

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 30, 2009

A Meeting of the Public Works Committee of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Tuesday, June 30, 2009.

PRESIDING: Chairman Owen Brooks, Jr.

IN ATTENDANCE: Committee Members-Councilwoman Katrina Wilson, Michael Spillane and Jason Adkins

ALSO: City Manager David Baird, City Engineer Mark Mallamo & City Clerk Terri Hudson
P.E. Randy Duplechain, Davis, Bowen and Friedel, Incorporated (DBF)

Chairman Owen Brooks called the Committee Meeting to order at 8:34 a.m. and turned the meeting over to City Manager David Baird.

Mr. Baird said he asked the committee to convene to discuss some water and sewer projects the city has on the table. Because of the amount of projects, he preferred to discuss this in a committee meeting so the committee members would have a better understanding of the projects.

He will also discuss some of the financing options being considered and then present his recommendations.

Water Projects

Mr. Baird recalled the public referendum in 2008 that authorized \$5 million in borrowing for the water system and \$4.5 million for the sewer system. The \$5 million for the water system was for some computer modeling, system mapping, aerial mapping, survey work, treatment plant, new wells and a storage tower on the southeast side of town.

He spoke about the Southeast Milford Wells and Elevated Storage Tank project which has an estimated cost of \$3,826,510. Mr. Baird recalled the capacity problem a couple of years ago when some wells went down during a period of high demand. Since, a new well was installed and operations have been better coordinated though he expects some demand issues in order to meet consumption needs in addition to providing property fire flow throughout the city.

He recommends we move forward with the project and recalled the DBF engineering proposal that was approved by city council. They are still working with some developers to determine an appropriate site though the general vicinity has been established. It will need to be coordinated with DelDOT and the Wilkins Road/Route 1 Overpass project.

Mr. Baird then informed committee members of a new project. He reported the North Shores Water Main Extension Project has not been approved by city council. The estimated cost is \$350,934. The work will be completed in coordination with the sewer extension to North Shores. An engineering proposal has been prepared though it has not been approved. Though he had a copy of the proposal, he did not provide copies because he did not feel it was appropriate to get into that level of detail at this point.

The city manager then reported on the Washington Street Well Facility Rehabilitation/Replacement project. He explained the front portion of the building (previous police department) is currently used by Downtown Milford and the Chamber of Commerce. The rear continues to be used as a water treatment facility. The building is in extremely poor condition. DBF has reviewed the entire site and has made some recommendations on how to proceed. A structural assessment determined repairs could be made though it would be very costly. The storage building in the rear is being used by the chamber and Milford's Parks and Recreation Department. When weighing the options and considering short and long term benefits, demolishing the facility and building a new structure appears to be a much better value.

He clarified the front office building would remain for use by the chamber and downtown offices. DBF Engineer Randy Duplechain then added the rear portion contains sixty to seventy-year-old piping and is beneath the

slab of the building. Repairs will be extremely difficult because they would have to be done through the crawlspace which has very little room. He further explained that the pumps are in that room, but the disinfection system, chlorine and fluoride system are in a separate room. Therefore, it is not configured properly. He believes it makes more sense to build a smaller treatment facility instead of rehabbing it and trying to keep it on line. This could be done separately when the water facilities are upgraded. Because the south side is in such poor condition and the recommendation is to tear it down, there is no function for the balance of the building. Therefore, the recommendation is to remove the entire building.

Mr. Duplechain said they would take the existing office space and add a pitched roof to make it more appealing. The walls of the storage building are made of two layers of bricks and are extremely unstable. The recommendation is not to use the building at all until something can be done structurally. The cost of rehabilitation versus replacement was analyzed and it has been determined that replacement is the best long term option.

The old piping would be removed completely. He said they are still checking the aerator on the existing facility for water quality; the carbon dioxide content is marginal. Mr. Duplechain feels the aerator was there because boilers were used for the old electric plant. They are still determining whether an aerator will need to be added.

Mr. Baird said he is still considering whether it will be feasible to put a storage facility at this site or build an additional facility for parks and recreation at the public works site.

He said DBF is presently preparing an engineering proposal for this project. The total cost of that project is just below \$2.4 million.

The city manager said the fourth water project is the Elevated Storage Tank Rehabilitation for the Washington Street Water Plant and Tenth Street Water Tower. He recalled the inspection that was done in January of 2008 on all water storage facilities. This is a follow up of those proposals and addresses any new concerns since that time.

Mr. Baird confirmed this will address all capital needs on the storage towers. Once completed, the towers will be put back on a normal maintenance schedule.

He added the Caulk tower is not included because it remains in good condition though some painting will be required over the next couple of years. He anticipates a cost of approximately \$200,000 over time which will be covered by reserves as money is presently being set aside for that purpose.

The city manager noted that this project has not yet been approved by city council. The proposal will be prepared and the engineering component not as detailed because a lot of the inspection work was already completed.

The Aerial Survey and Mapping/Water System Survey and Mapping/Computer Water System Modeling/Preliminary Engineering Services was then discussed. He explained this was also included in the referendum proposal and has been approved by council. Part of the aerial survey and mapping has been completed and the scope has been reduced because it was not needed. He believes there was a savings of approximately \$140,000 on the project which is ongoing and close to completion. Computer modeling was done and presented; the location is being considered as well as the size of the tank.

Mr. Adkins asked if hiring an outside contractor would be feasible to service the tanks versus doing this in house; Mr. Baird recalled the matter being presented and debated by council several years ago. He feels council can decide whether to enter into a contract for a fixed amount knowing those needs will be taken care of for the length of the term which is typically a long term agreement. But it can also be handled in house knowing we have adequate reserves set aside though the work will need to be done on a regular basis.

Mr. Brooks recalled the project being bid a number of years ago when several outside firms bid on the project. Presentations were done by each and the initial costs were very expensive. It was determined that once the tanks were rehabilitated, it did not appear to be worth the long term commitment in comparison to the annual costs.

Mr. Duplechain advised that most of the costs today are the result of the lead on the Washington Street tank and the fact it is in fairly tight area. They attempted to remove the tank and take the tank off line but because of its proximity with downtown and the fact it is difficult to get water into town from the outside tanks, it was more appropriate to keep it. As a result, they have downsized the new tank from one million to 750,000 gallons. He feels it is the best alternative though it will be very costly to get rid of the lead. Once that is done, it will be more routine maintenance.

To keep the Washington Street tower and mitigate the lead, the estimated costs have increased from \$300,000 to between \$900,000 and \$1.2 million.

Mr. Duplechain then informed the committee that these cost estimates are based on the tank inspection reports done a few years ago.

Mr. Baird recalled the \$5 million approved during the referendum last year. With the additional projects, the project costs are now estimated at \$8,168,354. He advised the Finance Committee will be meeting in July to determine how to address the costs.

Water Projects Breakdown (*italicized items have funding in place*):

<i>S.E. Milford Well & Elevated Storage Tank Project</i>	\$3,826,510.00
North Shores Water Main Extension Project	\$350,934.00
Washington Street Well Facility Rehabilitation/Replacement	\$2,391,532.00
Elevated Storage Tank Rehabilitation (With Complete Removal of Washington Street Tank Coating System)	\$1,239,378.00
<i>Aerial Survey & Mapping:</i>	<i>\$360,000.00</i>
<i>Water System Survey & Mapping Est.</i>	
<i>Computer Water System Modeling</i>	
<i>Preliminary Engineering Services</i>	
Total Estimate	\$8,168,354.00

The city manager advised that since the \$5 million borrowing was approved, the funding picture has improved and USDA rates have dropped from 2.75% to 2.625%. At the same time, the debt service associated with borrowing the original \$5 million was \$324,000 a year. The \$8.168 million at 2.625% would increase to \$336,000 a year. Therefore, another \$3.168 million could be borrowed for an additional \$12,000 a year. However, this would require another referendum. If passed, much more work could be done at a reduced interest rate.

Mr. Baird reported that if we do choose not to proceed with Washington Street, North Shores or the tank rehab that does not mean those projects will not happen. The only possible project that could be eliminated is North Shores because it is small in the whole scheme of things though he would be back in the next couple of years requesting the work be done. At that point, the interest rate could be higher and the city may not be able to borrow from USDA. In addition, he and Mr. Duplechain have met with USDA to discuss the funding.

Mr. Baird said if we choose not to go to referendum, we are still borrowing the \$5 million and our debt service will be reduced considerably. He referred to the option to avoid the need for a second referendum and the need for budget cuts or increased revenues which was referenced as a safe option. All of the projects could still be funded though a large part of the reserves would be used. Approximately \$1 million will have been collected at the end of this year from the users and would be taken from water reserves and another \$1 million borrowed from the sewer reserves.

The city manager confirmed the user increase was to fund the debt service for the Southeast Milford well and elevated

storage project and the aerial survey/mapping and modeling project.

He said another option is to set that money aside, borrow the entire amount and use that money to pay the debt service for the first couple of years.

Mr. Baird said there are a number of good options though he prefers the finance committee meet and consider what will be best from a debt and cash management position.

Mr. Brooks feels it may be difficult to convince people to support the referendum because there is some confusion about how long it has taken in addition to the hold that was placed on the bond sales. Mr. Baird agrees it will take a lot of explanation which is why he is proposing this. However, not proceeding right away has saved the city a lot of money because we would have been paying 4.5 or 5% in interest and will now pay 2.625%. Mr. Brooks asked that it be made clear that three additional projects are included that were not part of the first referendum.

Ms. Wilson recalled how hard council worked to get the \$5 million referendum passed while emphasizing the need to upgrade the system. She also understands why the people that supported this need to see the projects started. She feels that if go to referendum, some of the approved projects should be started so our residents understand this is for real.

Mr. Baird said that the surveying and map work has been done though it is not tangible and something people cannot see. Ms. Wilson said that regardless, that information needs to be provided to the public. Mr. Baird agreed that perhaps a public presentation could be provided to explain the city's position.

Mr. Baird reiterated that on the financing side, we have the opportunity to borrow the total of all the projects. The interest rate environment is presently very good and it is his recommendation to move in that direction. However, we do have a fall back position and can proceed with borrowing the money we authorized and still have all projects done.

Sewer Projects

On the sewer side, Mr. Baird presented four sewer projects:

North Front Street Sewer Replacement	\$1,301,872.00
North Shores Sewer Extension	\$1,083,714.00
Inflow & Infiltration Study Phase 1	\$68,800.00
Inflow & Infiltration Study Phase 2	\$152,400.00
Total	\$2,606,786.00

He explained the first is the sewer line replacement on Northeast Front Street. He noted this project was previously approved by council as part of the referendum. A portion of the work would need to be completed in coordination with the Kent County Bypass Project from the pumping station out to Rehoboth Boulevard. The I&I work determined the section of the sewer line running from Truitt Avenue was not as bad as originally thought.

City Engineer Mark Mallamo said the sewer from Walnut Street toward the pumping station was expected to have some major problems but was found to be in good condition. The section running back toward Truitt Avenue on Northwest Front Street was some old clay pipe which was cracked and broken and was showing extreme signs of distress. It has cracks in four quadrants which is very close to failure and needs to be replaced. However, it is a smaller area than originally anticipated.

Mr. Baird advised that approximately \$2.5 million was expected to be spent but the projected costs are now well below

that estimate. An engineering proposal has been prepared which Mr. Baird has but did not want to distribute to prevent getting into a lot of discussion.

The second project is the North Shores sewer main extension project. Mr. Baird said that over the years, we have received regular calls from residents in that subdivision asking if the city has any plans to extend because of failing wells and septic in that area. Because it is along the lake, there is an environmental benefit as well. The total estimated cost is \$1,083,714. An engineering proposal has also been prepared though the project has not yet been approved by council. When asked if this portion is in city limits, Mr. Baird said a portion of North Shores is in though this area is not. He said the plan is to approach all property owners about annexation. He feels this is an area that should be in the city. Mr. Brooks recalled that city water has been extended through Woodshaven and because of the number of failing septic systems in that subdivision, they should be considered as well.

Mr. Duplechain then explained that when the application was submitted, the state agencies were very excited about getting rid of sixty septic systems next to Haven Lake. Those subdivisions close to municipalities that contain septic systems and are in a water shed they are trying to protect by cutting down on the nutrient levels. They want the cities to take them over and this may be an example of what could happen in the future. The cost will be about \$1.3 million but the advantage is to take those 66 homes with septic and water and put them on closed water and sewer systems which is what the state wants.

He said this line will also provide the opportunity to extend service to a property already annexed in this area that plans to be developed in the near future.

When asked if anyone has talked to the state or feds about this project, Mr. Baird said there is an application into DNREC for state revolving funds. It is a 20-year term at 2% interest and the rates are very affordable from this aspect as well.

The city manager said that on the 2% money, we will need to have a project under contract by the end of December because we would be using some stimulus dollars. This would have to be on the fast track from a design standpoint. It would have to be designed, bid and have a contractor under contract by the end of December.

Mr. Duplechain said that if that does not happen by that time, the interest rate will jump to 4.75%. He added this is state money and part of Delaware's allocation and in conjunction with trying to stimulate the economy with the federal money. The interest rate has been reduced though they want the projects started quickly.

Mr. Baird noted the sewer main extension project, per say, has not been approved by city council; however, there was money in the referendum for extension of services to areas not currently served by sewer.

The third project is the I&I study underway which has been approved by council. The total estimated cost is \$221,200. Phase I is currently being coordinated by Mr. Mallamo.

The city engineer advised that Phase I was primarily the video inspection cleaning of the Front Street area which was extended a little beyond Front Street. This is where the failing sewer lead to Truitt Avenue and the other section was found to be in good condition leading up to the pump station. Phase I also included some metering studies. Meters were put in place for several weeks recording flows 24 hours a day looking for anomalies or unexpected flow. This was done in areas where flows should be minimal to zero but large flows were detected. The next step was to search and find the problem. We are in that phase and performing the Weir Study. People are out in the middle of the night entering manholes with a weir device that is put in a pipe that measures the flow that comes through. Recordings of that will provide a more detailed analysis of which branch the flows are coming from. Most of it was completed last week though it is weather dependent and cannot be done on a rainy night.

Mr. Mallamo advised there was a large flow coming down Kings Highway and they are not sure of where it was coming from. However, it may have been the result of the Heritage Health Care facility doing their laundry during the night.

Mr. Brooks recalled years ago when this was being investigated and a possible leak was found in the area of the Mispillion

River. Because it was found beneath the river, it involved a substantial replacement cost for the force main and was never addressed as a result.

Mr. Duplechain stated that with today's technology, directional boring makes it much easier to make those repairs in addition to being much more cost effective. Mr. Brooks asked that former city engineer Hans Medlarz be contacted for that information. Mr. Baird agreed to follow up.

Mr. Baird then presented the final project involving the Kent County/ Milford Bypass. He reminded the committee that Kent County will be building a bypass line to get to the Kent County Wastewater Treatment Plant. Milford is responsible from the Kent County pump station to the northern edge of city limits. It is an indirect cost to the city because the county is financing the entire project which will be paid back by an adjustment in our user fees charged by Kent County. The routing will leave the Kent County pumping station, head east and run down Front Street to the McColley/NKS development and run north between NKS/McColley/Silicato up Tenth Street, around the school and work its way back along the northern side of town. There it will pick up where the line is coming over from Harrington and going into the Kent County treatment plant.

He advised that coordination with the Silicato Project on Tenth Street is needed with the work being done on Northeast Front Street as discussed in the first sewer project. He explained that specifically, the area between the pumping station and Rehoboth Boulevard.

Mr. Baird said that should Mr. Silicato proceed with his project and get everything completed, then the city would come along later and tear it up again to put the sewer line in. One of the things they discussed with Kent County is that Mr. Silicato would install that section of force main during his construction.

The piping would be along the edge of the roadway or right-of-way on the service road built between the McColley and Silicato property and would follow that road. It would run from Front Street up to Tenth Street and continue north along the school's property. Mr. Baird confirmed it would not run through the Tenth Street sewer line but only cross over that street.

Mr. Baird wanted the committee to be aware of the coordination with the Silicato-Wood project and of the discussions they are having. He said Mr. Silicato has agreed to do that and would pay for and install that section of sewer line. The estimated cost has not yet been determined; Mr. Duplechain said they are still working that out with AP Croll who is Mr. Silicato's contractor. They expect it will be between \$200,000 and \$300,000 for that section of line.

Mr. Duplechain further explained the alignment with this bypass is through the roadway where the NKS and Silicato development was planned. There is an easement which would allow construction relatively quick. However, the funding has not been finalized and the USDA is still working through the application process. There has been no final commitment though they are not fiscally able to put that money out at this time. Therefore, Mr. Silicato is willing to pay for the work and sell it back to the county for the costs incurred once the funding is in place.

Mr. Baird said that Mr. Silicato, Kent County, the funding agencies and the city are all on board. Once the project moves forward, Kent County will use the USDA funding to purchase that section of line back from Mr. Silicato. However, Mr. Silicato is asking that a guarantee be given to ensure he will get his money back. Kent County Public Works Director Hans Medlarz is uncomfortable taking that to Levy Court because their project has not been formally approved by the USDA though they have every intention of funding it once the application is complete.

Mr. Baird will ask city council to provide a guarantee that he will be reimbursed. He noted that if the project does not move forward, the city would back it up financially. He hopes the guarantee will be put up but not used because he is confident that project will move forward.

Mr. Duplechain added the USDA has the money and in addition to their regular allocation, they have received stimulus money and are currently searching for projects to fund. He feels the likelihood of it not being funded is zero. He explained that when the pre-application was submitted on behalf of Kent County, the project was accepted and the

application requested. In the meantime, Kent County also wanted to add a sewer relocation in Little Heaven. As of a week ago, Kent County decided not to seek funding through the USDA for the Little Heaven work. Therefore, that project is being removed and the application being put together and finalized for submission this week.

Mr. Baird said that a contingency plan is being planned to prevent the Silicato project from being delayed because their intent is to move forward.

As far as the financing is concerned, Mr. Baird advised the public has previously authorized borrowing up to \$4.5 million. With the Kent County Bypass project removed, the total cost is \$2.6 million.

He said the financing options that were discussed with the Northeast Front Street and North Shores projects are state revolving funds through DNREC at 2% interest for 20 years.

The city manager further advised there may be some additional projects coming forward and part of the \$1.9 million would still be available and could be used. That would be based off the findings of the I&I study though that will not be determined until that study is complete. However, there is a funding source available if the projects are needed.

According to Mr. Baird, the sewer projects will not need the public for any increased borrowing. He then referred to his recommendation that the committee endorse the following projects and authorize the City Manager to continue with the planning and development of the following projects:

1. S.E. Milford Wells, Treatment & Elevated Storage
2. North Shores Water and Sewer Extensions
3. Washington Street Rehabilitation/Replacement
4. Elevated Storage Tank Rehabilitation
5. Aerial Survey and Mapping; Water System Survey and Mapping;
Computer Modeling of Water System; and Preliminary Engineering Services.
6. N.E. Front Street Sewer Replacement
7. I&I Study and Projects
8. Kent Co. Milford Bypass

The city manager also asked the committee recommend to council that DBF engineering proposals be accepted for:

1. N.E. Front Street Sewer Replacement
2. North Shores Water and Sewer
3. Washington Street Rehabilitation/Replacement

Mr. Spillane asked if before the committee made this commitment, should it be determined how these items will be funded. Mr. Baird said that will be determined by the finance committee because there are a number of options available. He recalled that we can borrow the full \$8.1-\$8.2 million on the water projects, we can borrow the full costs minus the million we are going to collect or we can stick with the \$5 million previously approved. Regardless, all of these projects can be funded.

However, the city manager feels it is more important for this committee to say it is worthwhile to move forward. Mr. Spillane asked where the water tank will be placed in the first ward area as he has had many constituents express concerns. Mr. Baird said no final determination has been made though the vicinity of the Vreeland and Hall properties are being considered. The intersection at Route 30/Route 1/Wilkins Road will be avoided because of the DeIDOT project. Mr. Spillane asked if the city will pay for the water tower site because he recalls the minutes stating that certain people agreed that if their land was approved, they would provide the land for the water tower. Mr. Baird said he has not had formal discussions with anyone at this time. However, Gary Bolis of Bolis Properties is interested in a commercial project on the Hall property and has indicated he would be willing to set land aside and incorporate the tower in his design. In the meantime, that design may have to be modified because of the DeIDOT work being planned.

When asked if the Hall property has been annexed, Mr. Baird advised they are not eligible until the comprehensive plan is certified.

Addressing concerns expressed by the committee regarding the commercial projects planned for this area and the adjoining county roads, Mr. Duplechain explained that when this overpass is constructed, the entire area, which includes these roadways will be upgraded.

Mr. Baird also recalled the city is required to do a master plan in accordance with the terms of the annexations east of Route 1. The city planner is working on that document and reviewing the entire area which includes the applicable roadways even though they are state roadways and not city streets.

He is confident these projects will support everything and anything planned and is the reason for the modeling of the water system which shows how it all ties together. Making an investment in all eight projects will put the city in a good position to accommodate these things as we move forward. Though it is tough economic times, Mr. Baird believes it has created an opportunity to obtain funding at a very low interest rate.

Mr. Brooks agrees with all the projects though he is concerned about the Hall and Fannin property both being developed for commercial uses.

Mr. Spillane again expressed his concern about the location of the water tower. He agrees the work is needed but there is a great deal of public concern about its proximity to residential properties. Until he is able to obtain more accurate information on the location of the tower, he cannot commit to this.

Mr. Baird explained the exact location has not been decided though the general vicinity has been determined. He said the city manager is only asking the committee to endorse the projects and suggest that council endorse them so they can be finalized.

The city manager said the recommendation from this committee, in addition to the recommendation of the finance committee will then be presented to city council. From a timing standpoint, the engineering proposals will be added to the July 13th agenda so that action can be taken immediately because of the December 31st deadline. Even though Davis, Bowen and Friedel have been working on the proposals, formal action will need to be taken.

Mr. Duplechain added there is a very short period of time for the Northeast Front Street and North Shores sewer projects because contracts need to be in place.

Ms. Wilson said Mr. Baird has her support to move forward because his opinion is these projects are needed to address the growth of the city and enhance the entire community. She said a lot of work has already been done and money spent. She is particularly concerned about the projects that have been on the table for some time and urged him to address them as soon as possible. In that manner, their constituents will have proof that work has been done and plans are in place to move forward.

Mr. Baird agrees that once the economy is back on line, the city needs to be in a position to accommodate any new requests at that time.

Ms. Wilson added that it appears that North Shores needs to be fixed as well. Mr. Baird added that project will bring in additional customers and new revenues will be added. Mr. Brooks reiterated that Woodshaven needs to be addressed very soon. He is aware of many property owners who have asked for help for many, many years.

Mr. Duplechain added that DNREC no longer allows a subdivision with more than 99 lots to have separate wells and septic. In addition, Kent County is no longer permitting it though Sussex County still allows it.

Mr. Duplechain then informed the committee that because of the size of Milford, it does not qualify for grant money; Mr. Baird added the interest rate on the loans is just as good because normally it is within the 5% range.

When asked for a motion from the committee, Mr. Brooks said that both he and Ms. Wilson endorse the proposal and asked for opinions from the other members.

Mr. Baird then stated for the record, he wished to disclose the fact that he lives in North Shores.

Mr. Adkins says he is 100% in favor of it as it appears that each of these projects will be beneficial to the city in order to move forward and allow the finance committee to review and determine which financing option is best.

Mr. Spillane said he will go ahead and approve it.

Mr. Brooks concluded by saying the Public Works Committee fully endorses the projects.

Mr. Baird said he will forward his recommendation to city council as follows:

Endorse the following projects and authorize the City Manager to continue the planning and development for the following projects:

1. S.E. Milford Wells, Treatment & Elevated Storage
2. North Shores Water and Sewer Extensions
3. Washington Street Rehabilitation/Replacement
4. Elevated Storage Tank Rehabilitation
5. Aerial Survey and Mapping; Water System Survey and Mapping;
Computer Modeling of Water System; and Preliminary Engineering Services.
6. N.E. Front Street Sewer Replacement
7. I&I Study and Projects
8. Kent Co. Milford Bypass

The city manager also asked the committee recommend to council that DBF engineering proposals be accepted for:

1. N.E. Front Street Sewer Replacement
2. North Shores Water and Sewer
3. Washington Street Rehabilitation/Replacement

In the meantime, the city manager will forward the packet to the remaining council members.

Ms. Wilson emphasized that once this is endorsed, it will need to be embraced by all of city council. She feels the finance committee will hash out the options and determine which is the best though they all appear doable.

She also asked that the location of the tower not take away from the need for the projects. She also confirmed that before the tower is placed on a site, it would come back before council at which time council can give their opinion. Mr. Baird agreed.

Mr. Spillane said his concern is that when Hearthstone II was approved, a piece of land was reserved for the tower which the city did not have to purchase. Later, it was to be moved to the other side of the road and now it is in the Route 1 area. His concern is how the plans have been changed over time.

Mr. Baird explained the size of the tower is still questionable. He explained that its size will determine the amount of land needed.

He further explained that if the treatment facility is located at the tower location, that will increase the amount of land needed. The biggest impact is the need for wells and with the source water protection ordinance that was recently adopted, a certain radius is needed around those wellheads. It is in the best interest of the city to own the area because of the land use controls in place which will increase the amount of land needed. He feels at a minimum, a three-acre site is needed

for the wells alone. Previously, a very small site was needed.

Mr. Duplechain confirmed that for one well, approximately three acres of property is needed; if two wells are needed, at least three and a half acres to four acres are needed because of the separation required. Recently, some municipalities have made the radius somewhat smaller from 150 to 100 which is something that may have to be amended in the ordinance. That would allow a two-acre piece of property versus a three-acre site. Where the well and tank facility was initially planned was too small to accommodate them. The Hearthstone area was too small especially considering the new regulations.

Mr. Baird said the finance committee will determine whether the total costs of the projects should be borrowed or another option considered. Mr. Brooks noted the projects already approved and expressed some doubt about the support of another referendum considering the concern from residents about moving forward. Mr. Baird emphasized the opportunity for the city to borrow more money at a very low cost though it will need to be approved by the voters. However, should council or the voters say no, there is a fallback position to get the work done.

With no further business, Councilman Brooks adjourned the Public Works Committee Meeting at 10:03 a.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder

Attachments

City of Milford
Public Works Committee
June 30, 2009

1. Water Projects

- a. S.E. Milford Wells, Treatment & Elevated Storage
 - i. Project approved to proceed over 3 years ago.
 - ii. Total estimated cost: \$3,826,510
 - iii. Funding for the project was approved by the voters in the February 2008 referendum.
 - iv. While some of the immediate needs for this project have declined, it is recommended to move forward with the project to meet future demand and to meet current and future fire flow and water quality needs.
 - v. Final location being analyzed based on modeling, DelDOT interchange improvements at Wilkens Road and available land.
 - vi. Engineering Proposal is completed and has been approved by City Council.

- b. North Shores Water Main Extension Project
 - i. Project has not been approved by City Council.
 - ii. Total estimated cost: \$350,934
 - iii. Work is proposed to be completed in coordination with sewer extension to North Shores.
 - iv. Engineering Proposal is completed, but has not been approved by City Council.

- c. Washington Street Well Facility Rehabilitation/Replacement
 - i. Project has not been approved by City Council
 - ii. Total estimated cost: \$2,391,532
 - iii. DBF completed structural analysis of facility and found numerous problems. Cost of rehabilitation versus replacement was analyzed and it has been determined that replacement is the best long term option.
 - iv. Engineering Proposal is being prepared.

- d. Elevated Storage Tank Rehabilitation
 - i. Project has not been approved by City Council.
 - ii. Total estimated cost: \$1,239,378

- iii. Work completed on Washington Street and 10th Street Water Towers in accordance with MBA inspection report from January 2008.
 - iv. Engineering Proposal will be prepared.
- e. Aerial Survey & Mapping/Water System Survey & Mapping/Computer Water System Modeling/Preliminary Engineering Services.
- i. Project has been approved by City Council
 - ii. Total estimated cost: \$360,000
 - iii. Aerial survey and mapping completed (reduced scope); Water System survey and mapping has been completed; Water modeling has been completed; Preliminary engineering is ongoing.

2. Water Financing (See handouts)

- a. \$5,000,000 in borrowing has been approved by City Council and the Public.
- b. Total Project Cost \$8,168,354
- c. Options

3. Sewer Projects

- a. N.E. Front Street Sewer Replacement
 - i. Project approved by City Council.
 - ii. Total estimated cost: \$1,301,872
 - iii. Work will be completed in coordination with N.E. Front Streetscaping project and Kent Co. Bypass project.
 - iv. Engineering Proposal has been prepared.

- b. North Shores Sewer Main Extension Project
 - i. Project has not been approved by City Council
 - ii. Total estimated cost: \$1,083,714
 - iii. Work is proposed to be completed in coordination with water extension to North Shores.
 - iv. Engineering Proposal has been prepared.

- c. Inflow and Infiltration (I&I) Study
 - i. Project has been approved by City Council
 - ii. Total estimated cost: \$221,200 (Phase I--\$68,800 Phase II--\$152,400)
 - iii. Phase I is underway.

- d. Kent County—Milford Bypass Project
 - i. Project has been approved by City Council
 - ii. Total estimated cost: \$3,894,688 (Funded through Kent Co. bond issue and repaid in Kent Co. rates)
 - iii. Coordination with Silicato Development.
 - iv. Coordination with N.E. Front Street Sewer Project.

4. Sewer Financing (See handout)

- a. \$4,500,000 in borrowing has been approved by City Council and the Public.
- b. Total Sewer Costs (excluding Kent Co.—Milford Bypass) \$2,606,786
- c. Options

5. Recommended Action Items for Committee

- a. Recommend City Council take the following actions:
 - i. Endorse the following projects and authorize the City Manager to continue the planning & development for the following projects:
 - 1. S.E. Milford Wells, Treatment & Elevated Storage
 - 2. North Shores Water and Sewer Extensions
 - 3. Washington Street Rehabilitation/Replacement
 - 4. Elevated Storage Tank Rehabilitation
 - 5. Aerial Survey & Mapping; Water System Survey and Mapping; Computer Modeling of Water System; and Preliminary Engineering Services.
 - 6. N.E. Front Street Sewer Replacement
 - 7. I&I Study and Projects
 - 8. Kent Co. Milford Bypass
 - ii. Approve Engineering Proposals with DBF for:
 - 1. N.E. Front Street Sewer Replacement
 - 2. North Shores Water & Sewer
 - 3. Washington Street Rehabilitation/Replacement

**MILFORD WATER PROJECTS BREAKDOWN
CITY OF MILFORD
June 29, 2009**

PROJECT	Estimated Amount
S.E. Milford Well & Elevated Storage Tank Project	\$3,826,510.00
North Shores Water Main Extension Project	\$350,934.00
Washington Street Well Facility Rehabilitation/Replacement	\$2,391,532.00
Elevated Storage Tank Rehabilitation (With Complete Removal of Washington Street Tank Coating System)	\$1,239,378.00
Aerial Survey & Mapping	\$360,000.00
Water System Survey & Mapping Est.	
Computer Water System Modeling	
Preliminary Engineering Services	
Total Estimate	\$8,168,354.00

The following facts to be considered when weighing each option.

The original debt service was based upon a rate per gallon. The gallons of water usage decreased by approximately 11% therefore the debt service collected has been reduced by 11% from \$324,000 to 288,360.

A Referendum would be required if we borrow over \$5,000,000 for the water project.

The original debt service was calculated on \$5,600,000 at 5%. This was the initial proposal from DBF at the maximum rate allowed to borrow approved at the referendum.

The proposed water projects total cost is estimated by DBF to be \$8,168,354.

Option to borrow the exact amount of debt service funds we collect based upon the FY 2010 budgeted water gallon usage.

A Referendum would be required if we borrow over \$5,000,000 for the water project.

We can borrow \$6,991,000 for 40 years @2.75% and our debt service would be \$288,360, which equals the anticipated debt service funds collected from the sewer users for FY 2010.

We could pay cash from water capital reserves and the current budget for the balance of the project which would be \$1,177,354. (\$8,168,354-6,991,000)

We would need to decrease expenses or increase revenue to cover the debt service shortfall of \$57,360. \$288,360 is needed and \$231,000 is in the current FY2010 budgeted debt service.

Option to avoid the need for a second referendum and the need for budget cuts or increased revenues

Only borrow the \$5,000,000 authorized by the referendum and already contracted with the USDA.

USDA contract may need modified to change the scope of the project but staying within the scope approved by the voters as presented to them.

Use funds budgeted and from capital reserves totaling \$3,168,354.

We will have \$1,084,662 available towards the project which includes FY 2010 budgeted funding.

We could utilize \$1,083,692 from water capital reserves and \$1,000,000 could be used from sewer capital reserves.

This would leave a minimum balance of \$1,500,000 in each of the water and sewer capital reserves.

The debt service would be \$206,237 on \$5,000,000 for 40 years @2.75%

Option to borrow the entire cost of the projects to maximize the use of low interest loans of 2.75%

A Referendum would be required if we borrow over \$5,000,000 for the water project.

The debt service would be \$336,000 if we borrowed the full amount of \$8,168,354 @2.75% for 40 years.

We would need to increase revenues or decrease expenses by \$105,000 to cover the higher debt service. (\$336,000 vs \$231,000)

Funds accumulated in water reserves and budgeted in FY2010 could be used to pay a portion of the debt service. \$1,084,662 would be available to make debt payments and could be allocated over 10 years to pay the \$105,000 per year needed above the \$231,000 currently budgeted. These funds were budgeted in FY08-10 to pay for debt service or the project itself.

**MILFORD SEWER PROJECTS BREAKDOWN
CITY OF MILFORD
June 29, 2009**

PROJECT	Estimated Amount
North Front Street Sewer Replacement	\$1,301,872.00
North Shores Sewer Extension	\$1,083,714.00
Inflow & Infiltration Study Phase 1	\$68,800.00
Inflow & Infiltration Study Phase 2	\$152,400.00
Total	\$2,606,786.00