum materials. At its October 21, 2026 meeting, the Board of Trustees reviewed and approved the proposed debt limit and referendum details. The required referendum materials have since been completed and posted. We recognize that the holiday season can present scheduling challenges for some residents. To help accommodate voters who may be unavailable on December 30, absentee voting will be available in advance of the referendum.

14. When and where can I vote?

In person voting:	**Wednesday, December 30, 2026** 7:00 AM – 2:30 PM Kittery Water District Office, 17 State Road
Absentee voting: (Eligible voters who cannot attend on December 30 are encouraged to obtain an absentee ballot during regular business hours at the Kittery Water District Office)	**December 9 – December 23, 2026** Monday through Friday, 7:00 AM – 3:00 PM.

15. Who is eligible to vote?

Eligible voters residing within the District's territorial boundaries may participate. This includes eligible residents of Kittery and Kittery Point, as well as eligible residents of the portions of Eliot and York that fall within the District's boundaries. If you are unsure whether you are eligible, please contact the District at (207) 439-1128.

16. Can I ask questions before the vote?

Yes. The District will hold a public hearing on **Wednesday, December 16, 2026, at 4:30 PM** in the Kittery Town Hall Council Chambers, 200 Rogers Road, Kittery, Maine. Members of the public are encouraged to attend, ask questions, and comment on the proposed debt limit.

17. Where can I find more financial information?

The District makes financial and operational information, including annual reports, available to the public at kitterywater.org/reports. For additional questions, contact the Kittery Water District at **(207) 439-1128** or email **info@kitterywater.org**

Our Commitment to Transparency

Establishing an initial debt limit is an important decision for the communities we serve. Our goal is to give residents the information needed to understand the proposal, the District's long-term infrastructure needs, and the financial considerations involved. We encourage you to review the available information, attend the December 16 public hearing, and participate in the December 30 referendum.

The Kittery Water District's responsibility is to maintain a dependable water system today while preparing for the needs of future generations.