

MILFORD CITY COUNCIL
MINUTES OF MEETING
May 12, 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, May 12, 2014.

PRESIDING: Mayor Bryan Shupe

IN ATTENDANCE: Councilpersons Garrett Grier, 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

Solicitor David Rutt, Esquire

CALL TO ORDER

Mayor Shupe called the Monthly Meeting to order at 7:00 p.m.

INVOCATION AND PLEDGE

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

APPROVAL OF MINUTES

Motion made by Mr. Grier, seconded by Mr. Pikus to approve the minutes of the April 28, May 1 and May 5, 2014 Council and Committee Meetings as presented. Motion carried.

RECOGNITION

Proclamation 2014-05/Police Week & Peace Officers' Memorial Day

Mayor Shupe read the following proclamation into record:

WHEREAS, the Congress and President of the United States have designated May 15, 2014 as Peace Officers' Memorial Day and the week in which it falls as National Police week; and

WHEREAS, the members of the law enforcement agency of Milford, Delaware play an essential role in safeguarding the rights and freedoms in Milford, Delaware; and

WHEREAS, it is important that all citizens know and understand the duties, responsibilities, hazards, and sacrifices of their law enforcement agency, and that members of our law enforcement agency recognize their duty to serve the people by safeguarding life and property, by protecting them against violence and disorder, and by protecting the innocent against deception and the weak against oppression; and

WHEREAS, the men and women of the Milford Police Department unceasingly provide a vital public service.

NOW, THEREFORE, I, Bryan W. Shupe, by virtue of the authority vested in me as Mayor of the City of Milford, Delaware, call upon all citizens of Milford, Delaware, and upon all patriotic, civic and educational organizations to observe the week beginning May 12, 2014 as Police Week, during which time all of our people may join in commemorating law enforcement officers, past and present, who, by their faithful and loyal devotion to their responsibilities, have rendered a dedicated service to their communities and, in so doing, have established for

themselves an enviable and enduring reputation for preserving the rights and security of all citizens in the City of Milford.

I further call upon all citizens of Milford, Delaware, to observe May 15, 2014 as Peace Officers' Memorial Day in honor of those law enforcement officers who, through their courageous deeds, have made the ultimate sacrifice in service to their community or have become disabled in the performance of duty, and let us recognize and pay respect to the survivors of our fallen heroes.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford to be affixed this Twelfth Day of May in the Year of our Lord Two Thousand and Fourteen.

s/Mayor Bryan W. Shupe

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 Mr. Starling. Motion carried.

CITY MANAGER REPORT

City Manager Carmean read the following report into record:

ADMINISTRATION

I met with Labor Attorney Gary Simpler and a designated police staff member appointed by Chief Hudson to begin negotiations for a new contract with the police officer's union members. The officers are represented by two of their members and representatives from the Teamsters Local Union 326. Both management and employees hope to have a contract in place for this year's budget preparation.

The next meetings are at the last week of May. In this particular meeting, they did not get into the financial end of their requests. There was no discussion regarding the impact on the budget though that will take place over the next two meetings.

I plan to get something to city council the first week of June as to what we recommend to accept as a compromise. If that can be done at that time, we will be ready to hold budget meetings on June 17th and June 18th. If we cannot come to an agreement by that time, council will proceed with the budget and come back with any approved changes retroactively. It will be more of a task to do that, particularly if the salary ranges or benefits change during the negotiations. Going back retroactively will be more difficult due to the additional paperwork.

Our Finance Director requested that I instruct all supervisors with budgetary responsibilities to forward their budget numbers to me and him by May 14, 2014. I have asked all those involved in developing the upcoming budget do everything within reason to keep our increased costs to a minimum.

Mr. Portmann will go through the budgeted items such as insurance, gas, oil, building expenses, etc. and make those changes.

ELECTRIC

We have successfully energized the new electric substation and the next step will be to transport the transformer from our Elks Lodge Road substation to our new one. This transformer is a very large piece of equipment and requires some planning. This should be accomplished in the next few weeks. Once installed, the Fordmill substation will be live on our system.

We purchased a new transformer that was moved from 84 Lumber on McCoy Street to the old substation on Elks Lodge Road where it was installed. We will now move one of those three transformers to the new substation. We will then have two transformers at the Elks Lodge Road substation and two at the Fordmill substation.

There is a lot of planning and approvals needed to move the transformer so it is a large undertaking.

STREETS AND SOLID WASTE

Council had approved the purchase of a new refuse collection truck at the last meeting. The final acceptance of the bid for that vehicle was contingent on an inspection of a similar vehicle by our Public Works Director. He informed me that he is satisfied with the model so I have since placed the order.

Today the successful bidder informed us the compactor could take up to six months which is a long period of time. Trucks are not replaced before it is necessary.

If there are any further problems, I will inform council but right now, I am still saying we will order the truck.

Southeast Front Street work is continuing and will continue throughout the summer. I have reported that to this point of construction I am satisfied with our contractor's performance. I have no reason to think the project will not continue at an acceptable quality of work.

I met with Davis, Bowen and Friedel (DBF) Engineers Randy Duplechain and Erik Retzlaff to review several projects. That was discussed and both are satisfied with the performance of the contractor.

I have to inform Mayor and Council we are still having some conversations with customers who are unhappy because we no longer pick up all the yard debris they can get to the curb. When I compare our service to customers with other refuse collection services in the area, I think our 90-gallon yard debris containers are a true bonus. Many other haulers do not remove as much as a branch from their customer's properties. Our customers appreciate the service they receive, and in time the majority of those unhappy customers will understand the limitations of what we offer for our more than reasonable fee.

To offer a full yard debris collection system, considering the workman compensation situation and our employees trying to load branches and limbs, is injury-prone work besides being very labor intensive.

A claw truck may be considered in the future but that will come with a big price tag to our customers.

The \$23.50 fee a month is very reasonable for household trash pickup, recycling and yard debris that fits in the container.

Mr. Gleysteen moved to accept the city manager report, seconded by Mr. Brooks. Motion carried.

COMMITTEE & WARD REPORTS

Finance Committee

FY2014-2015 Budget Meetings

Mr. Pikus advised the budget hearings will be held June 17th and 18th.

Re-Evaluation/Tyler Technology Contract/Annual Reassessment Process

Mayor Shupe reported that on Thursday, May 1st, the finance committee met to review the Tyler Technology Annual Reassessment Contract initially approved by city council in July 2011.

Finance Chairman Pikus advised there was a large number of property owners that attended the meeting. The minutes were included in the packet.

Mr. Pikus then moved that all letters sent out to property owners in April, whose property values were adjusted based solely on analyzed market and adjusted numbers and not as a result of any improvements or physical changes since 2012, will be voided and those property values will revert back to their 2012 values. However, Tyler Technologies, who is the city's assessment firm, will continue to perform inspections and handle improvements and change land data as required, continue to value all new improvements and matters related to building permits and similar improvements and/or demolitions, and will visit 10% of the city properties each year of the ten-year cycle, (this will include new construction (permits) and sales verification). This annual field work prevents the city from needing a city wide data collection effort again at the time of the ten-year reassessment anticipated to be in the year 2022.

Mr. Grier seconded motion. Motion carried with no one opposed.

Mr. Pikus then referenced the amended Tyler Technologies contract, dated May 12, 2014, which reflects the previous motion, included in the packet (item 06-I) and read its contents into record:

Tyler\CLT would be pleased to provide an amended contract for the following field related services. Removed from the original agreement is any activity associated with updating assessments. After our meeting, I believe this amended agreement describes the scope of work the City desires.

- *Perform inspections, measure improvements, photograph improvements, and change data as required*
- *Value all new improvements*
- *Field visits to verify sales as needed*
- *Perform other related tasks as requested*
- *Appeal Hearings*
- *Insure 10% of the City's properties are visited each year of the ten-year cycle. We anticipate the majority of the 10% each year consisting of the new construction (permits) and sales verification. This annual field work would prevent the City from ever needing a municipal wide data collection effort again.*

These activities would be performed at the per diem rate of \$685.00 under the terms and conditions of your Univers Support Agreement. We would not exceed \$27,400.00 in 2014 without further written authorization from the City.

Mr. Grier moved for approval of the amended 2014 contract, seconded by Mr. Pikus. Motion carried with no one opposed.

Mr. Morrow referenced the memo, stating that during that ten-year period, all properties will be reassessed though the contract states 10%. He asked if the properties selected are random or if it is possible that a property can be reassessed twice.

Mr. Carmean stated yes, adding that not everyone will necessarily end up with an assessment or fall into that 10% range. This year, single family homes were targeted as well as multi-dwelling or condos. Tyler did 10% of those, which meant that all single family homes are being assessed through the 10%. He said though it is hard to follow, that is what it means. He explained it is similar to comparable comparisons when a house is sold. The realtor goes out and considers homes in the area and comes up with an average sale price. They are developing comparables using the 10%. When they put the numbers together and the software provides the new assessments, property owners will then be able to appeal though that will occur not occur until the time of the ten-year assessment.

Mr. Morrow said the goal at ten years was to avoid another \$300,000 reassessment because it was not kept up with the previous ten years. Mr. Carmean agreed it was to prevent going out and measuring every house in 2022.

Mr. Grier stated that Paul Miller of Tyler Technologies assured council that was the case.

Mr. Brooks recalled Mr. Miller indicating there were more than 10% of the properties in Milford whose values changed this year which caused the letters to be mailed. Mr. Carmean stated that is correct and at the end of the ten years, they can argue parity on the numbers that come out of the software.

Mr. Morrow stated that he only wants assurance the city will not have another \$300,000 bill. Mr. Grier confirmed that he asked that question specifically and he was comfortable with Mr. Miller's answer.

Mr. Pikus advised that at the last reassessment, the city paid almost \$250,000 noting it would be higher in ten years because we have more properties to evaluate.

Ms. Wilson confirmed there were more than 10% of the properties reassessed; council pointed out that 100% of city councils' property values were increased. Mr. Carmean said he also received a tax increase.

Joe Palermo of 5 Misty Vale Court, Meadows at Shawnee, asked how many single family homes we have in Milford; Mr. Carmean said approximately 3,800. Mr. Palermo asked if 10% of the 3,800 were sent reassessments. Mr. Carmean stated that he never asked Tyler that particular question but believes the combination of properties reassessed were close to 10%.

Mr. Palermo said he has a problem because he was told that he was in the 10% and could be reassessed again the following year if the value of homes in Meadows at Shawnee continued to increase. That bothered a lot of people.

Mr. Carmean emphasized that he received a notice like Mr. Palermo did. After he thought about it, he realized he could be reassessed again and only 10% are being increased in taxes though it actually spreads throughout the single family residences. The 10% involves comparables, the price range of the house and what the market is doing.

Mr. Palermo is glad this was settled to the satisfaction of the taxpayers in Milford.

Finance Committee Meeting

Mr. Pikus then reported an Executive Session will be held on Thursday morning at 8:00 a.m. during which time the Finance Committee Meeting will meet to discuss a personnel/financial matter.

COMMUNICATIONS & CORRESPONDENCE

Mr. Starling thanked Chief Hudson and his police officers for a job well done at a number of recent funerals and special events. He feels they do a great job and appreciates their efforts.

UNFINISHED BUSINESS

FY2013-2014 Budget Adjustment/Electric Department/Distribution Line Item/Various Projects

The city manager referenced the letter from Electric Superintendent Rick Carmean that was included in the packet:

It has come to my attention that the Electric Department's Distribution Lines (205-5050-432-50-12) budget line item has exceeded what was budgeted for this fiscal year (\$250,000.00).

We respectfully request an increase of \$67,465.00 to the Electric Department's Distribution Lines line item (Account 205-5050-432-50-12) to cover not only the last two months of the fiscal year 2014, but also outstanding items that the Warehouse Manager, Les Scotton, needs to sign out before his inventory. We ask that this money come out of Electric Sub-Contractors Projects (205-0000-344-10-60, 205-0000-344-10-61, and 205-0000-344-10-62), as we have billed out for numerous jobs, which I have listed below.

- *Solar Project \$13,122.70 (City Project, not budgeted for)*
- *Webb Irrigation \$ 3,795.00 (Billed out, paid)*
- *Scarborough Irrigation \$ 3,795.00 (Billed out, paid)*
- *Evergreen Lane State Job #1 \$23,748.28 (Billed out, paid)*
- *Milford School District \$ 9,346.00 (Billed out, paid) (AG Barn Transformer)*
- *Redner's Market Bore \$ 3,390.00 (Billed out, paid)*
- *Joe Wiley Pole Relocate \$ 1,500.00 (Billed out, paid)*
- *Evergreen Lane State Job #2 \$20,648.95 (Billed out, not yet paid)*

TOTAL BILLED OUT \$79,345.93

Mr. Carmean noted that most of the jobs have been paid. He explained that the money is paid from the electric department's inventory and equipment line items. When it is billed and the money comes into the city, most people assume it reimburses the line item it was paid from. However, we are not allowed to do that.

The city manager noted that it comes in as electric revenue and a transfer is needed to put the money back into that line item. They can then replenish the inventory that was used for that job. There is no cost to the city and only a way to move money around. Currently those funds are sitting in revenue accounts and need to go back into the inventory where it has been paid from.

Mr. Carmean feels it could almost be an in-house managerial move but that is not permitted in government financing. Council must approve the transfer. In addition, \$30,000 is our benchmark for bidding and anything above that requires council approval.

Mr. Pikus confirmed that the electric department is using those funds to replace equipment that has been used. Mr. Carmean stated yes. For example, the transformer that was used recently on a job will need to be replaced and added back to our inventory.

Mr. Brooks moved to approve an increase of \$67,465.00 to the Electric Department's Distribution Lines, Account 205-5050-432-50-12 and transferred out of Electric Subcontractors Projects 205-0000-344-10-60, 205-0000-344-10-61, and 205-0000-344-10-62, seconded by Mr. Pikus. Motion carried with no one opposed.

FY2013-2014 Budget Adjustment/Public Works/Sewer Reserves Transfer/Washington Street Sewer Pump Station Project

Mayor Shupe asked that DBF Engineer Erik Retzlaff discuss this request.

Mr. Retzlaff explained that during the construction of the improvements at the Washington Street Sewage Pumping Station Rehabilitation project, delays in the completion of the work resulted in additional construction phase service fees beyond those amounts authorized by the City.

In order to pay the construction phase services needed to complete the project, a transfer of \$45,000 from sewer reserves to the project is needed. He reported that the contractor failed to complete the project by the established date of January 3, 2014; however, the pump station was up and running fifty-five days later on February 28th.

Per the contract, the city may withhold up to \$1,500 per day in the form of liquidated damages to cover the additional inspections and administrative costs.

Mr. Retzlaff advised that \$20,000 of the \$45,000 transfer request will be reimbursed as a result.

He further explained that the original proposal was an estimated fee submitted by DBF based on a four-month construction period. When the design was completed, a six-month construction period was required to satisfactorily construct the improvements included in the design. This would have resulted in an increase of \$25,575 though no adjustment was made at the time. It was agreed that DBF would try to minimize their time and expenses though they would not compromise the integrity of the job. The project is near completion and DBF has been able to keep their costs down which has resulted in an approximately \$10,000 difference for the additional six months.

The project remains incomplete and the additional \$15,000 is an estimated number for the additional construction services needed to complete the project.

Mr. Pikus asked if the money will be put toward construction, overruns or engineering; Mr. Retzlaff explained it will go toward the inspection and contract administration fees. Mr. Pikus asked who is responsible for that; Mr. Retzlaff advised it was part of the original portion of the city's proposal. All fees related to the delay were created by the contractor. Should the city decide to pursue, it can be withheld from what the city owes the contractor for liquidated damages.

Mr. Pikus asked the reason for the delay; Mr. Retzlaff said it is difficult to say. However, they are on their own timetable and he can only try to push them. Unfortunately, addressing it also racks up additional fees. He emphasized the contractor has been notified and made aware of the issue. He said it is really out of the city's hands as far as the number of employees they have on site each day. A lot of the overruns were the result of their phone calls informing DBF the contractor and electrician were going to be on site. Mr. Retzlaff would send someone who would often wait for two hours. He would then receive a call stating they were not going to make it that day.

Mr. Carmean agreed adding that is the reason the city is going after the money. Both Mr. Carmean and Mr. Retzlaff reported they do good work though there was a timeliness issue.

Mr. Grier confirmed the city is going after the \$1,500 a day; Mr. Carmean and Mr. Retzlaff both stated yes.

Mr. Pikus asked about the other \$10,000; Mr. Retzlaff explained that is related to the fact the original proposal was based on four-month construction period. When they flushed out the design, there was more to the project than originally anticipated. When they sat down to review everything when the project was bid, they noticed it was a six-month time frame instead of the four-month originally anticipated. Instead of trying to ask for the \$25,575 increase, DBF tried to keep their costs to a minimum.

Mr. Brooks asked how much of the overage was created by the city and how much caused by the contractor. Mr. Retzlaff said the contractor is close to \$30,000 to \$35,000 of the problem.

Mr. Pikus asked where the \$45,000 number comes from; Mr. Retzlaff explained that includes an estimated amount to complete the job. He does not expect them to provide the documents which will close the paperwork out.

Mr. Pikus asked exactly how much is needed to pay the bills currently due on the job; Mr. Retzlaff explained that the outstanding bills presently total approximately \$30,000. Mr. Pikus confirmed the additional \$15,000 is only an estimate; Mr. Retzlaff agreed noting that he totally intends to give the city every penny back. However, some funding is needed to get the project to completion.

The city manager informed council this is actually Finance Director Portmann's recommendation and a way to prevent from coming back to council for future budget requests.

Mr. Pikus confirmed we will pay the bills, then try to recoup some money. Mr. Carmean noted that we will not go after the \$15,000 but we will go after the costs for inspections and related work the contractor held us up on that extended the project. Right now it is a little more than \$20,000.

Mr. Pikus agrees we need to go after what is owned the city. If they made a mistake, it is not the city's fault.

Mr. Retzlaff agreed noting that it will only be withheld from the monies due them at the end of the project. Mr. Carmean pointed out that we do not have to go after it because it is our money.

When asked if a motion is needed, Mr. Retzlaff explained that we need a motion to approve the transfer of \$45,000 in order to complete the project.

There was some discussion over the amount to be transferred and Solicitor Rutt referenced the letter in the council packet from Davis, Bowen and Friedel that stated \$45,000 was requested.

Mr. Pikus confirmed that no further funds will be needed. Mr. Carmean agreed emphasizing that once the contractor's tardiness is addressed, that money will reimburse the sewer reserve account.

Mr. Pikus moved that \$45,000 be transferred from the Sewer Reserves Account to cover the additional costs of the Washington Street Sewage Pumping Station Rehabilitation Project as requested in the May 12, 2014 letter, seconded by Mr. Grier.

Mr. Carmean reiterated that \$20,000 of the \$45,000 would be put back into the sewer reserve account. He further explained that the city owes \$15,000 because once our engineers put the project together, they realized it could not be completed in a four-month period though it was completed in six months and still went over by fifty-five days.

Mr. Grier asked if we will legally withhold the final payment. Mr. Rutt explained then explained the liquidated clause in the contract. Typically, it will say if the contract is to be completed January 3rd and that deadline is not met, the liquidated damages clause state that each day beyond January 3rd will cost \$1,500 per day. Generally, there is also a clause that will reduce the number of those days. For example, if one of the reasons was extraordinary weather, a general strike or some unforeseen condition, those liquidated damages days can be reduced.

Mr. Grier asked who determines the number of days. Mr. Rutt explained that after you add up the days (often it will state business days so weekends and holidays are excluded), you then remove any inclement weather days or similar situations. He said frequently, when the city informs the contract they will withhold fifty-five days (for example), the contractor will then provide some reason or excuses and both parties come to an agreement or compromise.

Mr. Brooks asked how much this will cost the city in legal fees noting that each party will argue the facts and it appears an attorney would be involved. Mr. Rutt feels that is something that can be negotiated in house.

Mr. Carmean does not believe that will happen if the numbers are big enough. He said if we go after the entire \$1,500 a day because the city lost \$20,000 in inspection fees, then the contractor can make a case.

Mr. Rutt stated that is not the way it works. Typically, the liquidated damage clause will say that in recognition of the fact that damages cannot be reasonably calculated, everyone will agree to a fixed number per day. Mr. Carmean does not believe they will agree to \$1,500 a day.

Mr. Retzlaff confirmed that approximately \$80,000 has been withheld. Mr. Retzlaff agrees with Mr. Rutt that usually the liquidated damages are negotiated. The \$1,500 fee a day for each of the 55 days totals \$82,500. It would be difficult to show that amount of damages, though Mr. Retzlaff will provide the number of days they were not on site. He feels it will be much easier to come to an agreement under that scenario.

Motion carried.

Mr. Gleysteen noted there are a lot of projects going on and DBF appears to be responsible for the majority of contracts. Frequently, there are cost overruns which require city council to transfer funds from reserves. It is infrequent that a project comes in under budget. He asked Mr. Retzlaff how he could keep the mayor and council informed of the status of projects and how DBF manages the city accounts after they are closed out. In addition, he would be interested in the reasons for cost-over runs and if any contracts came in under budget.

Mr. Retzlaff explained they can normally provide a fixed fee on the design when they are familiar with the scope of the work. The cost of the construction phase depends on the timeliness and quality of the work. If the contractor comes back to the site multiple times, then DBF must provide an inspector multiple times. All construction phase services have been estimated fees built on the cost basis. If DBF is present, the city pays for that day.

He understands this project was difficult to manage because many things were uncovered as a result of its forty-year-old age. When something is new, the numbers are much closer to the estimate. They also do not like submitting a substantial number for construction phase services that could be an overestimate.

Mr. Gleysteen then explained he is not necessarily talking about this project, but the template that could cover all projects along with a report. He recalled that there were at least ten or twelve different items involved in this project. As each one is closed out, the report would indicate the amounts and its original and ending budget. The report could be forwarded to the city manager, mayor and council.

The city manager advised that the way this was handled was somewhat different which is why he asked Erik to be here and provide reasons for the overages. He noted the next item (PNC Bank renovations) will also need some money transferred (\$4,090) to pay some outstanding bills.

Mr. Carmean advised that when the work started on Southeast Front Street, the entire project was bid correctly. When the streets were opened to check our utilities, there were a number of water connections that required improvements. He agrees it is normal that change orders are needed which always state the reason for the overages.

Mr. Grier asked if a project has ever been below the estimated cost. Mr. Retzlaff said the demolition of the South Washington Street water facility was \$15,000 to \$20,000 below the estimate. Mr. Pikus stated that is the first one he is aware of.

Mr. Retzlaff explained the contractor completed the project before the deadline which resulted in it coming in below budget. He feels that because we are required to take the lowest bidder, does not always mean the most prompt with their work or paperwork.

Mr. Carmean met with Mr. Retzlaff and Randy Duplechain of DBF today. He is familiar with firms that inflate the estimates to always look good in the end. They make the estimate \$100,000 or so over the real costs. He said that DBF is the city's representative and is supposed to look out for the city though he agrees it does not hurt to check up on them.

However, the amount of work required to bid a project is just not worth bidding the engineering portion. There is no one in house that could oversee that and he would have to hire someone to handle it.

He recalled when another engineering firm did some work in Milford and he believes they felt it was the only job they were going to get. So they made the most of it and stung the city really hard.

The city manager said he has no problem reporting to council the reasons for the overages. However, he appreciates council not drilling him for two hours and trusts that he knows what is going on. In this manner, he provides council with the information he gets as Mr. Retzlaff did this evening. Though the PNC project is only more than \$4,000, there should be an explanation given which he does.

From this point on, he will provide that information when each project or phase closes out. In the PNC bank project, this closed out the architectural and inspection phase. We will now proceed to the construction phase and if there are any overages, they will be brought back before council and the reasons provided.

FY2013-2014 Budget Adjustment/Former PNC Bank Renovations/Engineering

Mr. Carmean requested a budget adjustment of \$4,090 to cover the last three DBF invoices on the architectural work at the former PNC building.

He explained that \$60,000 was budgeted to do this work though the finance director informed him we had spent \$80,000. It was determined the \$80,000 was spent on both the architectural work and inspections (\$20,000). Those inspections included soil borings because he did not want to recommend a piece of property be purchased that DNREC would find contaminated. In addition, he asked for a structural integrity inspection of the entire building. The facility is an 80-year-old building and that inspection was approximately \$9,000. Of the \$80,000, \$20,000 was the cost of both inspections and unrelated to the architectural design.

The city manager noted there was also a survey cost included in the architectural fund though Mr. Carmean is unsure if that should have been included. If the survey had been paid from another fund, we would not have gone over the \$4,000.

He recalled discussing a possible elevator. One option included the design of an elevator and it took our architect a considerable amount of time to obtain that cost. That was also included in the architectural costs.

Costs were also associated with the three site meetings with Diebold to discuss the existing vault door and related equipment. It was finally agreed to keep the vault for the aesthetics even though it is very old.

Also included were some costs affiliated with the coordination of the environmental firm when asbestos was discussed and its removal.

Mr. Carmean reported the site work had been completed for the main business office floor. Then the fire marshal requested drawings on the basement and the upstairs. He emphasized that no changes would be made to either level though the fire marshal required drawings. Additional work was needed as a result.

He feels \$4,000 is reasonable considering the unexpected work and inspections.

The city manager confirmed the work is completed and the fire marshal has given their approval to move ahead. The bid package went out and is back in and opened which will be discussed later in the meeting.

Ms. Wilson moved to approve the transfer of \$4,090 from electric reserves to cover the additional architectural costs, seconded by Mr. Starling. Motion carried with no one opposed.

NEW BUSINESS

Bid Award/Bid-Power Transformer Relocation & Recommissioning/Electric Department/Progressive Engineering Consultants

Sealed bids were received, publicly opened, and read on April 29, 2014 for furnishing the labor and equipment to relocate the #1 transformer in the existing 138 kV Substation to the new Substation #2:

Bidder:	Energy Parts Solutions*	SPX Transformer Solutions	Energ-Test**
Relocate Transformer with Oil	\$58,400.00	\$69,500.00	\$59,322.00
Relocate Transformer with Oil Removed	\$84,400.00	\$82,000.00	\$59,711.00
Completion Time	4-6 Days	9-10 Days	Six (6) Days
Exceptions/ Clarifications	See Proposal #714-9042	See Scope Letter	See Proposal

Progressive Engineering Consultant Alan Cobb submitted the following recommendation:

As shown by the enclosed tabulation of bids received, Energy Parts Solutions offered the lowest cost proposal for the work in their bid of \$58,400.00. During subsequent discussions with the bidder, we were unable to resolve several of their Terms and Conditions in the city's favor. The most specific issues were dealing with hold harmless clauses and city liability. As a result of these unacceptable Terms and Conditions submitted with the proposal, we have reviewed the proposal of EnerG Test since they had no restrictive terms and conditions submitted with the proposal. This proposal appears to be in compliance with the requirements of the specifications.

Accordingly, it is our recommendation that the city award the project to EnerG Test in the amount of \$59,322.00.

Mr. Grier moved to award the Power Transformer Relocation & Recommissioning bid to EnerG Test in the amount of \$59,322, seconded by Mr. Gleysteen. Motion carried with no one opposed.

Bid Award/Former PNC Building Renovations/Public Works Department/DBF, Incorporated

Sealed bids were received, publicly opened, and read aloud on May 6, 2014 for the Former PNC Building Renovations. The following bids were received:

Bidder	Base Bid	Alternate No. 1	Alternate No. 2
Richard J. Johnson	\$367,715	+\$15,812	+\$11,434
Donald E. Reisinger, Inc.	\$317,000	+\$7,400	+\$2,300

Mr. Carmean recalled the night council discussed remodeling the PNC building and he estimated the renovations to be approximately \$300,000. He noted that the bids came in very close to that number.

DBF Project Manager Michael Bauman submitted the following recommendation:

Bids for the renovation project of the former PNC Building were received and two contractors submitted bids at that time. The lowest bid was received from Donald E. Reisinger, Incorporated with a lump sum bid of \$317,000. We have reviewed the information submitted with the bid and recommend the award of the contract to Donald E. Reisinger, Incorporated in the amount of \$317,000 which does not include any alternate which may be selected during construction.

The city manager advised that he is pleased with the bid but wants the project completed faster than the 160 days indicated on the bid. Even though that moves the billing staff into the building this fall, he hopes to reduce the construction by 20 to 40 days.

Mr. Pikus moved to award the bid to Donald E. Reisinger, Incorporated in the amount of \$317,000, seconded by Mr. Brooks to be paid from electric reserves. Motion carried.

National League of Cities/Annual Membership Dues (2014-2015)

Mr. Morrow moved to approve the annual membership dues in the amount of \$1,117,000 to National League of Cities, seconded by Ms. Wilson. Motion carried with no one opposed.

*FY2013/2014 Budget Adjustment/GF Capital Reserves Transfer/Buy Back Business Park/Lot D4 (portion)
Performance Devices*

City Solicitor Rutt reported that the properties in the business park have a restriction that states if the owner does not begin construction within two years, the city has the right to purchase the property back for the original purchase price.

In this case, Roger DuNaier of Performance Devices submitted the following request:

Re: Greater Milford Business Park / MD-16-173.00-01-03.13 Parcel D4

Due to the unfortunate circumstance of a family illness and several business setbacks, we find ourselves in a position to consider selling our parcel, 100 Kona Circle, in the Greater Milford Business Park. We finalized the purchased of this property on April 17, 2009. Please know that we are very sad to sell as we were looking forward to developing this land and moving our business from the West Coast.

While considering this prospect, we reviewed the Zoning Ordinance and Sales Deed and noticed the section regarding the city's option to repurchase the property if construction has not commenced within two (2) years from the date of purchase. Rather than jeopardize any sale or potential purchaser, I am requesting clarification on this matter from your office. Are we required to offer the property to the City of Milford for the right of first refusal, or is the city willing to waive its option on this matter?

Please know that if the city does waive its option and we do decide to move forward on this issue, any potential purchaser will be properly informed of all the zoning requirements, rules and fees associated with ownership of a property in the Greater Milford Business Park. I hope this letter finds you well and look forward to your response on this matter.

Mr. Rutt confirmed that Performance Devices paid \$145,000 for the lot.

Mr. Grier stated there are more lots in the business park that were purchased at a much cheaper price that should be purchased back at a much cheaper price and believes in the \$30,000 to \$40,000 range. Mr. Pikus agreed.

Mr. Grier expressed concern about buying this back at the higher price of \$145,000 when we can purchase more than one lot back for that price.

Mr. Rutt explained that if the city does not purchase the lot back, the owner can go out on the market and sell it for a profit.

Mr. Morrow agrees we need to purchase the lot back as the restrictions state, but at the same time, we need to take an inventory of how many lots are undeveloped and in the same situation.

The city manager reported that we purchased a lot back from a doctor a year or so ago. Mr. Pikus and Mr. Grier agreed noting it was a \$24,000 lot.

Mr. Pikus asked if we are required to buy the lot back; Mr. Rutt said his recollection is that the city shall buy it back.

Mr. Morrow expressed concern that the lot could possibly be sold by Performance Devices for market value and they could make a substantial profit. Mr. Rutt advised this is an end lot in a cal-de-sac on the Canterbury Road side which is a more valuable parcel.

Mr. Grier recalled when the lots were surveyed a few years ago to determine how many were still undeveloped. At that time, he believed there may have been four or five.

Mr. Grier asked that we look into the lots again and review those that were sold and are still undeveloped. Mr. Carmean stated he will do that and follow-up with council. He agrees that if there are still \$30,000 lots sitting idle, the city should purchase them back as was done with the doctor's lot last year. Mr. Rutt pointed out that in this case, the city did not pursue purchasing the lot back. Instead the owner wanted to sell the lot and contacted the city.

Mr. Grier asked where the money goes when a lot is sold. Mr. Carmean explained that the finance director was at one time keeping the cost those fees separate. However, he may be putting the money into the general fund reserves now. Mr. Grier asked if that money is gone now; Mr. Carmean said he is unsure but pointed out this is a very appealing lot to a medical facility and he has been working with a doctor who is interested in purchasing a lot.

Mr. Pikus asked the current price per acre; Mr. Carmean believes he was told \$135,000 an acre. He then decided, though he has not discussed it with council, that any frontage lot should be sold at a higher price. He will recommend selling an interior lot at \$135,000 an acre but a frontage lot should be sold at a higher cost.

Mr. Pikus asked if those figures have been quoted to anyone recently; Mr. Carmean said there has not been anyone interested though he has been working with a local doctor who is looking for a lot with a great deal of visibility which this lot offers. Mr. Pikus agrees with the city manager and recommends this lot be put on the market for up to \$200,000 considering its prime location.

It was confirmed there is no real estate transfer fee involved in the sale or purchase of municipal property.

Mr. Carmean advised that Mayor Shupe asked today if someone has built in the park and wants to sell, does the city have to buy it or at least have the right to approve the buyer and what the building will be used for. Mr. Rutt noted that the use has to be within the permitted uses of that zone. However, the restriction only applies to a lot without improvements. Any property owner with a building is able to sell the building on their own.

The city manager agreed adding the city has a say in the sale to prevent buyers from speculating.

The breakdown of the funding to repurchase this lot is as follows:

Original Sales Price (From City to Perf Dev): \$145,000
Settlement/Attorney Charges (From City to Rutt): \$1474.50
Refund of City taxes (From City to Perf Dev): \$324.39
Refund of County taxes (From City to Perf Dev): \$10.30
From City to Rutt: TOTAL: \$146,809.19
From Rutt to Perf Dev: \$145,334.69

Mr. Pikus moved to approve the Buy Back of Business Lot D4 (portion), owned by Performance Devices in the amount of \$145,000 and an addition \$1,809.19 for associated legal fees. Those two amounts will be transferred from General Fund Capital Reserves, seconded by Ms. Wilson. Motion carried.

Mr. Pikus thought they were prohibited from putting any lots in the business park in the hands of a realtor. Mr. Rutt explained the city has the right of first offer. If the city does not exercise that right, we cannot buy it back and the property owner has the authority to sell it. He said there is a restraint on alienation of real property which is unconstitutional.

Mr. Grier again asked for a list of the properties still available. The city manager said if there are a number of undeveloped lots that exist, we need to purchase them back.

The city clerk believes there are only two lots left (not counting the Performance Devices lot) that were sold and never developed.

Goat Island Dedication/Recommendation for Gary Emory

Mayor Shupe reported that Parks and Recreation Director Gary Emory invited him to see Goat Island adding this is the final phase of the Riverwalk. He learned from Mr. Emory he has worked on this project for more than three decades. It took 23 phases for him to complete the riverwalk. Therefore, he would like it dedicated in his name.

The city manager said a plaque will be placed at Goat Island with his name on it though the Goat Island name will not change. He is also planning to place a plaque at a pocket park next to the new water plant across from the library.

Mr. Grier moved to put a plaque on Goat Island with Gary Emory's name on it, seconded by Mr. Pikus. Motion carried.

City of Milford Planning Commission Vacancy

Mayor Shupe announced the planning commission has a vacancy in Ward 4. He will follow up with 4th Ward Council Members Wilson and Starling.

Mr. Brooks noted there are three commissioners whose terms expire in August and need to be addressed.

MONTHLY FINANCE REPORT

Finance Committee Chairman Pikus reported that through the ninth month of Fiscal Year 2013-2014 with 75% of the fiscal year expired, 77.69% of revenues have been received and 71.95% of the operating budget expended.

He pointed out our trash fund continues to deplete and warned council it will need to be reviewed during the budget hearings. Interest is low so we are not making a lot of money on our investments though our reserve funds remain in good shape.

Mr. Pikus emphasized that these reports show all city accounts and the balance of each.

Mr. Brooks recalled discussions regarding the trash fund. The residential side was paying for itself and some commercial services because the commercial side was in the red. He noted that several changes were made and asked if it has balanced out. Mr. Carmean said it is too early to predict because we did not eliminate a lot of the commercial services until the end of January. In another month or so, he will provide council with some updated numbers showing the commercial losses and the difference since those changes occurred.

Mr. Pikus reported that account only has about \$390,000 in the bank. Mr. Brooks thought that once the commercial was removed, solid waste services would again pay for itself. Mr. Carmean agreed and pointed out the commercial customers had an option to keep two roll outs.

The city manager was surprised because when he made the decision to eliminate commercial services, he thought he would receive a lot of irate calls but instead it was a smooth transaction.

Mr. Pikus pointed out that if he chooses to eliminate his commercial service at this point, he will contact an outside hauler. He received two bids and one was less and one was more.

Mr. Pikus moved to accept the March 2014 finance report, seconded by Mr. Gleysteen. Motion carried.

ADJOURN

With no further business, Mr. Pikus moved to adjourn the Council Meeting, seconded by Mr. Grier. Motion carried.

The Council Meeting adjourned at 8:12 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Terri K. Hudson".

Terri K. Hudson, MMC
City Clerk/Recorder