

CITY OF MILFORD
COUNCIL MEETING MINUTES
April 24, 2023

The City Council of the City of Milford met in Regular Session on Monday, April 24, 2023.

PRESIDING: Vice Mayor Jason James Sr.

IN ATTENDANCE: Councilmembers Daniel Marabello, Mike Boyle, Andrew Fulton, Todd Culotta, Nirmala Samaroo, Brian Baer, and Councilwoman Wilson

STAFF: City Manager Mark Whitfield, Police Chief Cecilia Ashe, and Meeting Recorder Rose Kibler

COUNSEL: Solicitor David Rutt, Esquire

ABSENT: Mayor Arthur Campbell

Per the Limited Public Health Emergency Declaration issued by Governor John Carney on March 1, 2022, and the virtual meeting provisions provided in Senate Bill 94, Milford City Council Meetings and Workshops are being held in the Council Chambers at City Hall, with attendees also participating virtually.

PUBLIC COMMENT PERIOD PRIOR TO MEETING

Vice Mayor Jason James Sr. presided over the meeting due to Mayor Arthur Campbell being away on vacation.

Vice Mayor James confirmed that no one was signed up to comment prior to the start of the meeting.

CALL TO ORDER

Vice Mayor James then called the meeting to order at 6:01 p.m.

INVOCATION AND PLEDGE

The invocation was given by Councilmember Wilson, followed by the Pledge of Allegiance.

AGENDA AMENDMENT

Vice Mayor James asked Council to consider moving Ordinance 2023-19 to later in the meeting due to the consultant not being available at this time.

Councilmember Boyle made a motion to authorize the agenda be amended, by moving Ordinance 2023-19, Electric Tariff amendment, seconded by Councilmember Fulton. Motion carried.

RECOGNITION

New City Employee Recognition

Those he was not in attendance, Public Works Director Mike Svaby informed Council that Carlo Reyes has been hired as the second Equipment Mechanic IV. He previously worked at DelDOT where he was an Equipment Operator.

Proclamation 2023-08/Professional Municipal Clerks Week

Vice Mayor James referenced Proclamation 2023-08 that proclaims Professional Municipal Clerks Week beginning April 30 – May 6, 2023.

PUBLIC HEARING/PUBLIC COMMENTS/ORDINANCE ACTION

Solicitor Rutt read the rules of the public hearing into record.

*Adoption/Ordinance 2023-17 - Preliminary Major Subdivision
Application of Milford Corporate Center on behalf of City of Milford
182 +/- acres of land located at the northwest corner of
Milford-Harrington Highway and Canterbury Road
Comprehensive Plan Designation: Industrial Commercial
Zoning District: I-1 (Limited Industrial) BP (Business Park)
Present Use: Vacant Proposed Use: Industrial Park
Tax Parcel: MD-16-173.00-01-01.00*

City Planner Rob Pierce read the specifics of the application into record, which can also be found above.

He stated the city proposes to subdivide the property into a 27-lot industrial and business park, as shown on the preliminary plans. The site will also include the construction of a new water tower that will serve the northwest area of Milford and a sewage pumping station that will serve the property.

The city is also seeking approval of a comprehensive signage plan associated with large-scale development, at the entrances on both State Route 14 and State Route 15, which is larger than what is permitted by the zoning code.

There are also two waivers being sought. Both relate to the block construction of the development because the city's subdivision code is more geared toward residential subdivision design. To create the larger development, waivers were needed from the maximum block length and maximum block width requirements.

Other than the two waivers and the comprehensive sign request, the application is consistent with Chapter 230 zoning and Chapter 200 subdivision of land of the City of Milford Code.

The plans were reviewed by the city engineer for general compliance with the city's construction standards and specifications, which review letter can be found in the packet.

The packet includes the location and zoning map, preliminary plans, copy of the previously approved concept plan, agency comments and PLUS review comments from the State Planning Office.

The public notice was published in the Delaware State News on April 4, 2023 and all property owners of sites within 200 feet were mailed a copy. A public notice was also posted on the property.

The Planning Commission reviewed this at the April 18th meeting, recommending approval of the preliminary major subdivision application, the two waiver requests and the comprehensive signage plan by a vote of four to zero.

Mike Riemann, PE, Principal with Becker Morgan Group, 309 South Governors Avenue, Dover, presented the application for the Milford Corporate Center. The site is 181 acres, split zoned between the I-1 and B-P zone. The plan that was filed to the city for a preliminary site plan review is consistent with the graphic that represented the design that was part of the community outreach and part of some update meetings with Council.

They have been working through design review and addressing comments along the way. The site has three frontages—Route 14, Route 15, and Church Hill Road. There are 27 parcels that range in size from 2.8 acres to 9 acres. The parcels that front Routes 14 and 15 are intended to target business office type uses and are on the smaller side compared to some

of the internal lots. Stormwater management is at the intersection of Routs 14 and 15, and another stormwater management facility, located on the north side.

Primary access points coming in off Route 15 align with Airport Road. A roundabout is proposed in that location which has been consistent from the beginning of the project and is part of a Transportation Infrastructure Investment funding (TIIF) grant that the city received from DelDOT to fund those improvements.

The other access point comes off Route 14 and includes right and left turn lanes. There is no access from Church Hill Road, as has always been discussed, and remains in place today.

The internal street network consists of 32-foot-wide streets with curbing, gutter, and sidewalks. There is a primary boulevard at each of the entrances, with the center boulevard median. An internal roundabout is located (drawing was referenced).

The design has focused on the ability to be versatile, and able to react to the marketplace with the ability of the internal lots starting at 70,000 to 120,000 square foot facility range. However, if larger users, in the 300,000 to 500,000-foot range, the lots could be combined.

There is a sidewalk walking path around the entire perimeter of the facility and front on all three frontages and connects internally. The entire facility could be circumvented with a walking trail with an amenity in the area for getting outdoors and enjoying a walk.

The project went to plus in September 2022 with no major concerns.

A community meeting was held in September 2022. The two primary concerns that were raised during that meeting was access to Church Hill and the reason it is not there. That was a very big request from the community.

The second involved buffering from the adjacent residential properties. The code requires approximately a 50-foot buffer adjacent to residential from the commercial zoning district. A 100-foot buffer will separate the neighboring properties.

There is existing vegetation and a pond in this area that a couple neighbors wanted to remain. The stormwater pond will drain into the drainage way, but the stormwater pond would be designed to meet conservation district requirements and the required rates of discharge for DNREC.

The final traffic study is in review at DelDOT. They have agreed on the 'no access' to Church Hill Road and there have been numerous meetings where that was discussed.

Some improvements are needed as a result. The site access to Route 15 with the roundabout, the access to Route 14 with the auxiliary lanes. At Routes 14, 15 and Holly Hill Road, there will be some signal timing modifications required and lengthening of the westbound right turn lane, and southbound left turn lane and improvements will be required.

At Route 14 and Williamsville road, a traffic signal installation would be required. DelDOT typically does this by executing a traffic signal agreement, and we anticipate there are other developments in the area that would also be responsible to contribute to that.

The biggest improvement is at Route 113 and 14 and will add additional through lanes at that intersection. It is already a DelDOT project, and this project will be required to contribute towards that project, though this is already in DelDOT's plans.

At Route 15 and Churchill Road, he believes there will be a roundabout or signal added. A roundabout was contemplated a number of years ago when this was considered for a residential development. Depending on sufficient right-of-way will determine a roundabout or a signal.

He recalled this property was originally planned as the Homestead Subdivision of about 1,065 residential units. This project today is anticipated to create less traffic than the residential development originally planned.

A comprehensive signage plan is proposed at the intersection of Routes 14 and 15 as the gateway into the facility to create an attractive entryway. A second sign would be added to the Route 14 entrance.

A requested waiver is in the application because of the block length requirement that exists in the code before a street is required. The maximum lengths are over that and that is because is a business campus/industrial park and not a residential community. To target the types of users the city is looking for to target and to meet that requirement would not make the project feasible.

Mr. Riemann then talked about the phasing plan, starting on the Route 15 access point with some water amenities and enough street network in to target the business office market as well as the distribution/logistics/warehousing. Phasing infrastructure and minimizing costs will allow proper growth into the facility.

Councilmember Culotta pointed out the 100 feet buffer versus the minimum 50 feet buffer requirement, and asked if the city is losing market ability of those lots by putting that big of a buffer in. Mr. Riemann said generally no and the one area with the buffer on the north side, there is a stormwater facility. There is a little bit on lot six, but the remaining portion is in open space and adjacent to the stormwater.

On the other side, the buffer is shown on lot, so the building setback is from the property line and not the buffer. The code has a 200-foot setback from a residential property before a structure can be built. Another 100 feet beyond the buffer is required before the structure is built.

When asked what improvements are planned for Church Hill Road from Canterbury to Route 14, Mr. Riemann recommends that road not be widened. Besides the cost implication, they do not want to invite trucks to use that road. One of the residents asked that some signage be used to prohibit truck traffic from using that road and to direct them to State Route 14 and 15.

Councilman Baer asked the approximate size for an Amazon warehouse or something similar. Mr. Riemann said it varies from 1 to 4 million square feet, though he has also seen 300,000 square feet.

They have completed several similar projects that are typically 75,000 to 350,000 square feet. Anything 500,000 square feet and larger are rare. The 1 million square feet facility such as the Walmart Distribution Center in Smyrna is not the norm.

The floor was open for public comment. No one responded and the public hearing was closed.

When asked the timeline for the property to be shovel ready, Mr. Riemann shared the current schedule is October 2023 for all approvals. Then the project must be bid, and a contractor subsequently hired.

Vice Mayor James asked if Mr. Riemann has seen that in these type parks, whether an e-commerce type business ranging from 150,000 square feet to 300,000 to 500,000 square feet, doing light to medium distribution, could do a substantial business out of facility that is less than or up to 500,000 square feet; Mr. Riemann stated for the record, he is not a real estate broker, and the real estate market is not his expertise. However, they are designing and engineering a few facilities, and what he told Council is what he has seen in size and types of facilities that are presently being designed.

He added that what is being done at the Duck Creek Business Campus in Smyrna and the most recent is 118,000 to 120,000 square feet. Another building was 140,000 square feet split into two phases. They built half the building and are now getting ready to build the second half of the building.

Another project in a similar campus has 10,000 to 15,000 square foot buildings on the same lot. He said to imagine an eight to ten-acre lot and that is what they built. It is always about the marketplace and reacting to what the market is bearing.

Mr. Riemann confirmed that other than the DelDOT changes, the layout of the lots has remained the same as was presented to the public. An adjustment was made at the intersection of Routes 14 and 15 because the stormwater facility had to be enlarged. He believes the lot count and the acreage is roughly the same.

Minor changes addressed engineering and technical items.

Councilmember Culotta said the buffer is not a big deal and he understands the waiver in the block lengths makes the project feasible. He added that the city is very tough on people with signs. He personally thinks the city's sign ordinance is too restrictive and yet the city is asking for a waiver for themselves.

This is a project that will benefit Milford. He is fine with the sign waiver, but in general would like to see an outside entity treated the same.

Councilmember Culotta emphasized that if Milford claims to be a business-friendly city, those are the kind of things we do not need to hammer developers on, and then favor ourselves.

Councilmember Fulton disagreed pointing out each situation is reviewed either through a waiver or a variance, and it is thoroughly discussed. Plus, public comment is taken. Each application is considered individually. Milford does not want to be Rehoboth or Lewes with signs everywhere. Most of our residents prefer not to have billboards up and down our roadways blocking businesses and other things.

Councilmember Culotta argued that these broad statements such as we don't want that many signs and we don't want signs is a deterrent to business. He wants businesses to be in Milford which comes with a need to be fair and just, and we should not just favor our own selves as in this scenario.

Councilmember Boyle pointed out this sign is seven feet and the other sign that was debated was ten feet. Any developer that came in and wanted to build a 180-acre business park would be granted the same approval.

Councilmember Fulton moved to adopt Ordinance 2023-17 approving the preliminary major subdivision, including the waiver(s) and signage as requested, seconded by Councilmember Boyle. Motion carried by the following eight to zero vote:

Marabello: Yes, the waivers do not adversely affect the project and the waivers for the length and widths of roads are not adverse. The whole project is what we want to begin with and is consistent with Chapter 230 and Chapter 200, zoning, and subdivision of land, and consistent with the Master Planning effort. It will be a good program overall.

Boyle: Yes, for the motion. The project is a major subdivision consistent with the comprehensive plan and does meet the strategic plan as well.

Fulton: Yes. I do think we need to look at our ordinances to how it does affect business parks and such, so we can put those type of requirements and needs already in the ordinance to prevent such variances. This is needed for the growth of the economy and will help the city's tax base, which will in turn, help the city provide services to everyone.

Culotta: Yes—a resounding yes, because this is business growth in Milford which as I stated in our last special meeting, is the fundamental driver to a better city, better jobs, better income, better need for housing, a variety of things. Money spent in the community, and this is something we started a while ago and I am glad to see it has progressed to where it is and I want us to get hot on getting tenants in there and really driving it forward, but this is a phenomenal step for Milford to move forward and am glad to be part of Council in favor of this.

Samaroo: I vote yes because it is consistent with Chapter 230 Zoning and Chapter 200 Subdivision of Land. I think this will be great for Milford residents, creating more job opportunities and great for businesses to have their main headquarters here.

Baer: I vote yes. I think it is a great benefit to the city and like the fact we are creating jobs and that it fits in perfectly with our comprehensive plan.

Wilson: I vote yes for the industrial park and the variances. I am pleased about the diversity of lot sizes that will meet the future needs of Milford. And we are building it for them to come.

James: I vote yes. The waivers that are requested do not negatively impact the project and I vote strongly for the economic impact that it will have on the City of Milford.

*Adoption/Ordinance 2023-19
City of Milford Code – Appendix B
Electric Rules and Regulations
Electric Rate Increase*

Finance Director Lou Vitola reminded Council that the city engaged utility and financial services to conduct cost of service rate studies and rate projections in 2017 for fiscal years 2018, 2019, and 2020, and again in 2020 for fiscal years 2021, 2022, and 2023.

They most recently engaged the firm and Utility Financial Solutions Vice President Dawn Lund of Leland, Michigan, will provide the rate projection presentation for fiscal years 2024, 2025, and 2026.

The good news is that because a full cost of service study was done, they were able to focus on the rate review only, which relies on the previous studies fundamentals and checks to make sure that the city is on track and that the projections that were produced at the time have come to fruition. If not, what corrective action is needed, and to recommend rates.

Ms. Lund said she will present the results of the electric financial projection. She will also talk about where Milford is today and where it is projected to head into the future, and the rate adjustments recommend, and the impact on the average user.

She will be talking about key targets that need to be reviewed and emphasized that the electric utility is a self-sustaining enterprise fund and should be funding its expenses, debt, and its capital replacement. They make sure it is on track for a long term financially sustainable utility, which helps with reliability and capital replacement.

A highly summarized table of data from approximately 150 spreadsheets was then provided.

The three key areas considered are debt coverage ratio, adjusted operating income, and the projected cash balance. Debt coverage ratio is simply a measurement of debt affordability and whether there was enough cash flow from operations each year to pay the debt service payment.

For a revenue bond, for financial planning purposes, they want to see at least a 1.5. Specific covenants for a revenue bond are typically a 1.25. Due to weather, general economy, a buffer is needed and have that meet at least a 1.5 minimum.

Milford is meeting the debt coverage ratio throughout the protection period without rate adjustments.

The next target is adjusted operating income. It is referred to as adjusted because Milford's audit shows the transfer to the city below the operating income line. The operating income must be adjusted to include that transfer which is funded through rates.

The adjusted operating income is projected to be negative throughout the projection period or a loss. That loss continues to grow without any rate adjustments, and that is one of the targets that needs to be turned around. In general, they are trying to target about \$1 million operating income. That is a function of two things. One is funding interest expenses on debt. Since it is below the operating income line. And the second is an attempt to fund the inflationary increase on the assets that have been invested in the system.

She provided an example using a \$1 million asset that needs to be replaced in ten years that will increase to \$1.3 million or more. That \$300,000 in the example is what needs to be recouped through that rate of return.

Milford has a very low rate of return of 6.5% projected that needs to be met. That is not being met currently and Milford is projected to operate at losses while they try to work Milford toward a positive operating income with the rate track she will present.

When projecting cash balance, risk areas to the utility are examined. Operating expenses, or cash on hand is required to pay the bills.

Purchase power costs are also reviewed. There is a lot of volatility in the market and Milford has a PCA (power cost adjustment) that passes on any changes in power supply costs and helps mitigate the risk to the utility. That is currently adjusted annually, though many municipalities change them monthly. As a result, there is more risk here.

She noted there is also a large percentage of revenues are from a much smaller sector of customers and that is a risk. If one of those customers left the system, the overall sales would drop.

All those factors are taken into consideration, including the capital improvement program. If \$1 million is going to be spent next year, there is a need to have those funds available.

The debt service payment is reviewed, and she wants that payment always in reserves so it can always be paid.

Taking those risks into account, that minimum cash target needs to be about \$10 million. The current balance is above the minimum but dropping over the five-year period due to the losses and funding the capital improvement program.

The goal is to turn those losses around and stabilize that drop in cash.

Councilmember James confirmed that without the \$2.5 million transfer, all the numbers would be positive. He also verified the minimum cash balance is above the target minimum cash. Ms. Lund clarified this is not substantially above, because she wants the number to be above the minimum. The minimum means more cash critical.

She also added the 60% depreciated which means cash will flow with reinvestment in the infrastructure. Right now, it is 60% depreciated. From 2020 to projected 2024, Milford had very light capital improvements. That causes the age of the system to increase because there is no reinvestment at the depreciation rate.

That causes cash to drop once the reinvestment starts again. That is the reason the cash is not substantially above the minimum and because of the 60% depreciation, she hopes the capital improvement plan is larger into the future like it is trending from 2025 forward.

When asked the breakdown for projected expenses or the makeup, Ms. Lund talked about operating revenues projected in the first projection period of \$27 million. She also referenced the purchase power costs of \$21 million, personnel services of \$3 million, repair and maintenance of \$350,000, other supplies and expenses of \$50,000, insurance at \$125,000, and depreciation at about \$1.2 million.

Comparing the 2021 and 2022 expenses, and removing the power supply and depreciation, all other expenses on the system went up about 9%. It moved from \$3.2 million to \$3.5 million.

The PPCA (purchase power cost adjustment) is what captures the changes in power supply. If the projected power supply goes down or up, that will be captured through the PPCA. Other expenses are increasing by inflation and other things and need to be captured through a base rate adjustment.

Power supply is projected to slightly go down. Milford has a mix of power supply and while natural gas is a driver, it is not a one for one ratio of what natural gas is doing. That means the PPCA will be slightly reduced.

Ms. Lund emphasized that when talking about base rate increases to customers, those percentages will most likely not materialize at the percentage she is providing, because the PPCA will go down. There are basically three components a residential customer pays. The customer charge, the kilowatt hour charge, and the PPCA. When that goes down and the base rates increase, the customers will enjoy that combination.

The rate increase she will provide today will not be as high as a result.

Focusing on operating income, cash balance, and the debt coverage ratio, she shared Milford's debt coverage ratio with or without a rate adjustment, is healthy. Milford does not have a lot of debt and has a netbook value of about \$14 million, and an outstanding debt of about \$3.8 million. She expects a healthy debt coverage ratio as a result.

Adding a 1.2% rate adjustment, with the health debt coverage ratio, is an attempt to turn those losses around over the five-year period. She wants to take those operating losses and turn them around overtime.

She can do that because of the cash balance on hand. Though a healthy cash balance, there is a need to be above the minimum, while keeping in mind, the system is 60% depreciated. That, while coming off a period of lower capital improvements since 2020, is naturally going to build cash because there has not been any reinvestment in the infrastructure.

By not meeting the operating income, a larger increase could be needed. Instead, she is trying to balance those losses out over time while smoothing out that cash balance. That results in a lower rate impact to the customer.

When asked if paying off the debt is still being considered, Finance Director Vitola said that change in strategy to keep the debt on the books and not advance refund it is factored into this analysis. The debt service coverage requirements are still there, and still targeted to be covered.

With the ability to either artificially or economically defuse the debt, or use the cash outright to refund it, both have close to the same effect. Regardless of that change in strategy, the impact on rates is nominal, very small.

Had that been executed in January, he feels the same or slightly larger increase, may have been recommended.

Ms. Lund referenced the full cost of service study in 2019-2020, which involved a very detailed look of the revenue requirements. At the time, that study showed the customer charge for the residential class was \$16. The cost-of-service results showed an increase to \$21.

The rate design shows an edge up of the customer charge to at least meet the \$21, which by now is higher. A cost-of-service study is only needed every three to five years and that is why a financial projection was included this time. The old study results were used to guide the rate design.

It showed that the fixed customer charges could go up slightly. They weren't way off base, but a little more improvement is needed. That is important because when in a period of declining sales, and have revenue recovery pushed into the variable component, it should be recouped through the fixed component and the sales will go down.

To stabilize the rates and charge fair and equitable rates, and ensuring every rate payer is paying their fair share, there is a need to work towards cost-of-service rates, referencing the below table, charging a 25-cent increase:

Projected Residential Rates

Rates	Current	Year 1	Year 2	Year 3
Monthly Facilities Charge:				
All Customers	\$ 21.00	\$ 21.25	\$ 21.50	\$ 21.75
Energy Charge:				

Winter Block 1 (0 - 2,500 kWh)	\$ 0.10353	\$ 0.10477	\$ 0.10603	\$ 0.10730
Winter Block 2 (Excess)	\$ 0.11553	\$ 0.11692	\$ 0.11832	\$ 0.11974
Summer Block 1 (0 - 2,500 kWh)	\$ 0.10353	\$ 0.10477	\$ 0.10603	\$ 0.10730
Summer Block 2 (Excess)	\$ 0.11553	\$ 0.11692	\$ 0.11832	\$ 0.11974
Power Cost Adjustment:				
All Energy	\$ 0.01438	\$ 0.01438	\$ 0.01438	\$ 0.01438
Revenue from Rate	\$10,993,338	\$11,111,674	\$11,231,187	\$11,351,891

She is trying to move over that three-year period to more of that cost-of-service rate.

Twinking the kilowatt hour charge gets the revenue increase in the residential class, even though the overall system increases are 1.2%. She is striving for the residential class to see about a 1.1% rate increase.

The average customer uses about 989 kilowatt hours a month in the residential class and rounded that to 1,000. That computes to an average rate increase of \$1.50.

In this rate design, the PPCA has been kept at .01438. If power supply does go down, the overall rate they pay will be reduced because the PPCA will be reduced. Staff will know how to handle by using the normal formula.

Ms. Lund emphasized that this rate change will impact the average residential rate by about \$1.50. A lower use customer will be approximately \$1.

It was confirmed the new rate is based on the most recent billing statistics.

When asked if adding new residential customers, would that increase or decrease the rates; Ms. Lund said she is unable to answer other than explaining the ways it can affect it.

UFS does not know how much capital is being spent. If there was enough capital spent in the short term, draw down on the cash somewhat, Milford would still be on track.

Ms. Lund stressed that the rate increase has not been overshot. If there was a way to fund the system perfectly, in addition to funding the operating expenses, the depreciation, and the 6.5% rate of return every single year, the operating income would be a \$1 million every single year. This rate increase will not reach that over the five-year period. There is still a healthy cash balance, and rates can be kept lower by leaning on that cash balance a little bit.

If there was a huge amount of growth, and the impact on rates, would most likely not make it go down. All it would do is lessen her losses or make us work quicker to the operating income of a \$1 million.

A utility with a lot of growth, and a lot of capital investment needed, in the short term, it would most likely make rates increase if cash couldn't support it. Or there would be a need to borrow.

She feels that Milford is basically in a perfect situation, because if growth requires cash to be spent, there is cash to do that. But if growth deters spending a lot on capital, and it improves the bottom line, all that was done is not mitigating any rate increases needed in the future. The losses were turned around quicker while working toward the operating income that Ms. Lund wants to improve.

Councilmember Culotta asked why a customer would be penalized for using a higher consumption during the summer, when many companies reduce that higher rate, Ms. Lund explained it is the philosophy behind Council and the community.

She explained that a customer pays a customer charge and a flat rate, regardless of what time of the year it is. The criticism of that is you are not promoting energy conservation. Utilities want to send the conservation pricing signal by using a lifeline rate or base rate of 200 kilowatt hours. A rate will be charged that is more affordable and anyone that uses above that will be using excess usage or luxury usage and charge them more for that.

Some communities want growth and revenue stability and acquire those revenues in those smaller blocks. To stabilize revenues as much as possible, they charge a higher customer charge, a higher first tier, and for those using excess power, and after recovering a healthy portion of our fixed costs, will start giving a lower rate for more usage because the goal is to promote usage.

That is based totally on the philosophy of the community.

Councilman Culotta thinks Council needs to discuss whether to promote energy efficiency and usage and yet, an electric vehicle is charged at night at a higher rate. But the idea of using an electric vehicle is more favorable to the environment.

Ms. Lund also pointed out that electric vehicles also have a draw, which means the load factor for charging an electric vehicle goes down. Rates are typically set on a higher load factor.

The average residential customer may have a 30% load factor and the residential rate is set on 30%, then an EV customer comes in, and typically that load factor drops greatly. Kilowatt hours are still used which is a balance.

If looking at larger EV loads, she recommends getting the study done to determine what that should be.

There being no further questions or comments from Council, Solicitor Rutt opened the floor to public comment. No one responded and the floor was closed.

When asked for a motion, Councilmember Boyle moved to approve Ordinance 2023-19, amending the Electric Tariff, seconded by Councilmember Marabello. Motion carried by a 6-1 vote with Councilmember Baer casting the sole dissenting vote.

It was noted that Councilwoman Wilson, who was participating virtually, was not present for the vote.

Communication & Correspondence

Councilmember Fulton reported he received another complaint regarding Xfinity and their services due to the stand-alone agreement with the City of Milford. Their service quality remains a question, and the negative impact on employees working from home, Milford businesses, and many students from various levels of schools and colleges.

Councilmember Culotta asked for more information to be provided with information from the agreement, as well as technically.

City Manager Whitfield will follow up with Xfinity though they do not have a monopoly other than no other service provider is available. Other internet service providers have expressed interest but have been deterred by the associated infrastructure costs.

Councilmember Culotta expressed concern about the communication relating to an event at the new police facility that included federal, state, and local legislators. He feels slighted that Council was not included by the Mayor, though some Councilmembers took the initiative to show up themselves.

According to the City Manager, Councilmembers were not invited though he included the information in his weekly update. He was only asked that the Mayor attend by the Senator's Representative.

Community Clean-Up Day

SCAT dinner will be held on May 3rd at Bridgeville Fire Hall.

The Community Clean-Up Day is Saturday, May 6th. Councilmember Baer sent out a reminder to Fork Landing residents. He also included information on the neighborhood clog and included the photos he received.

MONTHLY FINANCE REPORT

Finance Director Vitola presented the monthly finances for March.

Cash dipped by little over \$1 million in March and about half of that was project spending between AARP cash out flows and the reserve funds. Another 40% was a solid waste truck replacement.

Net cash outflows are common this time of year.

There was little General Fund Activity during the month though the general fund does continue to exceed expectations in total, and the enterprise funds are tracking similarly.

We continue to lag versus the Fiscal 22 results, but that was a particularly strong year. Currently, there are fewer vacancies and increased project activity that are driving the variance. He expects that to continue for the balance of the year.

Compared to the budget, the general fund does continue to exceed expectations in total. The enterprise funds really are tracking similarly to the general fund.

There is a negative variance in the solid waste fund is skewed by the reporting for the replacement truck. There were funds set aside in the vehicle and equipment account for the truck, but based on accounting principles, it is reported that the purchase of the truck is shown in capital, but also shows a great deal of cash being spent.

Through three-quarters of FY23, we should finish the year somewhat narrowly within the budget. Though the supply surpluses shown in FY21 and FY22 will not exist this year. That will make the ability to fund the new initiatives in the CIP program much harder this year. That same applies to the O&M budget though they continue to work hard to assembly the true operating needs and revenue potential now, to be able to properly provide that information in a couple weeks during the budget hearings

When asked about property tax recoupment, the Finance Director reported that we were in the 97% range at the time of the last staff report.

For the first time in about four months, it had jumped ahead of the progress for the same period in the prior year.

Councilmember Fulton moved to accept the March Finance Report as presented, seconded by Councilmember Culotta. Motion carried.

NEW BUSINESS

Authorization/Accountant Position/Finance Department

According to Finance Director Vitola, it is no surprise the need for this position has been manifested. He referenced the tremendous struggles with the last audit process. That had its reasons and in turn the fiscal year 22 audit is already behind.

That is the most visible example of what the finance team is struggling to keep up with. They have the ERP implementation ongoing, and while the AARP program slowed things down, there are a multitude of grant programs and new projects, all of which require different levels of regulatory compliance.

The city has grown in terms of population, homes, businesses, electric load, water and sewer consumption, projects, and grant activity.

A \$4 million USDA sewer project was recently wrapped up, which required tons of tracking and reporting. The same applies to the ongoing police facility with the \$16.5 million USDA funding and the bond anticipation to fund the construction expenses. There are 16 contracts, the construction work, a construction manager, and an architect, plus another \$1 million in contingencies he must track.

When he looks back into FY21, around 2017 it was judged that four full-time employees in the finance department was about right. But by 2022, that need would increase to five.

He is asking for an accounting position which is an existing position in the city's current structure and is looking for someone who is credentialed as an accountant with an accounting degree though they do not have to be an actual CPA.

There are a lot of things that Director Vitola wants to do but does not have the time to do right now. He thinks this new position will go a long way in helping achieve those things needed.

It was confirmed the job description is already in place and the City already has one accountant, Sandra Peck, who does a lot of the CIP and budget work for him.

Councilmember Fulton move to approve an additional accounting position in the Finance Department to permit recruitment as early as this week, seconded by Councilman Boyle. Motion carried unanimously by an 8-0 vote.

Authorization/DeIDOT/US Route 113/Speed Limit Reduction/Unification

Councilman Fulton brought this concern to the City Manager, who did a survey and found there were varying speed limits. In addition, there are different speeds in the same sections of US Route 113 but different speeds on the north and southbound side.

The City Manager is recommending a speed of 40 miles per hour the entire length of the highway except for where it is posted at 35 miles per hour when entering intersections and ramps.

Councilman Fulton said this was brought to his attention by a constituent who had an accident in this area because of speeding vehicles. He has observed vehicles trying to exit onto Seabury traveling at 55 miles per hour. Reducing the speed limit within the city limits would increase safety. He confirmed the only 35 miles per hour is when entering Route 1 from the north overpass on Route 113. He believes 40 miles per hour throughout the city is ample when entering businesses and passing residential areas. It also allows a vehicle to enter the highway in a much safer manner.

City Manager also referenced the increased number of developments south of Redners Market adding there has been one fatality at the entrance/exit of one development.

It was confirmed that the entire map is within the city limits and extend beyond the southern portion. The city limits extend beyond the Delaware Solid Waste Authority facility.

Councilmember Wilson said whether the lower speed limit becomes effective, she believes that more enforcement is needed in the area. She does not believe the problem is the speed limit, but those vehicles that are traveling over the posted speed limit and agrees there is a problem. But until the speeders are addressed, she does not believe reducing speed limits will help.

Councilmember Fulton agreed, noting the respect that drivers pay in the towns of Harrington and Greenwood, adding that you observe vehicles slowing as they approach these communities.

Council agreed that Milford needs to earn the reputation of enforcing these speed limits. Chief Ashe added that through speed enforcement on Route 1, two vehicles were determined to be traveling at 119 miles per hour. They are looking at

ways to enforce speed throughout the city. Delaware has already had 45 traffic fatalities which is a higher number than 2022.

She also noted that four DUI arrests were made over the weekend and agrees that additional enforcement is needed.

Councilmember Fulton moved to authorize the letter be forwarded to the Delaware Department of Transportation recommending the 40 miles per hour on US Route 113 throughout the city, seconded by Councilmember Baer. Motion carried.

Authorization/Funding/Police Dispatch Radio Console Purchase

Chief Ashe is requesting \$499,387 for an upgrade to the police department's radio communication system. The current system is extremely dated and just under twenty years old. In her evaluation, this is one of the major items needed at the new facility.

While reviewing the various construction sites that have been done with the Delaware State Police, none of those sites have a communications division within the facility. Therefore, it was not a consideration when the building was planned.

The requested system meets state standards, like SusCom, KentCom, and Smyrna, all of whom compare to Milford. The current system is simply a radio talking to another radio. If that system crashed or have a failure, all communication would be lost and unable to dispatch officers to calls for services or vice versa.

This system would allow hardwire. Right now, the system is not a hardwired system and if it failed, there would be no means of communication.

Failures can happen at any time and can be something as common as a lightning strike. This occurred in 2012 and cost the city \$132,000 to replace the equipment that was damaged. If that occurred today, there is no means of replacing the obsolete system.

In the assessment of the new system, there are four console areas. That is designed for two reasons. One, there are two dispatchers working every shift. When the new 12-hour shift arrives, they would take over the other two consoles to allow shift change seamlessly.

The Finance Director recommends reducing it to three consoles.

However, she preferred presenting all the facts to Council on the complete needs of the police department to make an appropriate decision with the contingency fund that is available. That would prevent her from coming back in another year and asking for another terminal.

This would be through the Delaware State Division of Communication, and in speaking with them, one of their directors assessed Milford's radio system and provided an example of the current system being no different from a tin can and a shoestring.

Chief Ashe also noted that on Monday, there was a 30% increase on routers and other items. When reviewing all the items with the console now and compared it to the take-home vehicle program by waiting another year or two.

When asked if training would be included by the contractor, Chief Ashe explained that Motorola Representatives would come in and provide training to all the staff (shifts). The new screen would be Microsoft and more user friendly and easier to understand. Presently, their radio system prohibits them from communicating with other jurisdictions. This would provide the ability to patch both radio systems into one to allow communication on one channel versus back and forth.

The other feature that is important is officer safety. If an officer is hurt or injured and unable to communicate on their radio, the current system allows the officer to push an alert button. However, dispatch does not know which officer that

is. The new system will identify the officer. There are features in the new radios that provide GPS capabilities though that is an additional feature. That is not a priority at this point because the upgrade of the vehicles includes GPS. The body worn camera has that ability as well.

Responding to a question about the fourth console, Chief Ashe stated that if it is decided to defer and only purchase three at this point, she would request at some point in the future the purchase of the fourth, which should be compatible.

Councilmember Samaroo expressed concern about the limitation to the one-year warranty. Chief Ashe believes it is very specific and believes some of the equipment may have a longer warranty, though that may involve some additional funding.

With the service agreement, the department would have support from Delaware Division of Communications when needed. Currently, they cannot aid with the current system.

The Chief confirmed this support will save the department money because the Division of Communications can trouble shoot a lot as everything is fed through them.

Chief Ashe also explained that with the redundancy, the new system simply hardwires the system. The current system is not hardwired. There would be two fiber lines coming in from the roadway. The new building has that built in and they are working with Comcast right now for the fiber connection. If one of those fiber lines went down, two are running into each of the consoles, which would provide a backup system.

She confirmed there are currently no grants, adding that grant applications are typically right now, with the award sometime in September or October.

The Chief emphasized that the importance of presenting this today is the thirty-week delivery date on the equipment and manufacturing.

Councilmember James recalled a previous conversation, not with Chief Ashe, about the radio system. He also is aware, from the city administration there is an opportunity for leasing. In addition, he also asked the Finance Director to speak on the reduction to three consoles.

Finance Director Vitola shared that when he was reviewing the package, he was surprised to find that the lease terms were not bad, noting that most times, vendor package lease programs aren't transparent to the rate. The rate is 6.08 to 6.40 percent, depending on the term length.

The lease payment is end of year, which explains a little higher rate, with nothing down. Therefore, it is budget friendly for town/city that does not have the current funding available.

When talking about the magnitude of something like the police station, every five-basis points matter. But with a lease of \$.5 million, 6 to 6.5% is a five-figure add-on for a year or two for an asset that has a twenty-year life. The leasing isn't category categorically excluded, but in terms of net present value of the system, it ranks second or third behind alternatives.

Director Vitola then presented the alternatives. One is to use the existing contingency budgets available. However, the approval of all four consoles would use almost the entire contingency, with months to go before construction is completed.

The other option would be to use the city lodging tax reserves that has a little over \$500,000 available.

Other than using some other reserve, that includes an opportunity cost, more than 3.5% based on what will occur with the investment program, the use of the contingency is probably the best. Funding it with the police station is more palatable because it is a longer life asset of twenty to twenty-five years.

His understanding of the 2012 investment in the existing consoles was the consoles themselves that came with a ten-year life and was a repair midway through. That supports the Chief's claim that anything can happen and then they must be fixed.

To go from two existing consoles to three new ones, was to try and bucket the needs versus wants. It is convenient to get the four now, though there is speculation about future costs. However, there are hundreds of competing projects in the CIP. Some have been funded, but that are in the FY24-28 budget that will be hard pressed to fund.

In addition, the police department is general fund-funded only. Other departments serve the entire city and can be funded with slices of the utility funds that can be determined by rate studies and funded without impacting the taxpayers.

Anything beyond the three consoles will create some issues for new vehicles and the maintenance building. It cannot be completed without another tax increase, over and above, what is already slated for FY24 to pay for the first half of the police building itself.

Councilman Fulton commented on the four consoles and not just three. He stated command and control are important aspects of every operation, be it for the citizenry, officer safety, etc. He compared it to hiring ten more police officers but only adding three vehicles. Communicating with other communities is extremely important. He noted that crime has risen and keeping the communication lines open with the rest of the state is important.

He also believes this will save money in the long run because the retrofit of adding another console later would be a hinderance to the operation and come with an increased cost.

Councilmember Culotta said there is no debate about the need, and appreciates the Finance Director's explanation, but he does not understand why the lease option and whether it is because of the long-life span and it is not worth it. As a businessperson, he shared that less money up front is always good. He also knows that burning any excess midway through the project is really putting something else at risk, considering the building is not complete yet.

When asked if the cost of the fourth console is \$125,000, Chief Ashe confirmed \$135,000, or a total cost of about \$110,000. At the time of the original conversation, she was still waiting on Motorola with the individual costs of each console.

Finance Director Vitola confirmed the building is still within the budget and the two contingency accounts. He says there is more than the \$503,000 left, but that funding are already earmarked. His projection is about \$503,000 and this would consume the \$499,000.

The Finance Director then reviewed the one-, two-, and three-year lease options. Equipment renewal was not addressed, and these are not a typical operating lease where the equipment is not owned and over a certain term there is an option to renew.

Concern was also expressed about the possibility should the system become obsolete in five years even though a long-life span has been presented.

After a lengthy discussion, Director Vitola explained this is not like a bank loan. It would be a capital lease and not an operating lease where the equipment is still owned by Motorola.

Chief Ashe added that as far as technology, there will software upgrades needed around five years or so. However, those items are included through the Division of Communications and part of the system maintenance.

It was agreed that if only three consoles are approved, that pre-wiring is installed initially.

City Manager Whitfield confirmed there will not be a budget surplus at the end of this fiscal year due to the overall filling of positions within the general fud budget. Previously, many of those positions remained vacant which allowed the excess funds.

Director Vitola explained that this authorization would permit the Chief to place the order so that it would arrive before the opening of the building. Splitting the funding into two fiscal years does not matter, and if that delta between three and four is judged not to be so consequential to Council, then there are reserves that could pay for its counsel, then then yes, there are reserves that would be able to pay for it such as the lodging tax reserves. Also, RTT was stronger in FY23 than expected due to a couple of large property purchases.

He explained that we have \$840,000 in the street package every year, \$150,000 in ADA sidewalks, \$100,000 ordinary sidewalk initiatives, and twelve bike path projects that are becoming harder to fund. If not right now, on the eve of the CIP and O&M budget for FY24, then he asked when.

The Director continued sharing that the assigned police vehicle package went from \$884,000 up to \$1.2 million using ARPA and RTT funds. With those additional vehicles, there is a more aggressive vehicle replacement program. That will also require cash for depreciation costs away each year to meet that replacement schedule twenty-nine to thirty vehicles which are the core operating vehicles of the department, when they come due in FY2027 to FY2029.

He emphasized that these costs are adding up quickly and five figures matters and reducing the order to three consoles would help a great deal.

Councilmember Fulton moved to authorize three consoles with pre-wiring completed for the fourth console based upon the contingency funds available at the end of the facility project, for the purchase of the fourth console as well. Councilmember Samaroo seconded the motion.

When asked the funding limit, it was noted that \$499,000 is for four consoles, though the motion is for three consoles.

Councilmember Fulton added the upper limit was for the contingency fund that exists on the table today for the fourth console at the end of the project.

Councilmember James explained the motion authorizes the purchase of three consoles, and the limit is what is available at the end of the project.

Motion carried by a unanimous vote of 8 to zero.

Authorization/ Westwood Subdivision/ Preliminary Major Subdivision and PUD Extension Request #1

Director Pierce confirmed this is the first request from the Westwood Development applicant located on Williamsville Road. Preliminary approval was received for the subdivision and the planned unit development on April 25, 2022 for a 340-unit project.

The January 2022 zoning and subdivision codes now allows twenty-four-month preliminary approval period between Council approval and the submission of an extension request. They are at the one-year mark under the former code, which is the reason for tonight's request.

The Planning Commission reviewed the extension request at their April meeting and recommended approval by a vote of 4 to zero for the one-year extension.

Alan Decktor, Senior Engineer of Pennoni Associates, of 18072 Davidson Drive, Milton, Delaware clarified it has been a year since they obtained the preliminary plan approval. In his request, he listed the various agencies and explained the process that has occurred since that time.

He noted the project is large for a residential subdivision and has some unique challenges as well. Utilities must be extended roughly 3,500 feet down the road and cross a railroad track. There is an onsite, upgraded wetland crossing and are working with DNREC and the Army Corp of Engineers. The site includes excellent recharge areas on the east and west

portion. DeIDOT is requiring roadway frontage improvements, along with a reduced right of way along this stretch of roadway.

After the April 2022 approval, the engineering and design process began. In May 2022, the soil investigation began for the fifteen proposed stormwater ponds which took several months. In June 2022, a stormwater assessment study application was submitted, and a meeting was held in July. In August, the initial submission was received, after which comments were received and a second submission was completed. Another round of comments were received last month. They hope to finalize that approval over the next couple of months.

Mr. Decktor provided detailed information on the DeIDOT, City, Fire Marshal, wetland permitting, DNREC and Norfolk Southern Railroad processes.

Councilmember Fulton moved to approve the Westwood Subdivision Preliminary Major Subdivision and PUD extension request for one year, seconded by Councilmember Wilson. Motion carried with no one opposed.

Adoption/Resolution 2023-05/Amending City Council Rules, Order of Business and Procedure

City Manager Whitfield presented the resolution based on Council's discussion at the last workshop relating to public comments without any restrictions.

There were no comments from the public.

Councilmember Fulton moved to adopt Resolution 2023-05, seconded by Councilmember Boyle. Motion carried with no one opposed.

EXECUTIVE SESSION

Councilmember Boyle moved to go into Executive Session reference the below statutes, seconded by Councilmember Fulton:

Pursuant to 29 Del. C. §10004(b)(2) Preliminary discussions on site acquisitions for any publicly funded capital improvements, or sales or leases of real property

Pursuant to 29 Del. C. §10004(b)(4) Strategy sessions, including those involving legal advice or opinion from an attorney-at-law, with respect to collective bargaining or pending or potential litigation

Motion carried.

Vice Mayor James recessed the Council Meeting at 8:56 p.m. for the purposes as are permitted by the Delaware Freedom of Information Act.

At 9:43 p.m., Councilmember Boyle moved to return to Open Session, seconded by Councilmember Baer. Motion carried.

Potential Vote/Property Matter

Councilmember Fulton moved to authorize the City Manager to continue with the real estate transactions, seconded by Councilmember Boyle. Motion carried.

Potential Vote/Collective Bargaining Item

No other action taken.

Councilwoman Wilson moved to authorize the City Manager negotiate the purchase of property for potential parkland, seconded by Councilmember James. Motion carried.

ADJOURNMENT

Councilmember Fulton moved to adjourn the meeting, seconded by Councilmember Boyle. Motion carried.

The Council Meeting adjourned at 9:44 p.m.

Respectfully submitted,
Terri K. Hudson, MMC
City Clerk/Transcriptionist