

MILFORD CITY COUNCIL
MINUTES OF MEETING
July 11, 2016

A Meeting of the Public Works Committee was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall on Monday, July 11, 2016.

PRESIDING: Public Works Committee Chairman Owen Brooks Jr.

IN ATTENDANCE: Committee Members:
Councilwoman Lisa Ingram Peel

Mayor Bryan Shupe

City Manager Eric Norenberg and City Clerk Terri Hudson

Chairman Brooks called the Committee Meeting to order at 6:05 p.m.

*Proposal/Northwest Milford Area - Holly Hill Road Water Main Extension.
(Baltimore Aircoil Company, Crop Production Services & Hickory Glen)*

City Planning Coordinator Rob Pierce was present.

Mr. Pierce referenced the Northwest Water/Wastewater Study that Davis, Bowen and Friedel completed this past October. The study considered several undeveloped properties along Williamsville Road and State Route 14/Milford-Harrington Highway and evaluated what improvements were needed to service them with water and sewer.

He then referred to the proposed water demands for Hickory Glen and Amberwood on Holly Hill Road. He recalled that Hickory Glen was proposed for 399 EDU's and Amberwood for 216 EDU's a couple years ago.

Mr. Pierce reported that Hickory Glenn will need to construct their water main through their site though it needs to be determined who will be responsible for the water main extension.

He explained the original study recommended constructing a 10-inch water main with a cost share between Hickory Glen and Amberwood based on EDU's. The shared cost breakdown was 65% for Hickory Glen and 35% for Amberwood. Since that time, Amberwood is no longer developing and Crop Production has purchased the property as an industrial site and 7.5 EDU's. Based on city code and EDU allocation, that reduces Amberwood/Crop Production's breakdown to 2% while Hickory Glen has increased to 98% of the costs.

Mr. Brooks asked if Baltimore Air Coil (BAC) has ever requested annexation noting that on numerous occasions they have experienced water problems and the city has able to accommodate them. He recalls when one of their managers informed him their plans were to annex as soon as BAC was contiguous.

Mr. Pierce feels there are more benefactors of the water main extension, including Baltimore Air Coil, who could utilize the line when it is extended, thus sharing some of the costs. In addition, there are sixteen strip lots along Holly Hill Road that could potentially tie in when their wells fail. As we extend beyond their properties, we could leave a connection which would require the city to carry another 4% for the strip lots.

He referenced Chapter 222 of the City Code that states that when the city spearheads a public works agreement, the contributions must be based on EDU calculations.

Mr. Pierce reported the city does not feel that may be the most equitable way of splitting out the costs since Hickory Glen would have to pay 98% when compared to its original estimate of 65%. Comparatively, 65% is a cost of \$325,000 and 98% of \$490,000.

Ms. Peel asked if Crop Production Services considered paying the original cost owed by Amberwood at the time they

purchased their property; Mr. Pierce explained that 35% comes out to \$175,000 and is much more than their proposed investment.

Mayor Shupe asked Crop Production plans; Mr. Pierce said the proposed use is a small office that will house their management and clerical staff, as well as customer support. It will also contain approximately one dozen outbuildings for fertilizer storage. Overall, they are relocating their services from Rehoboth Boulevard to Holly Hill to allow additional room in a more suitable industrial setting.

It was confirmed they would completely abandon their present site on Rehoboth Boulevard.

Ms. Peel asked if any property owners are interested in switching from well to public water; Mr. Pierce said we would need to send out a letter asking who was interested. Perhaps we could provide them a break in the connection fee to encourage participation though that needs to be a decision of the new public works director and Mr. Norenberg.

Mr. Brooks is concerned that if Hickory Glen slowly develops after the pipes are installed, it could take years to break even. Mr. Pierce explained that if the city signed an agreement with the four parties, for example, the city would want the money now. He said this is an initial investment that most developments anticipate. The water will need to be constructed at the site and looped back into the system before any permits are pulled.

Ms. Peel asked if Hickory Glen is aware that Amberwood has been sold to Crop Productions who is not developing as was proposed. Mr. Pierce said they have been discussing a development and utility agreement and are trying to bring Hickory Glen, Crop Productions and Baltimore Air Coil together on some type of cost allocation for the water main extension.

Mr. Brooks recalled the number of times Hickory Glen asked for an extension of their approved plan; Mr. Pierce is familiar and recalled the latest extension was because the Northwest Study had not been completed. The delay at this point is to agree to the cost share allocation and hopefully get the other parties involved due to the property ownership changes.

It was confirmed that Hickory Glen was aware of their initial 65% share. Mr. Pierce said one scenario is to leave them at 65% and try to proportion the remainder and split the 35% between the industrial users.

Ms. Peel does not believe we can persuade them to accept a much higher percentage when one property is only responsible for 2% and Baltimore Air Coil does even need it yet. Mr. Pierce added that Crop Production Services bought the property and has already received preliminary approval. They plan to use a well until the water main has been extended though they prefer public water if the cost allocation is reasonable.

Mayor Shupe explained that in order for this to work, all entities need to buy in. If Hickory Glen says no to 98%, the main cannot be extended.

When asked who needs it the most, Mr. Pierce feels that they all need it; in her opinion, Ms. Peel feels that Hickory Glen needs it more than the other properties at this point.

Mr. Norenberg pointed out that at some point in the future, BAC may do some expansion that will require more water for fire protection, employees, etc. That could potentially drive up their level of need. They didn't meet with them the other day as was scheduled so he is unsure if there is any news though he and Mr. Pierce have been talking steadily about annexation and help that is needed for their growth plan.

The Planning Coordinator confirmed the water main extension project is estimated at \$500,000. However, that is only a rough estimate design at this point.

Ms. Peel said it seems unfair based on the proposed EDU's to pay more; however, it may be a good measure for Crop Production to say they are investing in safe clean water and offer more money considering they are moving fertilizer to this site.

Mr. Norenberg agreed adding that they have been considering the risk of whether the city should put forth the effort and expense for a water line especially not knowing when Hickory Glen will develop. He said we know that BAC and Crop Production could use the water line though it will be expensive for only two customers and a gamble on the subdivision being completed.

Mr. Pierce said if they all sign on any proportionate share, it should be completed like the Bayhealth pump station was done where the money was collected up front to prevent the city from holding the debt. Ms. Peel noted that Bayhealth is not Hickory Glen; Mr. Pierce again emphasized the city would not be carrying any of the debt except for the strip lots.

Ms. Peel asked what happens if Hickory Glen enters into a contract but does not develop and how would the city recoup that money.

Mr. Pierce explained the design would not be started until the money was escrowed. Ms. Peel confirmed if it does not come through, then it does not happen. The Planner agreed the city is not going to put up 90% nor is Crop Production or BAC.

Mayor Shupe asked if there is a plan for Crop Production if Hickory Glen does not happen. Mr. Pierce stated they will have an on-site well.

Ms. Peel said that BAC also has a well and the only one in this deal with something to lose is Hickory Glen.

Mr. Pierce said they were considering holding them with the original percentage while trying to reallocate the remainder among the other two parties which could cost BAC \$130,000 and Crop Production \$50,000.

When asked for a synopsis, Mr. Pierce explained that the smallest user needs the water now versus the other properties. Ms. Peel asked if Crop Production needs it more than 2% or 4%. If reallocated, Crop Production could end up paying \$50,000 or 10%.

When asked what they want from the Committee, Mr. Norenberg asked for the Committee's feedback and concurrence on this matter. They hope to have more news from BAC when they meet on Thursday. But they would like some confirmation they are on the right track and that the Committee has no major concerns. They discussed it with Mr. Portmann who has some concerns about the possibility of the outlay of money that will not be recouped through some sort of escrow.

The city manager said they wanted the Committee to provide some input though it will need to be added to the Council agenda in a month or so unless something major occurs in the meantime. A supplemental appropriation from reserves will be needed and an authorization to proceed with the development agreement.

Ms. Peel feels we are moving in the right direction, though the outlier is Hickory Glen. If they do not develop and BAC and Crop Productions do not have an urgent need, she feels it is a risk for the city and not a smart investment. She prefers getting all three parties at the table to obtain a financial commitment.

Mr. Pierce reported that before final approvals are granted, these agreements will need to be executed. If the city is involved, we will need the money up front. A delayed approach could be considered or a waiver granted on the water requirement thus allowing Crop Production Services to install a well on their property. The city could require the parties to work it out privately though once the water is available, they would be required to tie it. He reiterated they are only trying to determine what the cost share should be.

The intent is to be fair to all parties according to the Planner.

When asked the Committees' opinion, Mr. Brooks said he does not want to put up half a million dollars of city money to get this started though he knows that was done east of Route 1 in Southeast Milford. He will not do that again.

Ms. Peel agreed adding it is just two risky. Mr. Brooks recalled having numerous hearings for Hickory Glen over the past

several years and the nights the Council Chambers was packed with residents opposed to that development adding that it still has not developed.

There being no further business, Mr. Brooks moved to adjourn the Committee Meeting, seconded by Ms. Peel. Motion carried.

The Committee Meeting adjourned at 6:36 p.m.

Respectfully submitted,

Terri K. Hudson, MMC
City Clerk/Recorder