

MILFORD CITY COUNCIL
MINUTES OF MEETING
July 13, 2015

Milford City Council held a Public Hearing on Monday, July 13, 2015 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware.

PRESIDING: Vice Mayor Douglas Morrow, Sr.

IN ATTENDANCE: Councilpersons Christopher Mergner, Garrett Grier III, James Burk,
Owen Brooks, Jr. and James Starling, Sr.

Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

COUNSEL: City Solicitor David Rutt, Esquire

USDA City of Milford Borrowing/\$1.6 million General Obligation Bond/Bonds to Finance Sewer System Improvements

Vice Mayor Morrow called the Public Hearing to order at 7:07 p.m.

The vice mayor announced the purpose of this public hearing is to take public comments on the City of Milford's request to 'Borrow up to \$1,600,000 Maximum Amount of a General Obligation Bond or Bonds to Finance Costs Associated with Phase 1 and Phase 2 Sewer System Improvements'.

The City's Bond Counsel, Saul Ewing, is representing the city in this matter.

Vice Mayor Morrow called Davis, Bowen and Friedel Associate Erik Retzlaff, PE, to review the proposal.

PE Retzlaff advised the proposed project is for miscellaneous sewer improvements. The city's sewer system is in need of attention due to the aging facilities. The scope of the project will include monitoring, transmission and collection systems' improvements.

Basically 45% of the collection system, which includes the mains, manholes and laterals, are more than thirty-five years old. Four of the sixteen pumping stations are more than twenty-five years old and are in need of significant repairs. There are condition issues with the collection system that can lead to inflow and infiltration into the system, which results in additional costs to the city.

In addition, the condition of the transmission facilities can cause leaking. A failure in the system could potentially cause a sewer overflow that could result in raw sewage pollution.

Over a three-year period from 2011 to 2013, the city billed its users for 73% of the water that was sent to Kent County for treatment. This is based on high water tables and water coming in through leaks in the sewer mains, manholes and/or water simply running off the streets into the system.

This caused the city to pay 138% of its metered customer usage to Kent County. Fixing those leaks will save the city a considerable amount of money.

Mr. Retzlaff further explained that the project would also include transmission system upgrades. These improvements are related to the city pumping stations and facility monitoring and alarm systems (SCADA).

A monitoring system would allow staff to monitor the run times of the pumping stations, obtain a baseline for dry weather and determine areas with the largest amount of water leakage into the system. The city has a couple older pumping facilities that need substantial rehabilitation.

The proposed project budget includes \$400,000 in instrumentation and monitoring alarm system improvements, \$2.85 million for pump station and force main improvements and \$750,000 for repairs to the collection system.

The proposed improvements will be determined by the monitoring findings. The total project budget is projected at \$4 million.

This proposal was submitted to the USDA who returned an offer to the city. It will be funded out of two different annual allotments to maximize the amount of grant money the city would be eligible for.

The first allotment was for \$2 million; the city would contribute \$400,000 out of sewer reserves and borrow \$600,000 at 2.375% over a forty-year term. USDA would provide the balance in the form of a \$1 million grant. The annual debt service is \$23,401.

The second offer is a \$1 million loan at 2.125% over a forty-year term. The USDA will then provide a second \$1 million grant. The annual debt service on the second offer is \$37,362.

The total USDA offer is \$1.6 million in borrowing and the city will receive \$2 million in grants. The total debt service would be \$60,763 per year with the primary funding source coming from the impact fee fund first. The secondary source would be reserves or operating revenues. Any additional repayment would be from monies recovered from I&I savings. As a result, there is no anticipated sewer rate increase to pay this debt service.

At this point, Mr. Retzlaff recommends the city proceed with the referendum and present the proposals to the voters.

Vice Mayor Morrow asked for comments or questions noting that city council has been discussing this for more than a year and he is pleased it is finally coming to fruition.

Mr. Grier confirmed that the city's portion of \$400,000 will be paid from sewer reserves. When asked what would be paid from impact fees, Mr. Retzlaff explained the \$60,763 annual debt would be paid from the impact fee fund which prevents an increase in sewer rates.

With no further council comments, Vice Mayor Morrow opened the floor to public comment.

Joe Palermo of 5 Misty Vale Court, Meadows at Shawnee, said it is an excellent move on the part of the city because of the aging infrastructure which needs to be addressed.

The vice mayor then closed the floor due to no other public comments.

Adoption/Resolution 2015-09/Final Authorization USDA Loan/Sewer Project

Mr. Grier moved to adopt Resolution 2015-09, seconded by Mr. Brooks:

RESOLUTION 2015-09

RESOLUTION GIVING FINAL AUTHORIZATION OF A LOAN TO THE CITY OF MILFORD, DELAWARE, OF UP TO \$1,600,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT TO FINANCE COSTS ASSOCIATED WITH IMPROVEMENTS TO THE SEWER 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 aggregate principal amount of \$1,600,000 in order to: (i) partially finance the construction costs associated with the City's approved improvements, rehabilitations, upgrades and repairs to its sewer system, including the addition of a sewer supervisory control and data acquisition (SCADA) system instrumentation, pump stations upgrades and removal of external inflow and infiltration sources; and (ii) pay the costs of issuance of a bond or bonds securing the Loan (as hereinafter defined) (collectively, the "Project");

WHEREAS, the City has applied for a loan (the "Loan") through the United States Department of Agriculture – Rural Utilities Service (the "Department") in order to provide funds to pay for the Project;

WHEREAS, the Department has issued a Letter of Conditions dated September 10, 2014, as amended April 27, 2015, to lend the City up to \$1,600,000 in the maximum aggregate principal amount for the Project for a period of forty (40) years, with an interest rate for the first partial loan of \$600,000 not-to-exceed 2.375% and an interest rate for the second partial loan of \$1,000,000 not-to-exceed 2.125%;

WHEREAS, in addition to the Loan, the City also expects to receive a grant from the Department to help finance the Project in an amount up to \$2,000,000, and the City must directly contribute \$400,000 of its Sewer Fund Reserves towards the Project before utilizing Loan and grant funds from the Department;

WHEREAS, pursuant to a Resolution adopted on June 8, 2015 (the "Initial Resolution"), the City gave notice of its intention to borrow up to \$1,600,000 through the issuance of a general obligation bond or bonds of the City for the Project and established a public hearing on the matter for July 13, 2015; and

WHEREAS, having conducted the public hearing on July 13, 2015, after notice, as required and in accordance with the Charter, the Council of the City (the "City Council") hereby determines to give its final approval to proceed with the borrowing and the Loan.

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

1. Pursuant to Article 8 of the Charter, the City Council hereby resolves to give its final authorization and approval to proceed with the Loan and to borrow an amount of money not to exceed \$1,600,000 to fund the Project.

2. Details of the Loan are as follows:

Amount of Loan: Total principal amount not to exceed \$1,600,000.

Rate(s) of Interest: The interest rate for the first partial loan of \$600,000 shall not exceed 2.375% and the interest rate for the second partial loan of \$1,000,000 shall not exceed 2.125%.

Manner of Securing the Same: The City will borrow the funds through the issuance of a general obligation bond or bonds of the City to partially 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 or bonds.

Manner of Paying or Funding: The bond or bonds shall be paid or funded from sewer impact fees, sewer fund operating revenues and tax revenues of the City in the order of priority as stated.

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 improvements, rehabilitations, upgrades and repairs to its sewer system, including the addition of a sewer SCADA system instrumentation, pump stations upgrades and removal of external inflow and infiltration sources.

Such costs, including the costs of issuance of the bond or bonds, are estimated not to exceed \$4,000,000 and are expected to be paid for by the Loan and a grant from the Department and a direct contribution from the City.

ADOPTED AND RESOLVED this 13th day of July, 2015.

s/Mayor Bryan W. Shupe

Motion carried.

Adoption/Resolution 2015-10/USDA Sewer Loan/Scheduling Public Hearing

Mr. Grier moved to adopt Resolution 2015-10, seconded by Mr. Mergner:

Resolution 2015-10

RESOLUTION AUTHORIZING THE ISSUANCE BY THE CITY OF MILFORD, DELAWARE, OF UP TO \$1,600,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF A GENERAL OBLIGATION BOND OR BONDS TO FINANCE COSTS ASSOCIATED WITH IMPROVEMENTS TO THE SEWER 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 aggregate principal amount of \$1,600,000 in order to: (i) partially finance the construction costs associated with the City's approved improvements, rehabilitations, upgrades and repairs to its sewer system, including the addition of a sewer supervisory control and data acquisition (SCADA) system instrumentation, pump stations upgrades and removal of external inflow and infiltration sources; and (ii) pay the costs of issuance of the Bonds (collectively, the "Project");

WHEREAS, the City has applied for a loan (the "Loan") through the United States Department of Agriculture – Rural Utilities Service (the "Department") in order to provide funds to pay for the Project;

WHEREAS, the Department has issued a Letter of Conditions dated September 10, 2014, as amended April 27, 2015, to lend the City up to \$1,600,000 in the maximum aggregate principal amount for the Project for a period of forty (40) years, with an interest rate for the first partial loan of \$600,000 not-to-exceed 2.375% and an interest rate for the second partial loan of \$1,000,000 not-to-exceed 2.125%;

WHEREAS, in addition to the Loan, the City also expects to receive a grant from the Department to help finance the Project in an amount up to \$2,000,000, and the City must directly contribute \$400,000 of its Sewer Fund Reserves towards the Project before utilizing Loan and grant funds from the Department;

WHEREAS, pursuant to a Resolution adopted on June 8, 2015 (the "Initial Resolution"), the City gave notice of its intention to borrow up to \$1,600,000 through the issuance of a general obligation bond or bonds (collectively, the "Bonds") of the City for the Project and established a public hearing on the matter for July 13, 2015; 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 June 8, 2015, 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 \$1,600,000, to fund the Project.

2. Pursuant to Article 8 of the Charter:

Amount of Borrowing: Total principal amount not to exceed \$1,600,000.

Rate(s) of Interest: The interest rate for the first partial loan of \$600,000 shall not exceed 2.375% and the interest rate for the second partial loan of \$1,000,000 shall not exceed 2.125%.

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

Manner of Paying or Funding: The Bonds shall be paid or funded from sewer impact fees, sewer fund operating revenues and tax revenues of the City in the order of priority as stated.

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 improvements, rehabilitations, upgrades and repairs to its sewer system, including the addition of a sewer SCADA system instrumentation, pump stations upgrades and removal of external inflow and infiltration sources.

Such costs, including the costs of issuance of the Bonds, are estimated not to exceed \$4,000,000 and are expected to be paid for by the Loan and a grant from the Department and a direct contribution from the City.

3. *The City Council hereby orders that a Special Election be held on September 1, 2015 (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 7:00 a.m. and shall close at 7:00 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.*

ADOPTED AND RESOLVED this 13th day of July, 2015.

s/Mayor Bryan W. Shupe

Motion carried.

Adoption/USDA Resolution 2015-13/Authorize Indebtedness for Improvements to Sewer System

Mr. Grier moved to adopt USDA Resolution 2015-13, seconded by Mr. Mergner:

RUS BULLETIN 1780-27

APPROVED
OMB. No. 0572-0121

LOAN RESOLUTION

A Resolution of the City Council of the Milford, City of, authorizing and providing for the incurrence of Indebtedness for the Purpose of Providing a Portion of the Cost of Acquiring, Constructing, Enlarging, Improving, and/or Extending Its Water Facility to Serve an Area Lawfully Within Its Jurisdiction to Serve.

WHEREAS, it is necessary for the Milford, City of, (herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of Six Hundred Thousand (\$600,000) pursuant to the provisions of the Charter.

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

- 1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.*
- 2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).*
- 3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.*
- 4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.*
- 5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may*
 - (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable,*
 - (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or*
 - (c) take possession of the facility, repair, maintain, and operate or rent it.*

Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
- 6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.*
- 7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.*
- 8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.*

9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.
11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$1,000,000 under the terms offered by the Government; that Jeff Portmann of the association is hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

s/Mayor Bryan Shupe

Motion carried.

With no further business, Vice Mayor Morrow adjourned the Public Hearing at 7:18 p.m.

Respectfully submitted,



Terri K. Hudson, MMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
July 13, 2015

The Monthly Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, July 13, 2015.

PRESIDING: Vice Mayor Douglas Morrow, Sr.

IN ATTENDANCE: Councilpersons Christopher Mergner, Garrett Grier III, James Burk, Owen Brooks, Jr. and James Starling, Sr.

Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

COUNSEL: City Solicitor David Rutt, Esquire

Mayor Shupe announced prior to the public hearing/meeting, that he has an unexpected medical issue and would not be presiding over meeting. He then turned the meeting over to Vice Mayor Morrow.

Before leaving, he wanted to state, for the record, that city staff has helped a great deal by sharing the city manager's duties and with the issues related to the passing of Councilman Pikus. He said that our employees have really done a wonderful job over the last couple weeks and in particular, wanted to thank City Clerk Terri Hudson who has helped in so many ways. He said the city continues to move forward in a positive way and that things are continuing to get done. He appreciates our staff and referred the importance of 'team work' among our employees.

The mayor again apologized and thanked Vice Mayor Morrow for taking over for him.

CALL TO ORDER

Vice Mayor Morrow called the Council Meeting to order at 7:18 p.m.

INVOCATION & PLEDGE

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

APPROVAL OF MINUTES

Motion made by Mr. Brooks, seconded by Mr. Starling to approve the minutes of the May 26, 2015 Council Workshop and July 9, 2015 Police Committee Meeting minutes. Motion carried.

RECOGNITION

Tribute 2015-19/Mourning the Death of Councilman S. Allen "Skip" Pikus/Distinguished Citizen and Devoted Member of this Community

Vice Mayor Morrow referenced the death of Councilman Pikus on Monday, July 6, 2015. He then asked City Clerk Terri Hudson read the following tribute into record:

WHEREAS, S. Allen Pikus died on Monday, July 6, 2015, at the age of 74;

WHEREAS, S. Allen Pikus served as a Milford City Council member from 1973 to 1981, 1990 to 1996 and from 2010 to the present time;

WHEREAS, As chair of the Finance Committee for the City of Milford, he fully engaged in the annualized budgeting process in cooperation with the Finance Director, City Management and City Department Heads; he assisted in setting

long-term financial goals with an emphasis on working capital and cash reserve funds to ensure the continued financial health of the City of Milford;

WHEREAS, During his esteemed tenure, S. Allen Pikus also served as a member of key Council Committees including the Police and Annexation Committees;

WHEREAS, a longtime businessman, S. Allen Pikus will forever remain present in the lives of those he touched;

WHEREAS, S. Allen Pikus will truly be memorialized through the countless Milfordians whose lives have been made better, in ways both large and small, thanks, in part, to the ordinances he introduced and the causes he championed;

WHEREAS, S. Allen Pikus' death leaves an irreplaceable void with his family and friends and on the city council;

WHEREAS, he is survived by three sons David and his wife Katherine, Stephen and his wife Gretchen, Eric and his wife Pixie, brother Rubin and grandchildren Madeline, William, Dalton, Emma Rose, Alec, Lauren and Benjamin, all of whom felt privileged to be a part of his life and who rejoiced in his many achievements;

WHEREAS, S. Allen Pikus leaves behind a legacy which will long endure the passage of time and will remain as a comforting memory to all he served and befriended.

NOW, THEREFORE BE IT PROCLAIMED, that I, Bryan W. Shupe, by virtue of the authority vested in me as Mayor of the City of Milford, hereby dedicate this hour, as lasting gratitude for his exemplary life, the good he did, the things he taught and the inspiration we garnered, and urge our citizens to take a moment to pause and reflect on the life of S. Allen "Skip" Pikus and express deepest condolences to his family.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Official Seal of the City of Milford, in the State of Delaware to be affixed this Ninth day of July in the Year of our Lord Two Thousand and Fifteen.

s/Mayor Bryan Shupe

MONTHLY POLICE REPORT

Police Committee Chair Morrow presented the monthly police report on behalf of Chief Hudson, noting they have had another busy month. Mr. Starling moved to accept the monthly police report, seconded by Mr. Burk. Motion carried.

CITY MANAGER REPORT

Vice Mayor Morrow referenced the reports included in the packet from the Electric, Public Works, Parks and Recreation, Streets, Solid Waste and Wastewater Departments.

Mr. Mergner said he prefers this format versus what has been done in the past. Council agreed it is easier to read and flows better.

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

COMMITTEE & WARD REPORTS

Public Works Chairman Brooks reported that DeIDOT is hosting a workshop at Milford High School Cafeteria from 4:00 p.m. to 7:00 p.m. to discuss the Northeast Front Street Overpass.

Mr. Mergner suggested that information be posted or linked on our website.

COMMUNICATIONS & CORRESPONDENCE

Vice Mayor Morrow informed council that the city has received several cards from other towns expressing their sympathy over the death of Councilman Pikus. He thanked council for attending the service noting it was well attended and a compliment to Councilman Pikus' life.

Vice Mayor Morrow then read a letter to Chief Hudson that Mayor Shupe had asked him to read into record:

"I would like to thank you, your staff and other members of the Milford Police Department for their presence and assistance with the funeral services of Councilman Skip Pikus on July 9, 2015.

As Mayor I was very proud of the number of police officers who came to pay their respects. The impressive escort from the Rookery North through Milford to the cemetery in Dover, was a touching tribute to a man who was extremely proud of the men and women of the Milford Police Department. Very moving and solemn was the presence of Milford's officers, vehicles and motorcycles throughout the twenty-five mile plus route. These officers also made it possible for the procession to stop for a moment of silence at Lou's Bootery intersection in downtown Milford.

Your officers had a long detailed list to accomplish. They met those challenges with precision, honor and professionalism. They really were spectacular.

On behalf of the City of Milford and the Pikus family, I commend you, your staff and your officers. We are forever grateful.

s/Mayor Bryan W. Shupe"

Vice Mayor Morrow agreed it was above and beyond what was asked of them.

Councilman Grier added that it was truly amazing. He recalled seeing one officer at an intersection and a few miles later, they would pass the same officer. He said they covered the intersections all the way to Dover and through Dover. He thought it was unbelievable.

Chief Hudson thanked the mayor adding it was an honor.

UNFINISHED BUSINESS

None to report.

NEW BUSINESS

Introduction of Ordinance 2015-07/Perdue Real Estate Holdings Inc./Change of Zone

Vice Mayor Morrow introduced the Perdue ordinance for a change of zone. The application requests a change from commercial to industrial zoning for 2.6 acres at their current site. He then deferred to City Planner Pierce.

Solicitor Rutt then stated this is only an introduction so very minimal information can be discussed.

The vice mayor concluded by stating the public hearing on this application is scheduled for July 27th.

Appointment of Special Board of Election/Sewer Improvements Project Special Election/Referendum

Vice Mayor Morrow announced that a Special Board of Election is required for the upcoming sewer borrowing referendum on Tuesday, September 1st. Due to having the referendum on a weekday and employment responsibilities, one of our regular board members will not be present.

The voter registration deadline for this referendum is Monday, August 3rd at 4:30 p.m.

Mr. Grier moved to appoint the Joanne Leuthauser, Carlene Wilson and Carole Mason as the Special Board of Election for the USDA Sewer Borrowing Special Election on September 1, 2015, seconded by Mr. Burk. Motion carried.

Approval/CB&I Contract/Change Order 4/Elevated Storage Tank

PE Erik Retzlaff of Davis, Bowen and Friedel advised that during the current project to construction the elevated storage tank in the southeastern area of Milford, the contractor, while on site, needed authorization to proceed with installing some brackets and mounting hardware. This would allow space on the tank to be leased to Verizon. Authorization was given at the time to prevent the work from being postponed. Had it waited until after council approval could be acquired, the change order would have been significantly higher because the contractor would have to return and prefabricate additional parts.

Mr. Mergner asked why this was not in the original scope; Mr. Retzlaff explained that the city had only recently began discussions with Verizon. He understands the terms of the lease are currently being negotiated.

When asked the rate of return, Mr. Rutt said the long term contract is in the range of \$20,000 to \$25,000 a year.

Mr. Burk confirmed the \$4,358 is a one time fee; Mr. Retzlaff stated yes.

When asked how this would be paid, Mr. Rutt said it would be included in the USDA project related to the water tank.

Mr. Grier moved to approve CB&I Change Order 4 in the amount of \$4,358 to be funded as stated, seconded by Mr. Brooks. Motion carried.

Adoption/Resolution 2015-11/Annexation Committee Investigation/Key Properties Group

Adoption/Resolution 2015-12/Annexation Committee Investigation/Key Properties Group

Tax Parcel No. 3-30 15.00 58.01	Tax Parcel No. 3-30 15.00 58.04
1.28 +/- Acres	1.28 +/- Acres
Current Zone A-R/Proposed Zone I-S	Current Zone A-R/Proposed Zone I-S

City Planner Rob Pierce informed council that Key Properties Group had submitted an annexation request for two parcels along Cedar Creek Road. Each currently contains a single family dwelling unit though the land will become part of the Bayhealth Health Campus overall site plan project.

He explained that this is the first step of the annexation process and adoption of the two resolutions puts the matter in the hands of the annexation committee.

Mr. Grier moved to adopt Resolution 2015-11, seconded by Mr. Mergner:

Annexation/Lands belonging to Key Properties Group, LLC
 Tax Parcel No. 3-30 15.00 58.01
 1.28 +/- Acres
 Current Zone A-R/Proposed Zone I-S

COMMITTEE DIRECTED TO INVESTIGATE ANNEXATION

Whereas, a Petition, signed by the legal property owner and duly witnessed, requesting annexation into the City of Milford, situated west of Cedar Creek Road (SR 30) and south of Wilkins Road (CR 206), legally described as follows:

All that certain lot, piece or parcel of land, with improvements thereon erected, situated in the Cedar Creek Hundred, Sussex County, State of Delaware, lying on the westerly side of Cedar Creek Road (S.R. 30) and being bounded on the east by said Cedar Creek Road, on south by lands now or formerly of Louis J. & Shirley L. Renzi and on the west and north by other

lands now or formerly of Key Properties Group, LLC, and as shown on a recent boundary survey prepared by Becker Morgan Group, Inc., in December of 2014 and being more particularly described as follows to wit:

Beginning at a point in line with the westerly right-of-way of Cedar Creek Road and a corner for this parcel and other lands of Key Properties Group Inc., said point being as measured from a set concrete monument at the southerly end of a daylight corner for the westerly right-of-way of Cedar Creek Road and southerly right-of-way of Wilkins Road the following three courses and distances along the westerly right-of-way of Cedar Creek Road; South 15°07'40" East 85.09 feet; thence along the arc of a circle curving to the right having a radius of 13,837.52 feet and an arc length of 694.73 feet, chord bearing and distance of said arc being South 13°41'22" East 694.65 feet to a set concrete monument; thence South 12°15'04" East 198.51 feet to point of beginning; thence continuing with the westerly right-of-way of Cedar Creek Road 1) South 12°15'04" East 209.89 feet to point at a corner for this parcel and lands of Louis J. & Shirley L. Renzi; thence running with said other lands of Renzi 2) South 77°49'10" West 265.77 feet to a found iron pipe with cap a corner for this parcel and other lands of Key Properties Group, LLC; thence with said lands of said lands of Key Properties Group, LLC the following two courses and distances 3) North 12°11'12" West 209.89 feet to found iron rod; thence 4) North 77°49'10" East 265.53 feet to the point and place of beginning, containing 1.2800 acres of land be the same, more or less.

has been submitted to the City Council of the City of Milford.

Now, Therefore, a Committee, composed of three (3) elected members of City Council and one (1) member of the Planning Commission has been appointed by the Mayor to investigate the possibility of annexing said property, said Committee to be comprised of Chair Katrina Wilson, Douglas Morrow, James Burk and Planning Commission Chairman Archie Campbell.

Be It Further Resolved, that said Committee shall submit a written report containing its findings and conclusions, including the advantages and disadvantages of the proposed annexation both to the City and to the property proposed to be annexed and said report shall further contain the committees' recommendations whether or not to proceed with the proposed annexation and the reasons therefor.

NOW, THEREFORE, I, Teresa K. Hudson, City Clerk of the City of Milford, do hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of Milford at a Council Meeting held the 13th day of July 2015 by a majority vote.

s/City Clerk

Motion carried.

Mr. Grier moved to adopt Resolution 2015-12, seconded by Mr. Mergner:

Annexation/Lands belonging to Key Properties Group, LLC
Tax Parcel No. 3-30 15.00 58.04
1.28 +/- Acres
Current Zone A-R/Proposed Zone I-S

COMMITTEE DIRECTED TO INVESTIGATE ANNEXATION

Whereas, a Petition, signed by the legal property owner and duly witnessed, requesting annexation into the City of Milford, situated west of Cedar Creek Road (SR 30) and south of Wilkins Road (CR 206), legally described as follows:

All that certain lot, piece or parcel of land, with improvements thereon erected, situated in the Cedar Creek Hundred, Sussex County, State of Delaware, lying on the westerly side of Cedar Creek Road (SR 30) and being bounded on the east by said Cedar Creek Road and on the south, west and north by other lands now or formerly of Key Properties Group, LLC and as shown on a recent boundary survey prepared by Becker Morgan Group, Inc., in December of 2014 and being more particularly described as follows to wit:

Beginning at a point in line with the westerly right-of-way of Cedar Creek Road and a corner for this parcel and other lands of Key Properties Group, LLC, said point being as measured from a set concrete monument at the southerly end of a daylight corner for the westerly right-of-way of Cedar Creek Road and southerly right-of-way of Wilkins Road the following two courses and distances along the westerly right-of-way of Cedar Creek Road; South 15°07'40" East 85.09 feet; thence along the arc of a circle curving to the right having a radius of 13,837.52 feet and an arc length of 683.14 feet, chord bearing and distance of said arc being South 13°42'49" East 683.07 feet to point of beginning; thence continuing with the westerly right-of-way of Cedar Creek Road the following two courses and distances 1) along the arc of a circle curving to the right having a radius of 13,837.52 feet and an arc length of 11.59 feet, chord bearing and distance of said arc being South 12°16'31" East 11.59 feet to a set concrete monument; thence 2) South 12°15'04" East 198.51 feet to a point at a corner for this parcel and other lands of Key Properties Group, LLC; thence with said other lands of Key Properties Group, LLC the following three courses and distances 3) South 77°49'10" West 265.53 feet to a found iron rod; thence 4) North 12°11'12" West 210.10 feet to a point; thence 5) North 77°49'10" East 265.29 feet to the point and place of beginning, containing 1.2802 acres of land be the same, more or less.

has been submitted to the City Council of the City of Milford.

Now, Therefore, a Committee, composed of three (3) elected members of City Council and one (1) member of the Planning Commission has been appointed by the Mayor to investigate the possibility of annexing said property, said Committee to be comprised of Chair Katrina Wilson, Douglas Morrow, James Burk and Planning Commission Chairman Archie Campbell.

Be It Further Resolved, that said Committee shall submit a written report containing its findings and conclusions, including the advantages and disadvantages of the proposed annexation both to the City and to the property proposed to be annexed and said report shall further contain the committees' recommendations whether or not to proceed with the proposed annexation and the reasons therefor.

NOW, THEREFORE, I, Teresa K. Hudson, City Clerk of the City of Milford, do hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of Milford at a Council Meeting held the 13th day of July 2015 by a majority vote.

Motion carried.

Adoption/Resolution 2015-14/Declaring City Council Vacancy, Scheduling Special Election & Authorizing Deadlines

City Solicitor Rutt reported that Article IV of the City of Milford Charter states that when an active city councilperson dies, there is a vacancy and a special election is required if more than six months is left in the term. He said the election must be held between twenty and thirty days following the vacancy.

He said the charter references Article VII though the charter does not have an Article VII. According to Mr. Rutt, it existed prior to the last charter amendment five years ago though it was repealed and never replaced. He has a copy of Article VII before it was repealed five years ago.

When asked how quickly council could have Article VII added back to the charter, Mr. Rutt explained that Article VII is really the code and the charter change has to be sent to the general assembly.

Mr. Rutt said he discussed this with Ken McDowell who heads the Sussex County Department of Elections. They talked it through and the charter is clear on the timing though not on the procedure. Mr. Rutt suggests that city council declare the seat vacate this evening. That will start the thirty-day process and allow twenty days for any interested persons to file. The election would then be held thirty days from today on August 12th.

Mr. Rutt said that meets the timing requirement in the charter.

Because there was no procedure, he found some similar case law that dealt with the vacancy of a judge and the timing required. The governor had asked the supreme court for guidance and their response was as long as it is reasonable and

within the spirit of the existing law, it would work. That is how he conjured this.

He recommends council adopt the resolution declaring the vacancy effective this date and that the special election would be held August 12th and that anyone wishing to file a petition must do so by August 3rd. It also provides for anyone not registered to do so by August 3rd to be eligible to vote in the 2nd Ward election.

Mr. Burk moved to adopt Resolution 2015-14, seconded by Mr. Mergner:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILFORD, DELAWARE (“City Council”) DECLARING A VACANCY IN THE OFFICE OF CITY COUNCIL MEMBER AND CALLING A SPECIAL ELECTION TO FILL SUCH VACANCY FOR THE UNEXPIRED TERM; ESTABLISHING THE DATE AND TIME FOR CANDIDATE FILING DEADLINE AND VOTER REGISTRATION DEADLINE.

WHEREAS, Article IV Council Government-Composition, Qualifications, Vacancies and Procedure, of the Charter (“Charter”) of the City of Milford states that the Office of a Councilperson shall become vacant upon death, resignation or removal from office in any manner authorized by law, or ceases to be a lawfully registered voter of the City and a resident of the Ward in which he/she resided at the time of the election; and

WHEREAS, the Charter further states that at the time of the vacancy, if the remainder of the unexpired term is six months or greater than six months, the election authorities shall call a special election to fill the vacancy for the remainder of the unexpired term and the special election shall be held not sooner than twenty (20) days nor later than thirty (30) days following the vacancy.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILFORD:

SECTION 1-VACANCY

Due to the recent death of Councilman S. Allen Pikus, the City Council does hereby declare a vacancy in the Office of City Council, Second Ward.

SECTION 2-SPECIAL ELECTION

The City Council orders a Special Election for the City of Milford, to be held on Wednesday, August 12, 2015 from 7:00 a.m. until 7:00 p.m. at Milford City Hall, 201 South Walnut Street, Milford, Delaware, for the purpose of electing a Second Ward Council Member to serve for the unexpired term of that office. The candidate receiving a majority of the votes cast shall be declared elected to such office.

SECTION 3-SECOND WARD CANDIDATE DEADLINE

Interested qualified candidates from the Second Ward shall file a petition for the vacant seat no later than 4:30 p.m. on Monday, August 3, 2015.

SECTION 4-VOTER REGISTRATION REQUIRE/DEADLINE

To be eligible to vote in this Second Ward Special Election, qualified residents and property owners, determined by Article II Nominations and Elections of the Charter, who have not registered to vote in City of Milford elections must register at Milford City Hall, 201 South Walnut Street, Milford, Delaware, no later than 4:30 p.m. on Monday, August 3, 2015.

SECTION 5-ABSENTEE BALLOTS

Registered voters who wish to obtain an absentee ballot should contact Milford City Hall at 302-424-3712.

s/Mayor Bryan W. Shupe

Motion carried.

Appointment of Special Board of Elections/Special Election/2nd Ward Vacancy

Mr. Burk moved to appoint the Joanne Leuthauser, Carlene Wilson and Carole Mason as the Special Board of Election

for the Special 2nd Ward Election on August 12, 2015, seconded by Mr. Starling. Motion carried.

MONTHLY FINANCE REPORT

Through the eleventh month of Fiscal Year 2014-2015 with 92% of the fiscal year having passed, 87% of revenues have been received and 64% of the operating budget expended.

Mr. Morrow reported that the economic development fund is only at 45% because the cost associated with the City Planner/Economic Development position in May was paid from those monies.

Comcast cable revenues do not come in until the last month of the fiscal year which is not reflected in this finance report and will add another \$103,000 to miscellaneous revenues.

The police pension was received from the State of Delaware in the amount of \$68,000 and will also be reflected in the June 2015 report.

Mr. Grier moved to accept the May 2015 finance report, seconded by Mr. Starling. Motion carried.

EXECUTIVE SESSION

Mr. Mergner moved to go into Executive Session reference below reason, seconded by Mr. Burk:

Pursuant to 29 Del. C. §10004(b)(9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed (Police SRO Contract & Salary Issue)

Motion carried.

Vice Mayor Morrow recessed the Council Meeting at 7:55 p.m. for the purpose of an Executive Session as permitted by Delaware's Freedom of Information Act.

RETURN TO OPEN SESSION

City Council returned to Open Session at 8:16 p.m.

Union Contract

Mr. Burk moved to amend the Milford School District contract subject to negotiations with the district, seconded by Mr. Mergner. Motion carried.

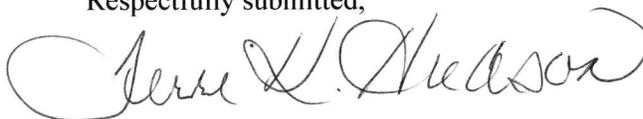
Salary Issue

Action postponed.

ADJOURN

With no further business, Mr. Grier moved to adjourn the Council Meeting, seconded by Mr. Starling. Motion carried. The Council Meeting adjourned at 8:18 p.m.

Respectfully submitted,



Terri K. Hudson, MMC
City Clerk/Recorder

PUBLIC HEARING
PRESENTATION

City of Milford

July 13, 2015



**Miscellaneous Sewer
System Improvements
Project**



Scope of Proposed Project

- ▶ Monitoring System Improvements
- ▶ Transmission System Improvements
- ▶ Collection System Improvements

Need for Project

- ▶ Age of Existing Facilities
 - Approximately 45% of Collection System is more than 35 years old
 - Four (4) of the City's sixteen (16) pumping stations are more than 25 years old and in need of significant repairs.
- ▶ Poor Condition of Collection System Facilities can lead to Inflow & Infiltration (I&I) into the system.
- ▶ Poor Condition of Transmission System Facilities could potentially result in an overflow, discharging raw sewage into the local environment.

Collection System Needs

- ▶ Collection System comprised of Sewer Mains, Manholes and Service Laterals to Customers
- ▶ I&I is water entering the Collection System that is not accounted-for by customer usage
- ▶ Over the three-year period from 2011-2013, the City billed its users for only 73% of the water sent to the Kent County Regional Treatment Plant for treatment and disposal.
- ▶ The City paid Kent County for 138% of metered customer usage.

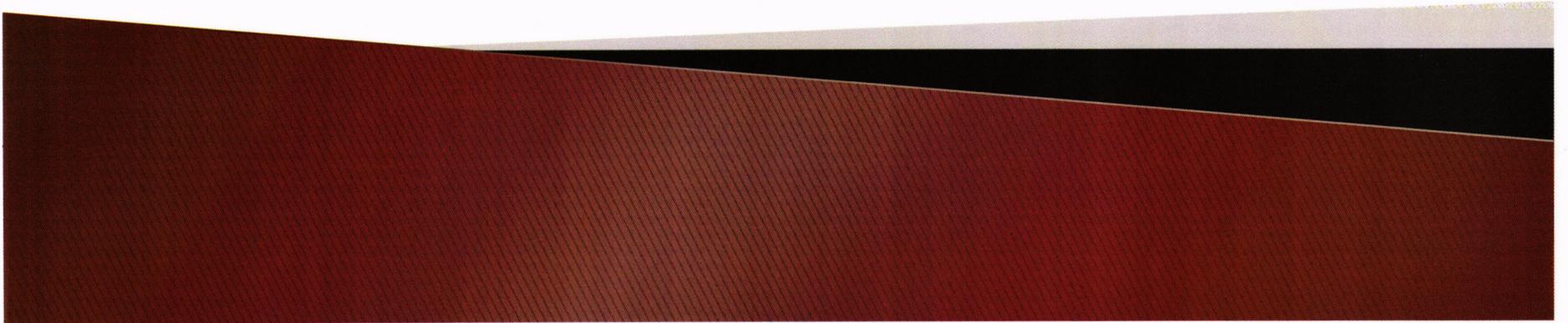
Transmission System Needs

- ▶ Transmission System comprised of Pumping Stations & Discharge Forcemains
- ▶ Improvements to Transmission Facilities Monitoring and Alarm Systems (SCADA)
- ▶ Rehabilitation and Improvements to older pumping facilities to reduce risk of potential overflow
- ▶ Evaluate information gathered by monitoring improvements to determine areas greatest impacted by I&I during periods of excessive rainfall

Proposed Project Budget

\$ 400,000	Monitoring System Improvements
\$ 2,850,000	Transmission System Improvements
\$ 750,000	Collection System Improvements
\$ 4,000,000	PROJECT TOTAL

USDA Rural Development Project Funding Package



Terms of USDA Funding Offer

- ▶ City's application for funding assistance was approved by USDA Rural Development and a funding offer issued
- ▶ Project is being funded out of 2 USDA annual allotments to maximize amount of Grant money to City

First Allotment

- ▶ Project Budget: \$2,000,000
- ▶ City to contribute \$400,000 from Sewer Reserves
- ▶ City to borrow \$600,000 loan with 40-year term at a maximum interest rate of 2.375%
 - Annual debt service: \$23,401
- ▶ USDA to provide the remaining \$1,000,000 to the City in the form of a **GRANT**

Second Allotment

- ▶ Project Budget: \$2,000,000
- ▶ City to borrow \$1,000,000 loan with 40-year term at a maximum interest rate of 2.125%
 - Annual debt service: \$37,362
- ▶ USDA to provide the remaining \$1,000,000 to the City in the form of a **GRANT**

Summary of Funding Offer

- ▶ TOTAL Project Budget: \$4,000,000
- ▶ City to contribute \$400,000 from Sewer Reserves
- ▶ City to borrow \$1,600,000 loan with 40-year term
 - \$600,000 at maximum interest rate of 2.375%
 - \$1,000,000 at maximum interest rate of 2.125%
- ▶ USDA to provide the remaining \$2,000,000 to the City in the form of a **GRANT**

Financial Impacts to City

- ▶ \$60,763 annual debt service
- ▶ Primary source for debt service payments will be the City's impact fees account
- ▶ Secondary source for repayment would be operating revenues or reserves
- ▶ Additional source for repayment would be from recovered income generated by reducing unaccounted-for (I&I) water entering system
- ▶ **NO SEWER RATE INCREASE NEEDED TO REPAY DEBT**

QUESTIONS???