DrummondWoodsum MEMO

TO:	Nathan Poore and Pete Clark		
FROM:	William L. Plouffe	DATE:	October 23, 2014
SUBJECT:	Mill Creek Pump Station Background		

This Memorandum summarizes the title history of the Mill Creek sewer pump station site on Route 88 and the associated legal issues that are raised in the context of the Town's proposed pump station improvements.

In June 2013, the Town engaged the Wright-Pierce engineering firm to design a major upgrade to the Mill Creek sewer pump station. The pump station handles sewerage from both Falmouth and Cumberland. This is an extremely important project that has present and future benefits for the Falmouth sewer system as well as for the environment.

Historical Background

In the fall of 2013, Wright-Pierce reported that their title examination showed that the existing pump station location was actually two ownership parcels. The Town owns the westerly parcel, where the driveway and wet well are located. The Falmouth Land Trust owns the easterly parcel, that borders Mill Creek and on which the brick building that houses a generator is located. The Land Trust parcel has a triangular shape and is about 9,820 sq. ft. (less than ¼ acre), including the area to the thread of Mill Creek. See attached plan. It is a portion of a larger tract of 23 acres owned by the Land Trust. (In this Memorandum, I refer to the 9,829 sq. ft. piece as the "Land Trust parcel.")

Further title work revealed that the Land Trust parcel is subject to two easements. The first easement is in favor of the Town and allows the Town to use a strip of land within the parcel for sewer purposes with all necessary fixtures and appurtenances but is of insufficient area and location to cover the proposed construction. The second is a conservation easement over the entire 23 acres owned by the Land Trust. The Town is the holder of the conservation easement. The conservation easement was imposed on the property after recording of the sewer easement and, therefore, the conservation easement is subject to the sewer easement.

The Land Trust parcel is also subject to a reversionary interest held by The Nature Conservancy. When the Conservancy conveyed all 23 acres to the Land Trust in 1997, it included language in the deed to the effect that the property be used only as a nature preserve and be kept in its natural state. The deed went on to say that the property would revert to The Nature Conservancy if, after being notified of a violation of this condition, the Land Trust refused to remedy the violation and

if The Nature Conservancy then chose to exercise its right of reverter. The Nature Conservancy has not notified the Land Trust of a violation.

In the early 1980's, the Town constructed the existing pump station and the brick building. A portion of the brick building is outside the sewer easement and on the Land Trust parcel. Thus, the brick building violates the conservation easement. Perhaps the Town believed that the sewer easement allowed the brick building but then did not do the survey work needed to determine the boundary of the sewer easement as it crosses the Land Trust (then The Nature Conservancy) parcel. In any event, the building was located where it did not have a right to be. As far as current Town staff is aware, no one brought the violation of the conservation easement to the attention of the Town before now.

Upgraded Pump Station Design

The Wright-Pierce design for the new building and associated equipment encompasses the area now occupied by the brick building and other area within the Land Trust parcel. After study, Wright-Pierce has determined that this is the only practicable location for the improvements. Among other site constraints, they found that moving the improvements to the west, i.e., over onto the Town owned parcel, would require construction of a very substantial retaining wall (if even feasible - pending a geotechnical analysis) and might impact wetlands. Thus, the Town faces the choice of eliminating the conservation easement on the Land Trust parcel (9,820 sq. ft.) or possibly abandoning the pump station upgrade.

Extinguishment of Conservation Easement and Reversionary Interest

The extinguishment (or amendment) of a conservation easement is a somewhat complicated process in Maine. The Conservation Easement Act (33 M.R.S.A. §§ 476 *et. seq.*) intentionally makes it so. If a proposed amendment of a conservation easement will materially detract from the conservation values protected by the easement then the parties, fee owner and holder, may not amend the easement without court approval of the amendment. Not only are the holder of the easement and the underlying fee owner involved in the court action, the statutes give Attorney General's Office a role in the court action.

In this case, we have the unusual situation of the Town being both the holder of the conservation easement and the entity that the wants property freed from the restrictions of the conservation easement. There is the further confounding factor: It is the Town that violated the conservation easement.

In an effort to find a path forward in these unusual and unfortunate circumstances, Attorney David Kallin of this office met in the fall of 2013 with representatives of the Land Trust and The Nature Conservancy. David had concluded that the proposal here, i.e., to eliminate the easement on the Land Trust parcel, would be considered to have a materially adverse effect on the conservation values. Consequently, he proposed to the Land Trust and The Nature Conservancy that the Land Trust convey the fee to the Town subject to the conservation easement (which would have made the Town both the owner of the land and the holder of the conservation easement) and that The Nature Conservancy release their reversionary interest for this transaction. He proposed that the Town could then commence a Declaratory Judgment action asking the court to approve the extinguishment of the easement, which action would not need to involve the Land Trust or The Nature Conservancy.

The Land Trust asked if, rather than extinguish the conservation easement, the Town would be willing to amend the conservation easement to permit the new pump station improvements, but continue to prohibit any other development. The Land Trust then proposed that it would convey the parcel to the Town subject to the amended conservation easement, and the Town would simultaneously assign the Land Trust the rights as holder of that easement. This proposal was acceptable to the Town, but under the Conservation Easement Act, it would require the same court approval process as the proposed extinguishment. This would be a "friendly" lawsuit. David would name the Land Trust and The Nature Conservancy as defendants and would seek the approval of the Attorney General's Office. The Land Trust and The Nature Conservancy Judgment action and shared it with the Land Trust and The Nature Conservancy. He also shared the draft Complaint with the Attorney General's Office.

In the spring of 2014, there was considerable discussion with the Attorney General's Office over the proposal to eliminate the conservation easement, including a June 2014 meeting in Augusta attended by Nathan Poore, Pete Clark, the Town's consulting engineer and me. Ultimately, the Attorney General's Office would not agree to the proposed Declaratory Judgment approach. The reasons for their objections are several and beyond the scope of this Memorandum. I think it fair to say that the lack of guidance in the statutes and in both Maine and national case law on the subject of eliminating or amending conservation easements led to a significant concern at the Attorney General's Office about the precedent that might be set in this case, especially given the unusual and unfortunate facts involved here. The Attorney General's Office has said, however, that it would not object if the Town used its power of eminent domain to "take" the Land Trust parcel and eliminate the conservation easement provided that the Town commissioned an appraisal of the property interests to be taken.

In late summer 2014, the Town commissioned an appraisal of the Land Trust parcel by Amidon Appraisal Company of Portland. The appraisal arrived at a fair market value for the fee simple interest in the pump station parcel of \$1500. The Town shared the appraisal with the Land Trust, the Attorney General's Office and the Council.

The Council is now ready to proceed with the condemnation process.

A plan showing the pump station parcel along with photos of the site are enclosed with this Memorandum.







