

*MILFORD CITY COUNCIL*  
MINUTES OF MEETING  
*February 10, 2014*

The Milford City Council held a Public Hearing on Monday, February 10, 2014 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware on the matter of:

City Council has been advised that up to \$3,500,000 is required to finance the construction costs associated with the city's approved water distribution system improvement projects to remove and replace faulty valves throughout the existing water distribution system, create operational and efficiency improvements through the integration of a SCADA system and install supplemental water supply facilities and associated treatment upgrades to replace older, failing equipment; and pay certain administrative and other costs incurred in connection therewith. The City Council of the City of Milford hereby proposes to the electors that the city borrow an amount of money, not to exceed \$3,500,000. The borrowing is expected to be accomplished through an SRF package offered by the Delaware Department of Health and Social Services at an annual interest rate of 1.5% for a period of twenty (20) years.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Bryan Shupe, Garrett Grier III, S. Allen Pikus, Dirk Gleysteen, Owen Brooks, Jr., Douglas Morrow, Sr., James Starling, Sr. and Katrina Wilson

City Manager Richard Carmean, Police Chief Keith Hudson and City Clerk/  
Recorder Terri Hudson

COUNSEL: City Solicitor David Rutt, Esquire

Mayor Rogers called the Public Hearing to order at 7:03 p.m.

City Manager Carmean announced that he invited DBF Engineer Erik Retzlaff to answer any questions the public may have. Mr. Retzlaff will also provide a brief overview of the borrowing, the reason for the borrowing and the impact to our customer fees. Following that, city council and the public can ask questions of Mr. Retzlaff.

Mr. Carmean said that though it is not on the agenda, he recommended Mr. Retzlaff discuss the problems that have arisen at the Tenth Street Water Plant.

Mr. Retzlaff then provided a synopsis noting that the purpose of the hearing is to discuss the potential borrowing of \$3.5 million for water system improvements in Milford.

The project is a threefold project.

The first item is maintenance and repair of faulty isolation valves throughout the system. The city has approximately 2,500 water valves. Unfortunately, we do not know which valves work or are inoperable. When water mains have had breaks, we have had separate service lines that leaked and it could take up to four to six hours to find the correct valves to shut off. In addition, we do not know where all of them are. We need to go around the entire system and determine those that work and what they shut off. When a valve is in a fixed position for sometime, it doesn't always move easily. It needs to be broken free and if it breaks during the process, it will need to be replaced.

Mr. Retzlaff described the project as a large undertaking that, based on the costs and available funding, could take more than twenty years to complete. If we chose to handle it in that manner, it would take twenty years to get to all the valves that required maintenance. By the time the project is completed, we would need to start over again.

The proposed option would allow us to address all the valves at one time and then develop a routine maintenance schedule where work orders could be generated. In that manner, we would make sure the valves are properly working through a weekly or monthly schedule.

The second component of the project involves additional production and improvements to the treatment facilities. Presently, the Washington Street facility is completely down and is being reconstructed. Two of the other facilities were built around 1987 and are in need of improvements. The newest is at the Kenton facility.

Mr. Retzlaff explained that one of the plants built in 1987 is under producing. There are four wells and one is being recommended for abandonment because it is in a shallow and confined aquifer. With that well out of service, there is not much water coming to that facility. The city has already paid a significant amount of money to construct the facility and we need to find a way to continue to utilize it rather than replace it. We are already in the process of searching for additional water to feed the plant. Once we are able to find the additional water, treatment upgrades will be needed.

Some minor repairs are also needed to the facility on Tenth Street that is approximately 27 years old.

Mr. Retzlaff then informed council of a problem that occurred on this date at the largest producing facility on Tenth Street. He emphasized that a portion of the money being borrowed would be used to upgrade some of the older facilities and in this case, the largest facility in use.

The aerator contains stacked trays with wooden slats. The water comes down and falls through the various slats and trickles down into droplets. Air is used to prevent a free-fall. Today, air was coming out of the fan that sits at the bottom. When the aerator was opened, it was discovered that all the slats had collapsed and were at the bottom of the structure. Right now, the structure is being temporarily bypassed with permission of the Office of Drinking Water. Another way to relocate the chemical injection points must be found or the wooden slats will need to be replaced.

Mr. Retzlaff advised this was part of the routine maintenance that would be addressed in the project. Unfortunately, that time table had to be moved up.

He assured council that would be resolved though it will take some time.

The third component of the project is to integrate the SCADA system which would allow the various components to be monitored. Water flow, reservoir levels, pipe pressure and other factors can be tracked for any potential problems. The facility producing the least expensive water can also be determined which would allow more focus being placed on that particular facility.

He feels we will also need some redundancies throughout the system. Right now, with one facility down and the largest in a bypass mode, we are susceptible to not being able to meet our demand. The scope of the project was to make those upgrades necessary to put us in a good, safe position to do maintenance and accomplish the other goals.

Mr. Retzlaff emphasized the interest rate offered is 1.5% and that rates have significantly increased since we received the offer from the state. He said we could end up needing more than the \$3.5 million though it is a good start. This will involve an increase to the water users of approximately \$13.50 to \$14.68 per year. The average residential customer will see an increase of \$1.18 per month.

He said the loan will be paid solely by Milford's water customers.

On the other hand, Mr. Retzlaff explained that if something were to break in an emergency situation, it would cost a great deal more to repair. He believes it is better to do this now on our own terms.

Ms. Wilson confirmed this has been planned and asked how long the project has been on the table; Mr. Retzlaff advised the first application was submitted in March of 2013. A binding commitment letter was presented to the Public Works Committee in August.

She referenced the problem at the Tenth Street facility and asked if that was a part of the original scope of work; Mr. Retzlaff stated yes part of the original scope of the project was to make upgrades to some of the facilities. The problem that occurred today simply increased the time table needed for the upgrades.

Ms. Wilson asked if the city manager and finance director have both agreed to what is being presented and if everything is in order.

The city manager reported that the city was offered a low interest rate thanks to the work of DWSRF Administrator Heather Warren. The city manager began to review the work that was needed and then prioritized the projects. During the budget process, the public works director, finance director and he considered handling this in a different way if we did not have to borrow the money. They also considered our employees doing the work. He said a major portion of this money will be spent on valve replacements and related work. As Mr. Retzlaff pointed out, Mr. Carmean said our in-house crews would take twenty years to look at all the valves and make the repairs.

Mr. Carmean said that after a lot of discussion, they decided that hiring a contractor to come in to do the work would be more appropriate. He referenced the number of valves beneath Route 113. Twisting the valves and finding they do not work could be done. But if a valve were to break during the process, the road would need to be cut immediately to access the valve. This would also require our public works department to keep different sized valves on hand for replacements. The road paving would then need to be completed in a short amount of time. Our personnel would not be able to handle those type repairs.

As a result, the three of us decided this would be the best approach to take.

If the citizens prefer handling this another way, they will have to consider other options. However, the city manager feels this is the only quick way to address the problem.

The city manager agrees with Mr. Retzlaff that some of the money would go toward our treatment facilities for upgrades and repairs. Temporary fixes can be done that will not impact the quality or quantity of the water should another problem occur as did the one at Tenth Street today.

After Mr. Carmean explained the situation, Ms. Wilson said it sounds to her like we are fortunate to still have the offer on the table. However, she wants assurance we can accomplish what is necessary to do and that Finance Director Jeff Portmann is comfortable with what is being proposed including the loan and paybacks as well as the city manager's approval.

Mr. Carmean stated yes and explained this is a customer free-driven debt. A standard water customer based on national averages would see an increase of \$1.18 a month.

Mr. Retzlaff explained it is broken down based on the average of Milford's residential billings. Mr. Carmean emphasized that his bill is not average because he uses more water than an average customer. He may see an increase of \$25 a year.

Mr. Retzlaff pointed out that the scope of work included in this project is work the city will have to do over the next three to five years. The treatment facilities are going to need to be upgraded and rehabbed. Presently, they are struggling to find ways to isolate the different systems. It was difficult to determine which valves had to be shut off to complete the Southeast Front Street project. Some go six blocks out though that would be fixed once the project is complete. What was uncovered today on Tenth Street was on a five-year time table though that now needs to be accelerated.

Mr. Retzlaff referred to various pictures (attached) of the Tenth Street facility aerator and associated equipment. He explained the water comes down from the top, then down through a series of wooden slats and out the bottom. Also noted was the blower that pushes the air back up against the water and strips the contaminants out.

He explained that this is not a required treatment to stay in compliance; instead, it is more aesthetic and an odor and taste related treatment. Because it can be blended, the facility does not have to be shut off should it need to be bypassed.

He referenced the blower and where water was coming in about two inches deep. Also noted was the discharge pipe which is beneath the tower.

Bolts were removed from the access panel. The wooden slats collapsed and were sitting in the bottom. Pressure built up due to the water coming in that was unable to get out and was eventually released through other openings.

Mr. Retzlaff said there is a substantial amount of missing wood that ended up in the reservoir.

A photo depicting the area of the chemical injection and discharge from the aerator was also shown. The chemical point will need to be relocated or another means found for a partial bypass to ensure the water does not back up.

Mr. Retzlaff reiterated that upgrades at this facility were included in the original scope of the project.

Mr. Pikus said that Mr. Retzlaff alluded to the Southeast Front Street project. He asked if funds were built into that project to replace any impacted valves. Mr. Retzlaff confirmed that some valves will be replaced as part of that project which is included in the funding.

He emphasized how difficult it is to estimate the cost of the balance of the valve repair/replacement because of the unknowns.

Mr. Pikus asked if this is the last time the city will see the interest rate at 1.5%. Mr. Retzlaff said the rates are based on national interest rates. They were at zero at one point. Unless there is another financial crisis, he predicts we will not see this low rate again. He added that the current rates are close to 4%.

Mr. Pikus feels that borrowing the money at 1.5% is a no brainer.

Mr. Gleysteen said that once this work is completed, a preventive maintenance program needs to be in place. He asked if we are stacked to do that; Mr. Carmean said no adding that we will need to hire another water department employee. He said we can get a valve exerciser to use on the valves.

The city manager said we can always use another employee. He said there are storm drains that need to be cleaned regularly and a lot of maintenance done routinely. We don't have the personnel to handle it at this time.

Mr. Carmean advised that Mr. Portmann is a great numbers man but felt we should try the ten or twenty-year program. He believes that everything Mr. Portmann says about money but is unsure if the finance director understands the full scope of what could happen out in the streets when turning the valves and breaking them off. He, along with Mr. Portmann and Mr. Dennehy discussed the matter and Mr. Portmann finally said it should be taken to referendum and the money borrowed.

The city manager said that Mr. Portmann did not realize what could happen if one of the valves was snapped off.

Mr. Gleysteen asked if the valve exerciser can be used on fire hydrants or if that requires a different piece of equipment; Mr. Carmean is unsure but does not believe it is the same. He pointed out that we have always had good maintenance on our fire hydrants. We have a longtime fireman who is second in command at our water department. He is a big proponent of keeping the hydrants turned and operating though there are a few that need turning.

Mr. Retzlaff described the valve exerciser as a motor that spins the valve open and closed. It has gates that come down and clear the path which allows it to seep properly against the pipe. There are isolated ones throughout the system and a main valve that feeds the hydrant. A different device called a hydrant diffuser is used so that when you open the hydrant up, water can be more easily directed versus washing out everything around it.

The valve exerciser works the valves up and down while the packing in the top is kept lubricated so it will work when needed.

Mr. Retzlaff reported that a 10-inch valve requires 38 full rotations with a wrench to open.

Mr. Brooks agrees noting that it sounds like routine maintenance would pay for itself. Mr. Carmean feels adding another person to exclusively handle valve exercising would pay dividends.

Mr. Carmean said he even considered hiring another three-person crew before agreeing to spend the \$3.5 million. However, that would involve cutting the streets and digging a hole. The problem is if one of the valves goes down, there will be a number of people without water for a very long time. We would then have to hire someone to do the concrete work, street work and paving work. He does not believe this could be accomplished in house.

Mr. Brooks added that one of the big problems is that no bypasses have been established. If they were in place, this project would be much simpler.

Mr. Carmean recalled someone with a leak or a main leak requires four, five or six blocks shut down in order to fix the leak. The city manager asked council to decide whether or not to proceed. He noted that the city has had very good luck with referendums for borrowing. We will try and work with the city solicitor or whichever attorney handling this to make sure we are given some flexibility in case something happens. He recalled the money that was allocated for the billing office in the last referendum. Because we came across a better deal, we were able to use that money for other improvements.

He will ask that this be written in the same manner; that will allow the city the flexibility to do something similar should it need to be changed.

Mayor Rogers asked if there are any more council comments or questions.

Mr. Brooks recalled a Public Works Committee Meeting that was held in August when this was discussed.

Mayor Rogers then opened the floor to the public.

Joe Palermo of 5 Misty Vale Court, Meadows at Shawnee, stated that approximately eight months ago, a statement was made that he wants to bring to everyone's attention. The city manager indicated we had 1,800 or 1,900 fire hydrants and 60% were inoperative. Because of that, he feels this is a step in the right direction. Like the rest of the country, our infrastructure is deteriorating to a point where it is a matter of safety and health and wellness and this should be done as quickly as possible.

Mr. Carmean said that is a good point and referenced the new well at Seabury Avenue, the new tower south of town with the well and treatment, the water plant reservoir and new well for this tower. He pointed out some really grand improvements have been made to our water system as well as improvements to our sewer collection system. There will be treated water and water in the tower that we are unable to get to the customers. He emphasized this will strengthen the whole backbone of our system.

Bob Connelly of 107 Barksdale Court, Hearthstone Manor, stated that two points bother him. First, we are going to bond and every water user in the city is going to pay the costs of this. He said if he is right, he questions all the impact fees that have been forgiven all these years and whether there would be sufficient money in the treasury to pay this without going to bond.

Mr. Connelly then pointed out that later this evening, council is going to discuss extending and forgiving additional impact fees. His understanding is the purpose of impact fees is to protect the users from spreading the cost to every taxpayer versus those who are creating a need for the new systems.

Mr. Carmean said the actual forgiveness of impact fees has not been a long, long program. Mr. Connelly asked if has been at least three or four years; Mr. Carmean said yes, three or four years. He said a lot of the impact fees that were forgiven were residential. Tonight he wants to discuss just commercial and job creation. If we had not had the residential impact fee program, we would have had another \$500,000 to \$600,000 that could be used. He said we like to keep \$1 million in that reserve account which we have.

He continued by explaining that if we had not forgiven impact fees, we would have more money but we would still have to borrow money to do the program in one fell swoop.

Mr. Connelly stated that what we were afraid of then was that this would be passed onto the consumer rather than paid by the developers. He pointed out that what was said then has come true and now we are going to extend the period for impact fees again. He concluded by stating he does not understand.

Mayor Rogers then asked for additional comments or questions. No one responded. The mayor closed the public hearing at this time.

*Adoption of Resolution 2014-04 Authorizing Borrowing*

Mr. Pikus moved to adopt Resolution 2014-4, seconded by Mr. Gleysteen:

RESOLUTION GIVING FINAL AUTHORIZATION FOR THE BORROWING OF FUNDS THROUGH THE ISSUANCE OF UP TO \$3,500,000 MAXIMUM PRINCIPAL AMOUNT OF A GENERAL OBLIGATION BOND TO FINANCE COSTS ASSOCIATED WITH IMPROVEMENTS TO THE WATER DISTRIBUTION SYSTEM OF THE CITY OF MILFORD.

WHEREAS, the City of Milford, Delaware (the "City") pursuant to Article 8 of 72 Del. Laws Ch. 148, as amended (the "Charter") proposes to borrow an amount not exceeding the maximum principal amount of \$3,500,000 in order to: (i) finance the construction costs associated with the City's approved water distribution system improvement projects to remove and replace faulty valves throughout the existing water distribution system, create operational and efficiency improvements through the integration of a SCADA system and install supplemental water supply facilities and associated treatment upgrades to replace older, failing equipment; and (ii) pay certain administrative and other costs incurred in connection therewith (collectively, the "Project");

WHEREAS, the City has applied for a loan through the Delaware Department of Health and Social Services (the "Department") in order to provide funds to pay for the Project;

WHEREAS, the Department, in conjunction with the Delaware Department of Natural Resources and Environmental Control, has issued a commitment letter dated September 17, 2013, to lend the City, from the Delaware Drinking Water State Revolving Fund, up to \$3,500,000 in the aggregate principal amount for the Project at an annual interest rate of 1.5% for a period of twenty (20) years;

WHEREAS, pursuant to a Resolution adopted on January 27, 2014, the City gave notice of its intention to borrow up to \$3,500,000, with the aforementioned terms, through the issuance of a general obligation bond (the "Bond") of the City for the Project and established a public hearing on the matter for February 10, 2014; and

WHEREAS, having conducted the public hearing, after notice, in accordance with Article 8 of the Charter, the Council of the City (the "City Council") hereby determines to give its final authorization to proceed with the borrowing.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Milford, Delaware, as follows:

Pursuant to Article 8 of the Charter and after a public hearing conducted on February 10, 2014, after notice, all in accordance with the requirements of the Charter, the City Council hereby gives its final authorization and resolves to proceed with borrowing from the Department an amount of money not to exceed \$3,500,000, at an annual interest rate of 1.5% for a period of twenty (20) years, to fund the Project. The City will secure the borrowing through the issuance of a general obligation bond of the City and the full faith and credit of the City will be pledged to pay the principal of and interest on the Bond. The City Council shall provide in its budget and in fixing of the rate of tax, or otherwise, for the payment of principal of and interest on the Bond.

s/Mayor Joseph R. Rogers

Motion carried by unanimous roll call vote.

*Adoption of Resolution 2014-05 Scheduling Special Election*

Ms. Wilson moved to adopt Resolution 2013-05, seconded by Mr. Starling:

RESOLUTION PROPOSING THE ISSUANCE BY THE CITY OF MILFORD, DELAWARE, OF UP TO \$3,500,000 MAXIMUM PRINCIPAL AMOUNT OF A GENERAL OBLIGATION BOND TO FINANCE COSTS ASSOCIATED WITH IMPROVEMENTS TO THE WATER DISTRIBUTION SYSTEM OF THE CITY OF MILFORD AND ORDERING A SPECIAL ELECTION IN CONNECTION THEREWITH.

WHEREAS, the City of Milford, Delaware (the "City") pursuant to Article 8 of 72 Del. Laws Ch. 148, as amended (the "Charter") proposes to borrow an amount not exceeding the maximum principal amount of \$3,500,000 in order to: (i) finance the construction costs associated with the City's approved water distribution system improvement projects to remove and replace faulty valves throughout the existing water distribution system, create operational and efficiency improvements through the integration of a SCADA system and install supplemental water supply facilities and associated treatment upgrades to replace older, failing equipment; and (ii) pay certain administrative and other costs incurred in connection therewith (collectively, the "Project");

WHEREAS, the City has applied for a loan (the "Loan") through the Delaware Department of Health and Social Services (the "Department") in order to provide funds to pay for the Project;

WHEREAS, the Department, in conjunction with the Delaware Department of Natural Resources and Environmental Control, has issued a commitment letter, dated September 17, 2013, to lend the City, from the Delaware Drinking Water State Revolving Fund, up to \$3,500,000 in the aggregate principal amount for the Project at an annual interest rate of 1.5% for a period of twenty (20) years;

WHEREAS, pursuant to a Resolution adopted on January 27, 2014 (the "Initial Resolution"), the City gave notice of its intention to borrow up to \$3,500,000 through the issuance of a general obligation bond (the "Bond") of the City for the Project and established a public hearing on the matter for February 10, 2014; and

WHEREAS, having conducted the public hearing, after notice, and having adopted a resolution authorizing the Loan, all in accordance with Article 8 of the Charter, the Council of the City (the "City Council") hereby determines to proceed with the proposed borrowing and hereby orders a Special Election to be held not less than thirty (30) nor more than sixty (60) days after the aforementioned public hearing, for the purpose of voting for or against the proposed borrowing, all in accordance with the Charter.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Milford, Delaware, as follows:

1. Pursuant to the Initial Resolution and after a public hearing conducted on February 10, 2014, after notice, and following adoption of a resolution authorizing the Loan, all in accordance with the requirements of the Charter, the City Council hereby resolves to proceed with borrowing an amount of money, not to exceed \$3,500,000 to fund the Project.
2. Pursuant to Article 8 of the Charter:

Amount of Borrowing: Total principal amount not to exceed \$3,500,000.

Rate of Interest: The interest rate for the Loan shall be 1.5%.

Manner of Securing the Same: The City will borrow the funds through the issuance of a general obligation bond of the City to finance the Project and the full faith and credit of the City will be pledged to pay the principal of and interest on the Bond.

Manner of Paying or Funding: The City Council shall provide in its budget and in fixing of the rate of tax, or otherwise, for the payment of principal of and interest on the Bond.

Purpose for Borrowing: The City Council hereby finds that the Project constitutes the following, which is a permitted purpose for which money may be borrowed under Article 8 of the Charter:

Finance the construction costs associated with the City's approved water distribution system improvement projects to remove and replace faulty valves throughout the existing water distribution system, create operational and efficiency improvements through the integration of a SCADA system and install supplemental water supply facilities and associated treatment upgrades to replace older, failing equipment. Such costs, including the costs of issuance of the Bond, are estimated not to exceed \$3,500,000.

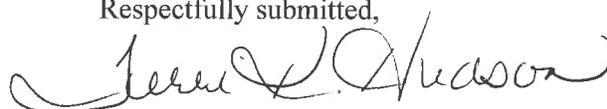
3. The City Council hereby orders that a Special Election be held on March 29, 2014 (the "Special Election") for the purpose of voting for or against the proposed borrowing. The Special Election shall be conducted at the Milford City Hall, 201 South Walnut Street, Milford, Delaware, 19963, and the polls shall open at 12:00 p.m. (noon) and shall close at 8:00 p.m. Such Special Election shall be held not less than thirty (30) nor more than sixty (60) days after the aforementioned public hearing and adoption of the resolution authorizing the Loan.
4. At such Special Election, every person who would be entitled to vote at an annual election if held on that day shall be entitled to one vote.
5. The City Council hereby directs that notice of such Special Election be posted and published as required by the Charter, Article 8.04 by:
  - (i) Posting notices thereof in five (5) public places in the City at least two weeks prior to the day fixed for the holding of the Special Election; and
  - (ii) Publishing a copy of such notice once each week during those two (2) weeks immediately preceding that week during which the day fixed for the holding of the Special Election shall fall in a newspaper generally circulated in the City.
6. Pursuant to Article 8 of the Charter, the Special Election shall be conducted by an Election Board (the "Board of Election") whose members shall be appointed or selected in the same manner and they shall have the same qualifications as provided in the case of annual elections of the City.
7. The Board of Election shall count the votes for and against the proposed borrowing and shall announce the result thereof. The Board of Election shall make a certificate under their hands of the number of votes cast for and against the proposed borrowing, and shall deliver the same, in duplicate, to the City Council, one copy of the certificate shall be entered in the minutes of the next meeting of the City Council, and the other copy shall be filed with the papers of the City Council.
8. Pursuant to Article 8 of the Charter, the City Council shall hereby cause the notices of the Special Election to be published and/or posted as provided herein and by the Charter and to take such other actions as are necessary or appropriate and in the best interest of the City to effectuate the resolutions adopted above and the requirements of the Charter.

s/Mayor Joseph R. Rogers

Motion carried by unanimous roll call vote.

With no further business, Mayor Rogers adjourned the Public hearing at 7:39 p.m.

Respectfully submitted,



Terri K. Hudson, MMC  
City Clerk/Recorder



Aerator Shell



Blower



Access Panel Removed



Slats Falling Apart



Removing Slats Bottom of Aerator



Chemical Injection

MILFORD CITY COUNCIL  
MINUTES OF MEETING  
February 10, 2014

The Monthly Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, February 10, 2014.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Bryan Shupe, Garrett Grier III, S. Allen Pikus, Dirk Gleysteen, Owen Brooks, Jr., Douglas Morrow, Sr. and James Starling, Sr. & Katrina Wilson  
City Manager Richard Carmean, Police Chief Keith Hudson and City Clerk/  
Recorder Terri Hudson

COUNSEL: City Solicitor David Rutt, Esquire

#### CALL TO ORDER

Mayor Rogers called the Monthly Meeting to order at 7:39 p.m.

#### INVOCATION & PLEDGE

The Pledge of Allegiance followed the invocation given by Councilman Starling.

#### APPROVAL OF MINUTES

Motion made by Mr. Pikus, seconded by Mr. Brooks to approve the minutes of the January 13 and January 27, 2014 Council Meetings as submitted. Motion carried.

#### RECOGNITION

No special guests in attendance.

#### MONTHLY POLICE REPORT

Police Committee Chairman Morrow presented the police report on behalf of Chief Hudson. Mr. Pikus moved to accept the police report, seconded by Ms. Wilson. Motion carried.

#### CITY MANAGER REPORT

Mr. Carmean read into record the following report:

##### *Administration*

*The designed changes for our billing office project in the PNC building have been submitted to the Fire Marshal's office for approval. I will move this design along to the bidding stage and then bring those bids before Council.*

##### *Streets & Solid Waste*

*The process of discontinuing our commercial trash service is moving ahead. This will only apply to customers who require a dumpster. We will continue to offer commercial pickup to those who desire two 90-gallon cans and will provide the same number of recycling containers. As you recall, this has become necessary due to the State's mandate that commercial recycling must be provided to customers. It was determined that we could not offer that service within our fee structure.*

*The cost of dumpster pickups is prohibitive. Unfortunately, it has been determined our residential customers are supporting the commercial side of the business. The cost of commercial trash would need to be increased substantially to pay for itself and the reason we are discontinuing that service.*

*I want to mention the excellent job our employees did during our recent winter storms. The Street Department is responsible for clearing snow from the streets, but there is a great deal of time and effort spent removing snow from our own facilities. Parking lots and sidewalks controlled by the City also have to be cleaned. The crews apply salt and sand to intersections and walkways. I want to recognize all the employees that help get this done. Our solid waste crews help with streets and try to keep our trash collection on schedule.*

*After several weather related delays, Southeast Front Street has started to move ahead with all the planned repairs to sidewalks, infrastructure and street surface.*

*Irv Ambrose has been requesting this road and sidewalk project be done for a number of years. He confirmed today that the crews officially started work as they were in the area of his home in the 200 block.*

*I know it is not necessary to point out the widespread problem of potholes in our streets. The crews are addressing this as quickly and completely as possible. The hot-mix asphalt plants are not open this time of year so we use cold patch for the repairs. As soon as warm weather arrives, our crews will be making the permanent repairs.*

#### *Sewer & Water*

*The freezing temperatures have caused our water department some challenges. While we have experienced some freezing of our lines, it is the customers who have had the most use of our water employees. They were busy on several days assisting customers by disconnecting water to residences and businesses which had pipes burst within their homes and buildings.*

*I continue to work with DBF to move the planned southern water tower toward construction. We are close to finalizing the acquisition of the property for the tower. The easements were already obtained. The sewer extension from Wilkins Road to our southern limits is also being planned and designed.*

*Milford Housing is preparing to develop and will be paying a portion of the sewer and water extension costs with the Wickersham development.*

#### COMMITTEE & WARD REPORTS

##### *Annexation Committee Report/Anna M. Legates & JoAnn L. Currey*

Annexation Committee Chairwoman Wilson reported the committee met February 6<sup>th</sup> to discuss the request. She advised that Planner Debbie Pfeil, representing the City of Milford, provided the committee with a very thorough review. The property owners were also in attendance.

Chair Wilson then gave a brief synopsis of the review noting the Annexation Committee is recommending proceeding with the annexation.

The following report was then presented to council:

*TO: Mayor Ronnie Rogers & City of Milford Council Members*

*FROM: Annexation Committee*

*DATE: 02/06/14*

REF: *Annexation Committee Report*

*A public meeting was held in Council Chambers on February 6, 2014 to consider the annexation request for lands described as:*

*Property Owner: Anna M. Legates and JoAnn L. Currey  
Location: East of Delaware Route 1 between County Road 408A (east) & Carpenter Pit Road (north)  
Size: 6.481 +/- Acres  
Existing Zoning: AR-1: Agricultural Residential  
Proposed Zoning: C-3  
Tax Map and Parcel Number: MD-00-174.00-02-27.00*

#### *APPLICANT*

*A petition by the property owners was submitted on December 16, 2013 to annex 6.481 +/- acres into the corporate limits of the City of Milford.*

#### *LOCATION*

*The property is identified as Kent County tax parcels MD-00-174.00-02-27.00 and would be located in the Third Ward of the City of Milford.*

#### *STREETS*

*The property fronts both County Road 408A to the east and Carpenter Pit Road to the north, both of which are maintained by the State of Delaware. Access approval will be required from DelDOT. The parcel is currently vacant.*

#### *DRAINAGE*

*Storm water management on the parcel will be controlled by the Kent County Soil Conservation District at the developer's expense.*

#### *ZONING*

*The area proposed to be annexed is currently zoned AR in Kent County under the Kent County Zoning Ordinance. The applicant requests the property to be zoned C-3 Highway Commercial under the City of Milford's Zoning Ordinance. Proposed development is unknown, currently a vacant lot.*

#### *SEWER*

*The area proposed to be annexed would be connected to the City of Milford's sewer system and then be treated at the Kent County Regional Sewer Authority. All costs for utility extensions to this property shall be completed at the expense of the developer and upon completion, the utility lines transferred to the City for incorporation into the City's wastewater system. Wastewater capacity cannot be guaranteed until a final site plan has been approved by the Milford Planning Commission, or a subdivision application has been approved by the Milford City Council, building permits issued, and the scheduled impact fees are remitted to the City.*

#### *WATER*

*The area proposed to be annexed would be connected to the City of Milford's water system. All costs for utility extensions to this property shall be completed at the expense of the developer and upon completion, the utility lines transferred to the City for incorporation into the City's water system. Water capacity cannot be guaranteed until a final site plan/subdivision has been approved by the Planning Commission/City Council, building permits issued, and the scheduled impact fees are remitted to the City.*

#### *ELECTRIC*

*The Electric Department has 3 phase electric currently serving Lighthouse Estates and running down Carpenters Pit Road.*

#### *TRAFFIC*

*The Department of Transportation will most likely require a traffic impact study based on commercial trip generations and further require entrance permits for the project. The developer will pay the related costs.*

#### *ENVIRONMENTAL ISSUES*

*The U.S. Army Corp of Engineers will control provisions under Section 404 of wetlands on the parcel. The applicant has not determined if wetlands are on the property at this time, however according to Map Figure 3 titled "Natural Features" in the 2008 Comprehensive Plan there are not wetlands shown on this site. This parcel is located in a poor recharge area. The developer will have to comply with the Excellent Recharge Area Ordinance of the City of Milford and conform to the provisions of this ordinance. According to Map 3A Natural Features, of the 2008 City of Milford Comprehensive Plan, this property is not located in a Well Head Protection Area.*

#### *AREA LAND USES*

*The area proposed to be annexed is located east of Delaware Route 1, between County Road 408A (east) and Carpenter Pit Road (north). Lands to the north are located in the City of Milford, developed as Lighthouse Estates subdivision, and zoned R-3. Lands to the west and east are out of the City's limits with scattered single family home sites/vacant on parcels of land and are zoned AC under the Kent County Zoning Ordinance. Parcel 5-00-174.00-02-27.01 is directly west of this property and this annexation would create an enclave to the City limits.*

#### *FIRE AND POLICE*

*The Carlisle Fire Company, Inc. currently provides and would continue to provide fire protection. Police protection is primarily provided by the Delaware State Police with assistance from the Milford Police Department. Upon annexation, primary police service would be provided by the City of Milford Police Department. The Carlisle Fire Company would provide ambulance service. The State Fire Marshal's Office would regulate construction issues relating to fire protection.*

#### *COMPREHENSIVE LAND USE PLAN*

*The City of Milford's Comprehensive Plan identifies this property within the City Urban Growth Boundary on Map Figure 10 titled "Future Land Use". It is further identified in the Neighborhood-North as shown on Map Figure 14A titled "Neighborhood Map-North". The property is recommended in the Comprehensive Plan as Highway Commercial or C-3.*

#### *STRATEGIES FOR STATE POLICIES AND SPENDING*

*This property is located in State Strategies Level 3; however, the property located to the north is in Level 1 according to the 2010 plan. Investment Level 3 is described as: Investment Level 3 Areas generally fall into two categories.*

- 1. The first category covers lands that are in the long-term growth plans of counties or municipalities where development is not necessary to accommodate expected population growth during this five-year planning period (or longer). In these instances, development in Investment Level 3 may be least appropriate for new growth and development in the near term.*
- 2. The second category includes lands that are adjacent to or intermingled with fast-growing areas within counties or municipalities that are otherwise categorized as Investment Levels 1 or 2. These lands are most often impacted by environmentally sensitive features, agricultural-preservation issues, or other infrastructure issues. In these instances, development and growth may be appropriate in the near term, but the resources on the site and in the surrounding area should be carefully considered and accommodated by state Agencies and local governments with land-use authority.*

#### *PROPERTY TAXES AND OTHER ECONOMIC CONSIDERATIONS*

*According to Christine Crouch, Deputy City Clerk for the City of Milford, there are no farmland assessments or preservation districts on the parcels under consideration. The site, as surveyed is 6.481 acres, at the requested C-3 zoning district, with no subdivision approval would have an assessment estimate of \$244,804 and an annual tax liability of \$1,126. It is anticipated that the property taxes, after development, will increase on this property and the City would benefit from the revenues received from building permits and real estate transfer taxes. Construction costs as well as user service fees cannot be determined at this time, as the applicant has not proposed a project to assess.*

#### *ADVANTAGES TO THE CITY*

- 1. The property would be within the planning area of the City of Milford.*

2. *The City would receive revenues (property tax, real estate transfer tax, building permits, etc.) for activity on the property.*
3. *Potential for additional water, sewer, and electric customers.*
4. *Identified within the Urban Growth Boundary Area of the 2008 Comprehensive Plan.*
5. *Consistent with the Future Land Figure of the 2008 Comprehensive Plan*
6. *Increases the amount of development opportunities within the City limits, which have the potential to spur other economic benefits to the City.*

#### *DISADVANTAGES TO THE CITY*

*N/A*

#### *RECOMMENDATION*

*Based on the issues and comments discussed in this report, the Annexation Committee of the City of Milford recommends APPROVAL of the application, following a 4-0 vote, with the following comments:*

1. *Annexation is consistent with the "Comprehensive Land Use Plan".*
2. *Property is contiguous to existing City Limits.*
3. *Any changes to the property are subject to review by the City of Milford Planning Commission and/or City Council.*
4. *Property will be served by City Electric, Sewer, and Water at the expense of the developer. At present, these utilities are not available to the site.*
5. *An executed Annexation Agreement is required prior to final City Council approval.*
6. *The Municipal Annexation Plan of Services to be submitted to the Office of State Planning as soon as possible.*

*The property should be annexed with the following zoning classification: C-3*

*s/Council Representative/Committee Chairman Katrina Wilson  
s/Council Representative Douglas Morrow  
s/Council Representative S. Allen Pikus  
s/Planning Commission Chairman Jamie Burk*

#### COMMUNICATIONS & CORRESPONDENCE

Ms. Wilson announced that February is Black History Month adding she is pleased to be an African American and is very proud of the achievements of her forefathers who paved the way for her to be able to serve her community in this capacity, along with Mr. Starling.

#### UNFINISHED BUSINESS

*Milford Community Parade Committee/President Charles Gray/Traffic Control Expenses*

Milford Community Parade President Charles Gray said he is requesting two items this evening.

He confirmed the date of the 2014 parade to be Wednesday, October 15, 2014. He recalled several years ago council granting approvals for any future parades to be held on the third Wednesday in October.

Mr. Gray then discussed financial assistance. He explained that in 2012, the Washington Street bridge was under construction. DelDOT approached the police department and parade committee to advise the community parade and the homecoming parade were in danger of being canceled because of the amount of detours created by the bridge work on

Washington Sweet.

According to Mr. Gray, Milford High School's advisor asked DelDOT how they could allow the homecoming parade and not allow the Milford Community Parade because of the detours. Because of that conversation, DelDOT decided they were going to do whatever was necessary to ensure both parades went uninhibited for 2012. He said they required signs at the traffic patterns on Route 14 to help direct traffic around the parade.

Mr. Gray said at that time, DelDOT had discussed this with the police department and felt it was adequate with the signage they had to get through that quick interaction. The Milford Parade Committee thought that was only a one-year requirement because of the detour construction. When the police department submitted the application to DelDOT for 2013, DelDOT came back and said that electronic signs were needed for traffic safety.

He advised that the lieutenant at the police department informed Mr. Gray that DelDOT asked to meet with the parade committee. Mr. Gray said that two weeks before the parade, they were finally able to connect the dots when DelDOT came to a parade committee meeting and informed them the signs were needed. He stated that DelDOT would not tell the Milford Community Parade they were going to stop the parade, but they did say that because of public safety, the signs were needed.

The Milford Parade Committee then put out a request for funding because of the request from the state. He advised that two message board signs were going to cost \$1,000. In that process, DelDOT's representative agreed, because of the short time line, to reduce the cost to \$500. Mr. Gray then said there are businesses who are willing to help. So the committee went out to look for partners and came up with one that only charged \$450. He said the challenge was their budget was already spent because they found this out only two weeks before the parade. They then had to find another avenue for funding. Through a radio station, they were able to get that commitment quickly and that many of the sponsors were from outside the city.

Mr. Gray reported that signs are required for traffic safety and traffic control. He said they have had a partnership with the police department in that area. Therefore, he is requesting the police department, along with the City of Milford, cover the costs of the signs for the parade.

According to Mr. Gray, DelDOT has now made this part of their policy and the matter will not go away. He emphasized the cost is something they did not anticipate.

Chief Hudson said the police department was aware of this mandate which had been in place for sometime. His understanding is the DelDOT's representative informed the parade committee of this requirement the previous year.

Ms. Wilson recalled a very informative meeting with DelDOT's Traffic Specialist Mike Rivera. At that time, Mr. Rivera made sure the police committee and city manager were aware of these requirements. He also advised them he had been meeting with the various organizations who hold these events to make sure they understood the requirements.

Mr. Gray said they got the impression it was only required in 2012 because of the construction of the bridge and it would not be required the following year. He said the parade committee requests the police department handle crowd control and road barriers. Therefore, it seems fitting the police department pay the costs of these signs.

Ms. Wilson stated that Mr. Rivera emphasized at the meeting that this is a requirement in every city in Delaware. He provided information and was very descriptive in what was needed.

Mr. Morrow confirmed this is required for all events impacting state streets or requiring street closings and not just the Milford community parade. Chief Hudson reiterated that Mr. Rivera has also met other organizations to explain these mandates. Anytime there is a street blocked for a length of time, detour signs are required to show the altered traffic pattern and amended routes.

Chief Hudson confirmed the police department has always handled the DelDOT permit process for the community parade. All other organizers of events handle their own permits.

Mr. Gray said it makes sense because this parade covers a large part of the city and law enforcement handles any necessities needed for the permit.

Ms. Wilson asked for clarification that Mr. Gray is asking the city to fund the cost of these signs; Mr. Gray stated yes, only the signs. He said they have come before council every year asking for financial assistance for the parade in general. This is something specifically related to a policy that DelDOT has now adopted.

Mr. Pikus again asked Chief Hudson if every special event requiring different routes would need this type signage; Chief Hudson stated yes. Mr. Pikus feels that if we do this for one event, we would have to do it for all the events.

Mr. Pikus asked what the police department spends on the parade on an average. Chief Hudson reported approximately \$5,000 annually.

Mr. Gray said that though they indicated this is required for every event, the street use permit goes through the state and the state decides whether signs are needed. He is aware the signs were put up for the 5k but does not believe they were required for the homecoming parade. He thinks the requirements may also be based on the length of time the roads are closed and a detour would have to be used.

He noted that they even discussed Walnut and Route 14 intersection with DelDOT. They were informed that on one occasion, traffic was stuck in town and it could have been let through the middle of the parade between entries.

Mr. Pikus asked if we can find out how other communities handle this.

Chief Hudson explained that Mike Rivera has discussed this matter with the police committee, DMI and the Chamber of Commerce. He stated that DelDOT assisted DMI with signage as a result of the Eat in the Street road closing. However, they were also informed this would be a requirement for future events. DelDOT's Representative Mike Rivera also pointed out that DelDOT does not normally rent out their equipment and signs. This was offered as a courtesy the first time only.

Mr. Pikus confirmed that in the future, the organizer is responsible for the costs of this equipment.

Mr. Pikus felt this is an unknown because we do not know how many times a year this would have to be done. Mr. Gray advised they were able to rent the sign for \$450. The state had agreed to bring their signs down for \$500 though it is normally \$1,000 (\$500 per sign). He said that considering the amount of work the city does with contractors, the city could get a better deal.

Mr. Gray confirmed that two signs are needed—one on Route 14 and one at North Route 113 just inside the bypass at city limits. The sign is required because of the traffic using Route 14 to get from the west side to the east side. In the case of Eat in the Street or the Holiday Stroll, Route 14/Front Street remains open. When the parade goes through the east-west corridor, east/west traffic is shut off.

Mr. Gleysteen asked if signs are required if the parade has breaks. Mr. Gray stated yes because they are for the general safety of anyone traveling in the area. He said the signs are now required because of a 5k in Bethany Beach where a state legislator was caught in traffic and no signs were in place warning drivers or providing detour information.

Mr. Gleysteen asked if the parade could be stopped for ten minutes to allow traffic access. Mr. Gray explained that would not make a difference. Mr. Gleysteen referenced the high school parade which is 20 or 30 minutes long. They are not required to have signs. Mr. Gray emphasized that this year's homecoming parade was 40 minutes.

Mr. Gray further explained that when Mr. Rivera met with them, he wanted to know more about the parade and in particular, its length in order to determine how long Route 14 would be closed. He said on an average, it is closed for an hour. The beginning of the parade route to the end adds another 30 minutes or so. However, the total time the road has to be closed is about an hour.

Mr. Starling asked if now that the committee is aware of this, is it possible to put this in their budget. He agrees that once the city pays for one parade, the other will expect it as they should. We could end up with five or six events that may require signage. Those costs would add up quickly.

Mr. Grier suggested the parade committee again use the radio station to help raise funds.

Mr. Gray said they could but were looking for a stronger connection with the city. However, they are willing to take the suggestions and move forward.

Mayor Rogers agrees they should do that. Mr. Grier then pointed out our local media was present and could assist with this matter as well. He agrees that if we provide signs for one organization, it is only fair to do it for everyone.

Mr. Gray said he appreciates the support of the city and feels there is a great partnership in place. He thanked council for their time.

*FY 2013-2014/Budget Adjustment/Funding Source/Parks & Recreation Land Purchase/216 SE Second Street*

Mr. Carmean recalled that Parks and Recreation Director Gary Emory requested the purchase of additional land in the area of their building. The purchase was approved but no funding source designated. In speaking with our finance director, he recommends using electric reserves as was done for the PNC Bank though the majority of our billing activities involve electric. He said that fund was also used for the down payment of the land for the future police department. He also recommends this be paid from electric reserves.

Mr. Grier moved that \$24,000 be paid from electric reserves to cover the costs of the recent land purchased for parks and recreation, seconded by Ms. Wilson. Motion carried.

NEW BUSINESS

*FY 2013-2014 Budget Adjustment/Kent County Profile & Sussex County Profile/Chamber of Commerce Project*

Mr. Carmean reported that the Chamber and City joined efforts to buy a full-page ad in each of the county profiles. He feels this is an appropriate use of the economic development money (former Wawa account). The chamber's share is \$1,510 (\$755 each).

After some discussion, Mr. Grier moved to pay \$2,389.50 from the economic development fund (Wawa account), seconded by Mr. Pikus. Motion carried.

*Introduction of Ordinance 2014-01/Annexation/Anna M. Legates & JoAnn L. Currey/Change of Zone*

Ms. Wilson introduced the following ordinance for later adoption:

*ORDINANCE 2014-01*

*Annexation/Lands belonging to Anna M. Legates & JoAnn L. Currey  
Tax Parcel MD-00-174.00-02-27.00-00001  
6.481 +/- Acres  
Current Zone AR-1/Proposed Zone C-3*

*An Ordinance to Amend the Zoning Designation of the parcel of land, under the ownership of Anna M. Legates & JoAnn L. Currey, Tax Parcel MD-174.00-02-27.00-00001, situated east of Delaware Route 1, between County Road 408A (east) and Carpenter Pit Road (north), upon its annexation into the City of Milford through the adoption of a resolution by the majority members of Milford City Council.*

*WHEREAS, the land hereinafter described is contiguous and adjacent to the City of Milford and the owner, thereof, has petitioned City Council to annex the same into the City of Milford, and*

*WHEREAS, it appears to the Mayor and City Council of the City of Milford, Delaware, that the hereinafter described property will be annexed and become part of the City of Milford and that a zoning classification is required, and*

*WHEREAS, the land owned by the City of Milford is presently zoned by Sussex County as "AR-1" (Agricultural Residential District), and*

*WHEREAS, City Council referred the zoning of the affected territory to the Planning and Zoning Commission for a report and recommendation and after a due hearing on February 18, 2014 as provided by law, the Planning and Zoning Commission made its recommendation to City Council, and*

*WHEREAS, following a Public Hearing held on February 24, 2014 and consideration of the recommendation of the City Annexation Committee, City Council has determined the proper classification under the zoning ordinance of the City of Milford for the property to be annexed.*

*NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:*

*That the following described land situated in Sussex County, Delaware, to wit:*

*Tax Parcel No. MD-00-174.00-02-27.00-00001*

*All that certain tract, piece and parcel of land, lying and being situate in Milford Hundred, Kent County, and the State of Delaware, as depicted on a survey prepared by Bob Nash Associates, Inc., dated 30 July 2013, fronting on the northeasterly right-of-way line of State Highway Route 408A, at sixty (60) feet wide, and a twelve (12) foot wide access, adjoining lands now or formerly of David A. & Jean W. Morgan, lands now or formerly of Carl J. & Cindy L. Popelas, lands now or formerly of Robert E. & Edgar W. Cannon, and lands now or formerly of J. & R. Scarborough, Inc., being more particularly described as follows, to wit:*

*Beginning at a found iron pipe at a corner for lands now or formerly of David A. & Jean W. Morgan, and at a point on the northeasterly right-of-way line of State Highway Route 408A, at sixty (60) feet wide, said point being distant 2,600 feet, more or less, from the right-of-way intersection of N.E. Tenth Street; thence running with said right-of-way line of 408A and deflecting right along a 2,173.85 foot radius curve, the chord of which bears North 31 degrees 55 minutes 29 seconds West 230.82 feet, an arc distance of 230.93 feet to a found concrete monument at a corner for lands now or formerly of Carl J. & Cindy L. Popelas; thence proceeding with said Popelas lands the following two (2) courses and distances:*

- 1) South 76 degrees 35 minutes 48 seconds East 340.28 feet to a set capped rebar, and*
- 2) North 13 degrees 21 minutes 42 seconds East 208.72 feet to a set capped rebar on line of a twelve (12) foot wide access,*

*thence running with said access road South 76 degrees 39 minutes 47 seconds East 600.00 feet to a set capped rebar on line of lands now or formerly of Robert E. & Edgar W. Cannon; thence proceeding with said Cannon lands South 03 degrees 41 minutes 11 seconds West 337.35 feet to a found iron pipe on line of lands now or formerly of J. & R. Scarborough, Inc.; thence continuing with said Scarborough lands North 86 degrees 05 minutes 27 seconds West 487.62 feet to a found iron pipe at a corner for aforementioned Morgan lands, thence running with said Morgan lands, the following two (2) courses and distances:*

- 1) North 02 degrees 23 minutes 45 seconds East 130.08 feet, and finally,*
- 2) North 89 degrees 11 minutes 34 seconds West 396.68 feet to the place of beginning,*

*CONTAINING 6.481 acres of land, more or less.*

*Upon final approval of its annexation into the City of Milford, as classified under the Zoning Ordinance of the City of Milford, shall be zoned henceforth as C-3 (Highway Commercial District).*

Public comments will be taken on the matter at the February 24<sup>th</sup> public hearing.

*Consideration of Water Code Amendment/Impact Fee Waiver/Add New Construction  
Consideration of Sewer Code Amendment/Impact Fee Waiver/Add New Construction  
Consideration of Electric Tariff Amendment/Impact Fee Waiver/Add New Construction*

Mr. Carmean stated that as of December 13, 2013, city council amended the water, sewer and electric codes by removing the waiver for impact fees for businesses or commercial entities. He said he constantly meets with people who are asking what incentives are being offered to expand or bring a business here. When the waiver was in place, Mr. Carmean spoke with several entities who proceeded with their plans. They are now prepared to build. At the time, nothing was signed and no deals were made. However, they are ready to begin construction and the reason he is bringing this back before council.

Mr. Grier confirmed he is referring to the ordinance that allows up to five EDU's be waived based on the number of new jobs created. Mr. Carmean stated yes and read the following requirements:

Creation of 5-9 new jobs to last at least 3 years:	Exemption of Impact Fee Waiver (1 ESU)
Creation of 10-14 new jobs to last at least 3 years:	Exemption of Impact Fee Waiver (2 ESU's)
Creation of 15-19 new jobs to last at least 3 years:	Exemption of Impact Fee Waiver (3 ESU's)
Creation of 20-24 new jobs to last at least 3 years:	Exemption of Impact Fee Waiver (4 ESU's)
Creation of 25+ new jobs to last at least 3 years:	Exemption of Impact Fee Waiver (5 ESU's)

Mr. Morrow confirmed this must be tied into new jobs.

Mr. Grier noted that the waiver only applies to rehabs or older buildings. The intent was to encourage people to buy vacant buildings and renovate them. Mr. Carmean agreed but pointed out the city gets very little in the way of renovations.

Mr. Gleysteen then asked what is presented as proof of the new jobs before the credit is provided. Mr. Carmean said we will need to set up an agreement, similar to the agreement done for incentives on new loads. A history is completed and incentives are then based on expansion or new jobs. We keep spreadsheets and files, along with a signed agreement to ensure the business lives up to their end of the bargain at the time the waiver is granted.

These waivers will be handled in the same manner according to Mr. Carmean.

It was then asked how we ensure the number of new jobs are retained; Mr. Carmean said it is just a matter of trusting the person you talk to. He pointed out the city does not have the staff to go out and inspect payrolls. We can have them sign an agreement or if something comes to our attention that they have not lived up to the agreement, we would then address it possibly through billing. The agreement would be in place so the city could take action against them and we could then address the fees that were waived.

The city manager said the one business he is speaking with is a franchise many people in Milford want. He does not think that corporation would mislead him by giving him an incorrect number of new jobs being created.

Mr. Grier confirmed that an agreement is signed before the waiver is provided; Mr. Carmean said we will have to get some kind of a contractual agreement and did that with the new load fees/electric rebate.

He referenced earlier comments regarding the loss of impact fees over the years. He recalled one of our council members brought the same issue up last year when the ordinance was changed. Mr. Grier agrees that is a concern.

Mr. Carmean said he is bringing this before council because he wants to tell the people he brought it back for reconsideration. He will then report the outcome when asked.

Mr. Pikus confirmed this conversation applies only to commercial; Mr. Carmean stated yes. Mr. Pikus said that all the new businesses locating in the shopping centers are looking for relief from impact fees. Mr. Grier pointed out that they are mainly tenants and they would not have to pay impact fees. Mr. Carmean agreed that anyone leasing the building does not pay impact fees.

Mr. Carmean said that during the boom, things were different. At that time, developments had to pay for all their infrastructure that was later turned over to the city. He noted that we have stuck by that religiously. If a developer on the outside wanted to run sewer to their property, they paid for it.

The city manager reviewed that and it appears we have waived another \$500,000 in impact fees for residential development though we no longer do that.

Mr. Shupe asked if it would be to our benefit to require some sort of documentation from the applicants. He does not like the idea that we simply assume they are providing us with a correct number by word of mouth. Mr. Carmean does not think it will be difficult to track the people that are initially hired. However, this must be followed for three years and in some cases, the business could pull up stakes and move out of town. Trying to collect the money in those situations could be difficult.

He reiterated we do not have the personnel to go out and visit Perdue or Seawatch and count heads.

Mr. Shupe said he feels we should have some documentation of payroll or something similar; Mr. Rutt stated that cannot be done legally because it involves personnel.

Ms. Wilson suggested that the business be required to submit a document that needs to be certified each year. The city could then compare numbers. A letter would be sent stating their employment numbers must remain in accordance with the agreement. Mr. Morrow agrees it should be tied into the agreement they are signing at the time of the waiver.

Mr. Grier feels there will not be a lot of businesses that meet this criteria. He also agrees it needs to be done once a year. He agrees with Ms. Wilson that they be required to sign off on the number of people they employed last year and a comparison can be done each subsequent year.

Mr. Carmean said it could be handled in that manner which is similar to our property rental process.

He then asked if council really feels someone would not locate in Milford over \$25,000 in impact fees. That was a point made last year about residences and whether that is really a factor if someone is interested in developing here.

Mr. Brooks recalled Mr. Carmean stating that when Chick Fil-A initially came to Milford to talk with him, they were informed they would receive the waiver. Since then, the impact fee waivers have expired. Mr. Carmean agreed the ordinance was changed since they were provided that information. He said all they did at that point was ask what Milford could offer them and they did not specifically ask about impact fees though someone gave them the information.

The city manager said when he was the Economic Development Representative for the city, impact fees were being waived and new load incentives were in place. He explained that a new load applies when someone moves here as a new customer. We are able to negotiate a three-year break on the new load. The city makes a small profit and the business gets a break for three or four years.

Mr. Carmean said it worked well with a couple larger industries in Milford.

Mr. Brooks recalled that Chick Fil-A has already been through the planning commission process and are already approved. Mr. Carmean agreed adding they are currently prepared to pull their building permits.

Mr. Carmean said he talked to several council members after they read their packets. He wants to point out that should it cost the city money to get to a certain site or if more equipment is needed, the business is required to pick up those costs.

What cannot be determined is when there will be major problems. Extensions and new growth can be planned and denied or approved. But when something unexpected occurs and you need \$2.5 million, it will be difficult to handle. That can be a danger with waiving impact fees.

Mr. Gleysteen said his dilemma is council just voted to ask the citizens for a \$3.5 million loan they will be paying. In the meantime we are giving certain businesses a break to come to Milford. He wonders if we need to borrow \$3.5 million, which is a cost to every person in Milford and do we have our rate structure for water and sewer at the correct amount to support initiatives such as waiving impact fees.

Mr. Carmean said for several years, we increased our fees to the point we were able to put a certain amount of money into our reserves every year. Just as we discussed with trash, we get to the point where the reserves begin to dwindle which is a signal to revisit the fees or services to determine if we can cut corners elsewhere. That is the decision council needs to make. They must decide if it is worth bringing jobs and retail to the city that a lot of the citizens might want. Compare that to the fact we are not building up our reserves anymore.

Mr. Gleysteen asked the benefit this program had last year. Mr. Carmean said we had maybe three businesses who decided to proceed with construction because the waivers were in place. He is aware of one doctor that built a new facility in our business park and brought in another professional to work in that building. That business brought eight or nine new jobs to Milford. They would not have been done at this time because they preferred to wait another three or four years. Instead they proceeded because of the savings in impact fees.

Mr. Carmean reported that many businesses pay \$35,000 to \$40,000 in impact fees. They also have to pay county impact fees which the city takes the blame for.

Mr. Gleysteen stated that he is unsure how we get the most advantage from this program if we do not have an economic development director and are not really promoting it. Mr. Carmean said it is by word of mouth adding that people are calling here all the time. The city does not have a planner right now and he feels we need both or preferably, a person who is qualified to do both jobs. He feels strongly a good planner can sell economic development.

Mr. Grier feels the problem is three or four years ago, we gave away impact fees to residential developers. We are not doing that anymore. If the waiver was only given to two or three businesses that resulted in 25 to 40 new jobs last year, it was worth it. He also agrees with the rehab requirement because we want to turn those older, rundown facilities into nice, modern buildings with new siding and roofs.

Mr. Carmean agreed that we could continue this with rehabbed or renovated commercial sites. Mr. Grier said then he is in favor of it.

Mr. Pikus noted that building permit fees are way down; Mr. Carmean agreed. Mr. Pikus said there are communities in New Jersey and Pennsylvania who are offering free taxes for ten years to entice new business to their cities.

Mr. Grier verified the city is no longer waiving fees for any residential development; Mr. Carmean said we have not done that for a long time. Mr. Grier said we need to incur those impact fees to pay for future growth.

Mr. Carmean said the other incentive is the new load incentive. As an example, we have a new industry in Milford that is adding a new product to their line. They are hiring in excess of 200 new employees. As a result of the added production, their use numbers will increase substantially.

Mr. Grier agrees with Mr. Gleysteen that we have no one selling incentives. Mr. Carmean said he will put hiring that position on the next agenda but it cannot be done tonight. Mr. Grier believes that was done six months ago. Mr. Pikus asked if it was approved; Mr. Carmean recalled that council only approved a part-time position.

Mr. Grier asked if the motion should be to amend the ordinance. Mr. Carmean said it would read like it did before the change in December.

City Solicitor Rutt stated that the city manager is requesting council waive impact fees for new construction and that is what the motion should be.

Mr. Grier asked if that means new construction on residential or commercial because he prefers commercial only.

Mr. Grier asked how the three businesses took advantage of the waiver last year; Mr. Carmean explained that was before the ordinance was changed in December 2013.

Mr. Carmean advised that if council wants the ordinance brought back, the public would then have the right to comment. He will provide a background of how the impact fees got to where they are today.

Mr. Morrow asked how this amendment should be handled. Mr. Carmean said the city solicitor told him that council needs to make new construction eligible for waivers. However, the job creation criteria will still apply. Mr. Morrow said he thought the city manager wanted to leave it the same.

The solicitor said the ordinance states the waiver does not apply to new construction but council has been discussing the difference between residential and commercial. To clarify, the waiver would state it applies only to new commercial.

Mr. Grier then moved to proceed with the ordinance amendment process. However, Solicitor Rutt stopped Mr. Grier stating this should be handled through an ordinance change and the first step is its introduction. He said a vote cannot be taken tonight because it is on the agenda for discussion only.

Mr. Grier said a new ordinance needs to be drafted to reflect this only applies to new commercial construction.

The ordinance will be introduced at the next council meeting.

#### *2014 City of Milford Board of Elections*

Mr. Brooks moved to appoint the following residents to the 2014 City of Milford Board of Elections:

Boone, Karen	402 N.E. Fourth Street
Leuthauser, Joanne	509 Ashley Way
Fox, Phyllis	200 E. Clarke Avenue

Mr. Morrow seconded motion. Motion carried.

#### *City of Milford Water Tower Logo (Wickersham site)*

Mr. Carmean advised the bids are being prepared for the new water tower off Route 1. The design will be the same as the Tenth Street tower. There have been a number of suggestions for the logo including a ladybug, the DMI branding, Milford Buccaneer, etc. The design will be included in the bid package.

Council agreed the Milford branding with Buccaneers should be replicated as was done on the Tenth Street tower. However, the lettering should be larger to ensure it can be read from Route 1.

Mr. Grier asked that the lettering be placed on the appropriate sides to ensure it is legible by drivers on Route 1.

#### MONTHLY FINANCE REPORT

Finance Committee Chairman Pikus reported that through the sixth month of Fiscal Year 2013-2014 with 50% of the fiscal year having passed, 54% of revenues have been received and 48% of the operating budget expended.

He noted the trash fund balance is getting smaller every month. However, that has corrected by eliminating all commercial

dumpster collections.

Mr. Pikus noted that the city has not received the documentation on real estate transfer taxes from Sussex or Kent County to add in the \$48,582. That should be added to \$1,635,000 which bring that account up to date. Those documents were not received until January 6, 2014 because of the holidays.

He said that even though interest remains low, Mr. Portmann is still receiving about 4.5% interest on our money.

Building permits are down about 20% so we need to do something to increase that. The ordinance amendment discussed should help.

Mr. Grier moved to accept the December 2013 Finance Report, seconded by Mr. Gleysteen. Motion carried.

ADJOURN

Mr. Pikus moved to adjourn the council meeting, seconded by Mr. Grier. Motion carried.

Meeting adjourned at 8:39 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Terri K. Hudson".

Terri K. Hudson, MMC  
City Clerk/Recorder