

MILFORD CITY COUNCIL
MINUTES OF MEETING
March 14, 2011

The Monthly Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, March 14, 2011

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier III, S. Allen Pikus, Jason Adkins, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

City Manager David Baird, Police Chief Keith Hudson and City Clerk/
Recorder Terri Hudson

City Solicitor David Rutt, Esquire

CALL TO ORDER

Mayor Rogers called the Monthly Meeting to order at 7:02 p.m.

INVOCATION AND PLEDGE

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

APPROVAL OF MINUTES

Motion made by Mr. Brooks, seconded by Mr. Pikus to approve the council and committee minutes from February 9, 14, 22, 23, 28, 2011 and March 9, 2011 (Finance Committee) as presented. Motion carried.

RECOGNITION

None.

POLICE REPORT

Ms. Wilson moved to accept the police report as submitted by Chief Hudson, seconded by Mr. Starling. Motion carried.

Mr. Brooks noted that they were busier this February in comparison to last year. Chief Hudson recalled the snow storms experienced last February which impacted the overall stats during that time frame.

CITY MANAGER REPORT

Mr. Baird then read the following report into record:

Solid Waste & Recycling

In 2010, SB234 was signed into law and part of the legislation establishes diversion rates of 50% by January 1, 2015 for Municipal Solid Waste being disposed of at the landfill. The tables below compare the City's diversion rate by month with the same period of the previous year as well as year to date and annual totals.

	Solid Waste	Curbside Recycling	Igloo Recycling	Yard Waste	TOTAL	Diversion Rate
Feb. 2010	253.76	22.65	30.06	-	306.47	17.2%
Feb. 2011	279.19	34.71	35.63	4.97	354.50	21.2%

	Solid Waste	Curbside Recycling	Igloo Recycling	Yard Waste	TOTAL	Diversion Rate
2009	4,684.38	442.44	545.68	-	5,672.50	17.4%
2010	4,630.47	450.12	505.82	37.49	5,623.90	17.6%
2011 (YTD)	600.38	69.40	75.56	9.80	755.14	20.5%

Impact Fee Waivers

Since the waiver of impact fees was implemented in June 2010, the City has waived \$145,084 in fees. This waiver has allowed property owners in Milford to retain this money and has helped to support a total investment of \$8,347,483 (based on building permit values) during the months of June through February.

Electric Utility Rate Comparison

See the attached Residential Utility Rate Comparison from DEMEC for February 2011.

Economic Development Advisory Committee

The Committee held its first meeting on Wednesday, March 9 and selected Sher Valenzuela as its chairwoman. The Committee is scheduled to meet on the second and fourth Wednesday of each month and is focusing on developing recommendations for the implantation of the Action Plan contained in the City’s Economic Development Strategy.

201,203,205 & 207 NW Front Street

The City provided a certified copy of the record and the Court has issued a briefing schedule that will take place over the next two months. A decision or further briefings/hearings could take place after the briefs are complete that will take place over the next two months.

Electric Substation Transformer

City electric crews assisted Virginia Transformer with the removal of the old transformer and the installation of a new one at the City’s substation. The contractor selected for the removal of the old substation backed out of the contract at the last minute and City crews stepped in to complete the job in order to make room for the new transformer being delivered. After costs, the City should receive approximately \$32,600 for the salvage which is \$10,000 less than the awarded bidder and \$8,000 more than the second highest bidder.

(Mr. Brooks asked the amount of savings by using city employees; Mr. Baird advised that amount is factored into the savings of \$32,600 noted above.)

2010 Census Data—Ward Alignment

The U.S. Census Bureau is reporting Milford’s population as 9,559 which is an increase of 2,827 (42%) over its population in 2000. We are working to obtain the detailed data so that we can begin the process of reviewing the election ward boundaries.

(It was confirmed that redistricting needs to be in place six months in advance of the election they would impact.)

SCAT Legislative Agenda

On Friday, March 4, 2011, Mayor Rogers and I attended the SCAT Legislative Breakfast where its Legislative Agenda was presented to the Sussex County members of the General Assembly. A copy of the presentation is included as a part of the packet.

Mr. Pikus moved to accept the City Manager Report, seconded by Mr. Johnson. Motion carried.

Mr. Starling advised that he will not be available on Wednesday nights until after the Easter holiday.

COMMITTEE REPORTS

Finance Committee

Mr. Pikus reported that 58% of the year has been expended. Our budget is in excellent shape with income up and expenditures down. There are some items that may need some adjustment, but overall we are doing well.

COMMUNICATIONS

Mayor Rogers announced the Annual Prayer Breakfast is March 26th beginning at 7:30 a.m. at the Milford Senior Center. Tickets are available at the Senior Center and Milford City Hall.

UNFINISHED BUSINESS

C&J Settlement Agreement

Mr. Baird reminded those in attendance this project was on this year's Street Improvement List and recalled some questions relating to the work that was done. The project totaled \$52,771.12 though the city is proposing to pay \$40,335.10, a \$12,436.02 reduction from the original C&J Paving invoice.

He explained the agreement states that C&J Paving will accept this as a full and final payment. The payment will be made within two days of the execution by the agreement by both parties. An exhibit is attached that includes a punch list of items on Masten Circle, Foster Street, Evans Street and N.E. Tenth Street of which those repairs will be made and included in the payout.

When asked the time frame for the punch list repairs, Mr. Baird said it is not spelled out in the agreement but after speaking with City Engineer Mark Mallamo and Jim Reed of C&J Paving, all parties are ready to complete the project. Mr. Pikus asked if a date should be included; Mr. Baird explained that Mr. Reed will be paid for the initial work on Tenth Street but we will withhold a percentage for the remaining work.

The city manager explained the punch list does not include pavement or utility modifications on NE Tenth Street which C&J Paving is not responsible for. In addition, the city and C&J paving have agreed the work originally awarded on North Church Street is terminated with neither party obligated for the work nor any payment.

City Solicitor Rutt noted with that this payment, other than the exception of the retainage, both parties are released from one another. As a result, there will be no further obligations between parties once that payment has been made with the exception of the completion of the punch list and release of those funds.

Mr. Brooks asked when the work will be done on Church Street. Mr. Baird advised that is currently under review because of some issues that were found to need correction. He expects it to be completed this spring.

Jim Reed of C&J Paving then addressed council stating he does not feel they were treated fairly on the job. He stated they did everything they were supposed to plus there was an inspector on the site the entire time. There was never any mention of problems until two to three days later. He was not informed until he asked for his money on December 23rd. He explained that if the elevations of the utilities were in line as they should have been, there would not have been a problem. He was awarded the job on August 19th, though he had to wait until November 29th because of the work the city had to do.

Mr. Reed said he had started the milling process and was then told he could not use a vibratory roller. He said the roller compresses 20% and when you stop, there is a slight impression. The use of the vibratory roller takes that impression out on the next roll or with a consecutive roll. He said they rolled everything three times.

He is confused how Mr. Baird came up with this agreement. After he was given the agreement, Mr. Reed was basically told this is the deal though there was never a real explanation. He said he did exactly what he was directed to do on the job site. He emphasized that Public Works Director Brad Dennehy was there throughout the entire process. He reported that Mr. Dennehy even thanked him at the end of the night and at that point, appeared very satisfied with the work. Mr. Reed believes he may be caught in the middle of something going on in the city.

He said the amount of money he billed the city was the amount per the contract. Unfortunately, he had \$5,000 more in that street than the amount he billed the city. He is trying to recoup everything he can. He really feels he was put in a situation where the job should have waited until the spring. He explained the weather was good on November 29th and 30th which is why they ended up putting four days worth of work into two sixteen-hour days. He feels he was pushed into a job that should not have been done at that time. He asked to stop and was told he could not stop because we were expecting a heavy rain so he continued.

When asked why the street is so lumpy and bumpy, Mr. Reed explained the majority of the big dips are attempts to match the utilities that were never adjusted. If he had gone beyond the catch basins, that would have created a pot hole where the grade was. The change in elevation created dips with the biggest approximately six inches high. They had to come up to meet it; then the catch basin is only twenty feet past that which required them to go back down six inches to catch that.

Mr. Pikus asked if there is some kind of object or tool that directs or levels the pavement. Mr. Reed stated it is called ski poles. When asked if Mr. Reed has that on his machine, he stated he does not. However, if he had that, it would have been a similar situation because there was no way of matching the catch basins. The ski pole is approximately twenty feet long and the ski pole would have just gone past that because they try to get everything within a quarter of an inch.

Mr. Reed feels that part of the problem was not being able to use a vibratory roller which did not allow the imperfections to be removed to match the joint. He explained there is a cold joint with the first pass; the second pass then comes along and in order to get the joint tight in the center of the road, it needs to be vibrated in. He said this was the best he could do without the use of the vibratory roller. He said a twelve-ton roller was to be used so compaction was not a problem.

Mr. Starling then verified that a representative from the city confirmed each day there were no problems. Mr. Reed stated yes adding he was never directed to do anything different. He was never informed he was unable to use a vibratory roller until he started milling the street up. He explained that once the work began, it needed to be fixed and put back. He said the street was in worse shape than originally anticipated. After they milled two inches off, they hit dirt in various places. He explained that when rain is coming, you need to figure out how to cover it up to prevent having a much larger problem.

Mr. Brooks asked Mr. Reed how he was able to see what he was doing because when he looked out, it was so dark he was unable to see the paver. He pointed out the streetlights put out very little light. Mr. Reed explained that a light was placed on each end after it became dark though that was more of a safety precaution. He added the paver has a light which allows them to see how it is matching. He also had a handheld light on his side that was being used. He was on the curbed side of the road and someone else with a light was matching the seam in the center. The rollers also had lights.

Mr. Brooks said he went to bed and Mr. Reed continued to work. Mr. Reed explained that he initially had a contractor who

was supposed to have been there with a milling machine but he never showed up. He was able to find another contractor with a milling machine in Milford so the job could be completed.

Mr. Reed said at this point, he wished he had never found him because the job would not have been able to be completed at that time and he would not be here explaining this to city council. He feels he was put in a rush situation to get the job done.

Mr. Brooks said he understands there were also problems with Masten Circle and Foster Street. Therefore, there are a total of three streets with issues. Mr. Baird explained there are a couple of issues on each of those streets that are minor in comparison to Tenth Street. The city is holding a retainage fee and Mr. Reed has agreed to come back and make those repairs which are normal repairs in this type of work. Once that work is completed, the retainer will be released.

The city manager emphasized those are the type things that can occur on any contract. Mr. Reed agreed stating it is similar to drywall work when the contractor has to go back later to repair any cracks.

Mr. Baird also explained that when this was first discussed, council agreed the city has a responsibility and Mr. Reed has a responsibility. Performance could have been better all the way around which led it to this point and addresses a large part of Mr. Reed's invoice though not all of it. He said this will take care of material costs. Mr. Reed explained it did not cover the scale wages or the cost of the lights. Mr. Baird added that it covers the cost of the asphalt and will allow Mr. Reed to move forward as well as the city.

Mr. Reed also reported that it was necessary for him to borrow money to pay those costs so the bond company would not go after him though they ended up doing that anyway.

Mayor Rogers apologized for the problems adding this is what the city has offered. He said the check will be cut on Thursday.

Mr. Reed then confirmed the city is not going to offer him any more money; Mayor Rogers stated the agreement is what is being presented to council for a decision.

Ms. Wilson said she appreciates Mr. Reed coming forward and speaking from his heart. She does not want him to leave feeling the city did not treat him fairly. She wished that Mr. Reed had stated in the beginning that in order to do the job correctly, it could not be rushed. Also, that he should have stated the utilities needed to be corrected instead of agreeing to do something that was not going to work. She hopes Mr. Reed has learned not to do any more jobs that he knew were incorrect. She feels that both the city and Mr. Reed are at fault in this situation.

She also hopes that everyone can move forward and really hopes this does not place Mr. Reed in a serious hardship.

City Engineer Mark Mallamo then confirmed the project took two days. He agrees there was bad weather coming as Mr. Reed stated which is why he told him the job needed to be completed. However, he did not force Mr. Reed to work the long hours. They spoke about the time frame involved, the delivery rate of the asphalt to the site and how much was needed and how many trucks he had in circuit. Mr. Mallamo stressed that the schedule as developed, prior to Mr. Reed starting, would have had the work done before dark. However, that schedule was unable to be met.

Mr. Mallamo explained it was not a case of him forcing Mr. Reed to work sixteen hours to finish it. He also agrees that once the milling work began and the street was opened up with a bare, soil base beneath, it was best to proceed and complete the work particularly with the storm coming. This was especially a concern because of the traffic that street now gets. With a storm coming, it would have become a dirt road that would have failed drastically. As a result, it would have needed some major repairs. For all those reasons, he felt it was best to finish the work once it was started.

The city engineer does disagree with the rate of production. They had discussed how long it would take to get the work

done and how many hours it would take to deliver 560 tons of asphalt and place it. It appeared the truck rate would have allowed it to be completed within a reasonable time frame and in a standard workday. Unfortunately, he said that did not happen.

The city engineer agreed they were out there late the day before because as Mr. Reed stated correctly, the initial milling machine contractor did not show up. They had scheduled the machine for the wrong day. He said Mr. Reed worked hard to find someone that could meet this schedule. He was able to find another milling machine though he was unable to get it to the site until 10:30 or 11:00 that morning. By that time, several hours of work time had been lost and specifically, more than three hours of work on the milling day which resulted in them being there late that night milling.

Despite the reasons and causes, Mr. Mallamo agrees it was two very long days.

It was a tight time frame and appeared to be the last window of the paving season to get that street done. He recalled that fifteen water services were cut up in addition to some other work which caused it to be a very rough, torn-up street. He then referenced the poor condition of Church Street created by postponing the work during the winter. He stated Tenth Street would have been a similar situation. In hindsight, Mr. Mallamo questions whether that would have been a better situation than what we are faced with today on Tenth Street. If the work had been stopped that Monday when the milling machine had not shown up and the project stopped, the city would be in a better position.

Mr. Pikus then moved to adopt the settlement agreement with Clarence Reed, III President of C&J Paving and the City of Milford and to make the check payable as is outlined in the agreement. Motion seconded by Mr. Brooks.

Mr. Starling confirmed that the original C&J invoice was for \$52,771.12, though the settlement agreement proposes to pay the lesser amount of \$40,335.10. He also feels that Mr. Reed will be taking the full brunt of the mistakes made by C&J Paving and the City of Milford. Mr. Baird stated no, the city will be using the \$12,436.02 saved from the contract to make the additional repairs to Tenth Street. Mr. Starling believes that it may cost the city more than the \$12,000 but right now, Mr. Reed is losing that amount plus some.

With no further comments, the motion carried by the following 5-4 roll call vote, with Mayor Rogers casting an affirmative vote to break the tie:

No-Johnson, Adkins, Starling, Wilson

Yes-Grier, Pikus, Brooks, Morrow, Mayor Rogers

Mr. Adkins stated he is not 100% comfortable with what is being done. He understands the city's position, but wonders if there had been a different paving contractor, would we be in the same position, or was there a difference that this contractor made that we may not have seen with another contractor.

Mr. Baird stated that is up for interpretation.

Mr. Adkins is bringing that up and is echoing Mr. Starling's concerns. It appears that on the face, from what he has heard tonight from the two arguments, Mr. Reed is taking the full brunt of this mistake. He sees an injustice in that from the perspective of a businessman. At this time, he is not comfortable voting yes and therefore is voting no.

Mr. Brooks votes yes and recalled the first couple of sentences that indicate he needed one type of equipment to do the road but did not have the right type of equipment. He asked for Mr. Reed to verify that.

Mr. Reed said he did not say he needed it. He was asked if there was a tool that goes on the paver to level it and he said it would not work in this situation because of the elevation of all the utilities in the street. It would have left holes where it went by the catch basin. As much as the dip is right now is how much the road would have sunk which would have created something similar to a pothole.

Ms. Wilson votes no and agrees with the concerns Mr. Starling and Mr. Adkins have expressed. She thinks that any professional that knows something is wrong needs to do something about it. They need to always allow for consequences. With that amount of money and this big a project, that work should not have proceeded. Therefore, she feels both parties are at fault and votes no.

Mayor Rogers votes yes stating he agrees there was confusion. He also feels that if Mr. Reed had thought there were problems, he should have stated that instead of proceeding with the job. When he looked at the job, it was not properly done. If Mr. Reed felt he was being encouraged to get the job done, he had the right to stop the work and express those concerns. This agreement will allow the city to move forward and correct the problems out there which he feels must be done.

FY2010-11 Budget Transfer/General Fund-Fund Balance/Live Near Your Work Program

Mr. Baird explained the city has received another Live Near Your Work Program notice where a Perdue employee had purchased a home on Brady Drive. The city's contribution is \$1,000 which will be used toward the closing costs of that home.

Ms. Wilson moved to approve the budget transfer of \$1,000 from General Fund/Fund Balance, Account 101-0000-399-10.00 to pay the city's contribution and place that into the new line item 101-1110-411-68-31, Live Near Your Work Program. Motion seconded by Mr. Morrow and carried by unanimous roll call vote.

NEW BUSINESS

Wickersham Preliminary Major Subdivision Extension

Attorney John Tracey of Young, Conaway, Stargatt and Taylor was present on behalf of the application. Mr. Tracey reported the project is at the corner of Johnson Road and State Route 1. He is seeking for a third extension for the same reasons presented during the first and second requests. Initially, the project was delayed during the utility design phase in order to serve the property. More recently, DelDOT is working on the overpass which is immediately to the north and will take a portion of that parcel, but will also provide a route for the utility services.

He recalled that when this was first being considered, the city was looking at a global sewer service in that area. The economy has reeked havoc on businesses including his client. A number of the parties originally participating in that project have since disappeared which has resulted in a redesign of the project it was designed to serve. There is now an agreement though his client has been tasked with the preliminary estimates for the design and build of the system which will be submitted to the city for its approval. Following that, they hope to work with the city in hopes of a recoupment to allow his client and any other participating property owners who plan to tie into the system at a later date.

For those reasons, they have been unable to move forward with the final design because they were unsure where the final utility routes would be. He reiterated this should be the last extension needed. He feels there is about seven to eight months of work needed for final approval.

Mr. Brooks moved for approval of a one year extension for the Preliminary Major Subdivision for the Wickersham Subdivision, seconded by Mr. Morrow. Motion carried by unanimous roll call vote.

MBI Development Company/Cascades Housing Development/Tax Abatement Request/David Holden

The Ingerman Group, through its affiliate, MBI Development Company, is the equitable owner of the Cascades Housing Development. City Manager Baird recalled that Development Principal David Holden discussed this project in March of 2010 and requested tax relief from the city to assist in their Delaware State Housing Authority (DSHA) application.

Mr. Holden then addressed council explaining that the Ingerman Group develops affordable housing in Delaware, Maryland, Pennsylvania and New Jersey. They recently completed Colony South in Kent County and took over the operations of Saw Mill and Valley Run Apartments in Milford.

He recalled councils' support of their DSHA application by providing a five-year tax abatement for the Cascades property on Airport Road. They have an agreement with Wilmington Trust and plan to develop 76 affordable housing units.

He reported that the process is very competitive because the number of tax credits is limited. One of the factors is local support with tax abatements. He said that this year, the city has implemented the utility waiver fee. Ingerman is willing to pay those utility connections which he feels will represent more of a waiver from the city. They are still able to obtain the maximum points with DSHA with a temporary, partial tax abatement for five years equivalent to approximately \$278 per unit per year. In the sixth year, the abatement would be eliminated.

A letter of support, with the tax abatement, would provide an additional four points.

Mr. Pikus asked why the 2010 application was rejected by the Delaware State Housing Authority; Mr. Holden stated that financing was not available from the Federal Loan Home Bank. This year, some of their other financing sources are in better shape than this time last year.

Mr. Holden confirms the tax abatement would be a dollar amount per unit per year for five years. Mr. Baird explained that this will be a flat dollar amount of \$278 per year for five years and anticipate the assessment to be higher than the \$278 per unit. The city can anticipate some taxes on those units.

Mr. Holden verified that any sewer impact fees would be paid in full. Mr. Baird agreed adding the impact fees proposed are \$258,400. The total value of the abatement would be \$102,643.

Mr. Pikus stated that waiving the impact fee and giving a tax abatement would set a precedence for doing both. Mr. Holden stated it works out better for the city and provides him the maximum points with the application.

Mr. Pikus asked for confirmation that with the increased traffic on Airport Road, those entrances will be reviewed because of the impact to that area. The city manager stated yes, if they are proposing a modification to the site plan originally planned for Cascades Subdivision.

Ms. Wilson moved for approval of a \$278 tax abatement per unit for five years for Cascades Apartments, seconded by Mr. Starling. Motion carried by unanimous roll call vote.

URS Corporation/Sewer System Evaluation Study

URS Representatives Ed Strauss, Jerry Katzmire and Rich Lekberg were present to provide a power point presentation including slides and videos of the sewer system evaluation (see attached).

Mr. Katzmire advised this is a recap of what was shown last year after they completed an I&I study. The purpose was to determine how much extraneous flow is coming into the sewer system and coming from. They informed council at that time that both inflow and infiltration are flowing into the sewer system with infiltration the worst problem.

They presented a map with the results of the flow monitoring and weir testing which was based on priorities. Their recommendation is to pursue the sources of infiltration as were depicted as red areas and considered priority one areas. He reported those areas contain about 30,000 feet of the 350,000 feet of pipe in the city.

Surface and internal manhole inspections, smoke testing and closed circuit television inspections of mains were performed. The intent was to find the sources of infiltration and inflow and make repair recommendations. While doing so,

inconsistencies in the mapping were found and corrected.

Mr. Katzmire said they attempted to inspect 258 manhole inspections with 240 completed. Eighteen were incomplete due to accessibility issues. Evidence of inflow was found in most due to old and broken frames and covers. Active infiltration was found in 19 structures. There was evidence of another 89 leaking.

Smoke testing was introduced at 80 manholes resulting in 119 observations. Also found were 23 downspout connections flowing into the sewer, 72 defective cleanouts, 6 manhole defects and 4 storm basin connections. Mr. Katzmire noted the downspouts and the cleanouts are on private property. He said that at some point, the city will have to decide whether the homeowners will need to repair them or the city pursue that in order to remove the flow from the collection system.

Sixty pipe sections were televised covering 29,500 feet of the system. The pipe was assessed for both infiltration related and structural defects. He advised that one benefit of this method is finding badly cracked pipe that is not leaking. The other benefit is the cleansing of 5.6 miles of the system that had not been cleaned in a very long time. The process also included root removal. They recommend the city follow up with regular maintenance to prevent that from occurring again.

The tapes were then reviewed and problems evaluated with the most appropriate repair method determined. Their recommendations include removing and replacing 4,000 linear feet of pipe, 14 spot repairs, rehabilitating 9,000 linear feet of pipe using Cured-in-Place pipe and testing and sealing 4,000 linear feet of pipe.

He said the inspection revealed active infiltration. The most severe structural problem are the four quadrant cracks which will begin to deflect and is typically the final stage before the pipe collapses. Some areas showed pipe missing.

Mr. Katzmire explained the study was done in June and July when the water table should be low.

Mr. Strauss then reported that based on the field work, the data was analyzed and broken out into the various project areas and repairs costs determined. The result is a project budget of approximately \$3 million. The project included the trenchless work on Southeast Front Street though the open cut work was removed. That was based on the major rehab planned on Southeast Front Street. Their plan is to incorporate what they can in advance of that project and what could be included with that contractor if it involved standard open-cut construction work.

Flow reductions were based on a conservative 40% reduction in infiltration even though Mr. Strauss said they have seen higher numbers. He explained that when a leak is fixed in one area, that raises the ground water which has no place to go until another leak is found. As a result, chances are that one leak may be repaired but another created.

Because they cannot guarantee 100% reduction in infiltration, they use the 40% reduction and hope the numbers come back better.

He advised that the flow reductions do not include the removal of inflow from the system. For example, when roof drains are removed from private property, credit is not given for that reduction. He feels that is an easy cost savings. That savings can be quantified with the county for their rebate program though it is difficult to measure on a daily basis.

Mr. Katzmire added that the manhole inflow, downspout connections, storm sewer connections and catch basins are not factored into the 40%. That is just infiltration or leakage into the pipe.

Mr. Strauss said the potential cost savings due to the proactive repair and specifically the pipes showing four quadrant cracks are recommended for repair because they will eventually fail. If they fail, it becomes an emergency repair which are most costly. Many are beneath roads and such failures could even create accidents.

He said the county offers a rebate on its impact fees if it can be proven that infiltration and inflow have been removed from the system.

URS recommends proceeding with the rehabilitation work in the selected high priority areas. They will finalize the construction documents, have all documents completed and be ready for the bidding process. The work will then need to be advertised and construction begins until the work is completed.

Mr. Strauss then reviewed the map showing the project areas. He explained that when they looked at the assumptions and budget available, they were tied to working along Southeast Front Street, both north and south. The green areas shown on the map are those they feel should be addressed first as part of the \$3 million budget. Both open cut and trenchless repairs need to be done in those areas. The blue line along Southeast Front Street depicts areas where only the trenchless work will be performed. Also depicted on the map were the five, four-quadrant cracks. Though they are not showing infiltration, they recommend they be repaired.

Mr. Katzmire explained the areas shown in red were not reviewed for budget reasons. However, that does not mean they are not leaking. The green areas show the areas that will be addressed as part of the budget.

If the repairs are completed in the high priority areas, the construction budget will cost approximately \$5.3 million. The project area recommended is \$3 million per the budget that was presented. If all the work is done, the annual savings from removing the infiltration from the sewer system, based on conservative assumptions is around \$110,000 per year. The recommended project areas equate to around \$70,000 per year.

Mr. Katzmire referred to the county rebate. He pointed out the city collects a tapping fee (\$1,600 per residential connection) which is passed on to the county as part of their regional impact fee. The county has an ordinance that states if you can demonstrate removal of infiltration from the system, you can continue to collect the impact fee though you can keep it.

If all the work is completed, the city would collect about \$865,000; the recommended project area is \$557,000 based on the infiltration numbers. Considering the inflow numbers they can measure such as roofs and roof drains, they believe they can convince the county it should also be eligible.

It was confirmed this is a credit and not a cash rebate.

Mr. Katzmire then proposed the following schedule:

April 1, 2011	Advertise
May 2, 2011	Open Bid
May 21, 2011	Award Contract (Depends on Council Meeting Schedule)
June 1, 2011	Begin Construction
February 2012	Construction Complete

He said the main goal is to take advantage of the paving season which typically ends in November plus or minus a few weeks. It will require a great deal of coordination because multiple contractors will be involved.

The alternative is to do nothing, complete all the high priority areas (red areas on map), or start with the recommended project areas at a cost of approximately \$3 million.

The city manager recalled the referendum passed in February of 2008 that authorized \$4.5 million in borrowing. That was broken down into \$2.3 million for an I&I study and projects, \$1.9 million for pump station improvements and \$300,000 for extensions to areas not served.

To fund the \$3 million project, up to \$900,000 must be transferred from Pump Station Improvements to the I&I Study Projects. That still leaves the minimum \$1 million in the Pump Station Improvements and \$300,000 for sewer extensions to areas not being served.

Mr. Baird recommends proceeding with the proposal, along with city council authorizing the transfer of up to \$900,000 as described. Mr. Pikus confirmed that will leave funds in the Pump Station account. Mr. Baird stated yes that will be needed because DBF expects some findings in the wastewater facility plan currently underway.

When asked when the bonds would become available, Mr. Baird explained that once this finalized, we will move forward with the bond issuance process.

Mr. Adkins asked if once the \$3 million project is completed, are we setting up a long term plan. Mr. Baird explained the results of their study identify problem areas that need to be attacked. We are only addressing a specific project area because of the budget. There was a great deal of degrading pipe whose cost saving is unmeasurable because it could break at any time though it could last for another twenty or thirty years as well. However, if it fails, we are faced with emergency repairs.

The city manager explained it will be thirty plus years before we recoup the \$3 million at \$70,000 to \$80,000 a year even when factoring in the county rebate. However, we have a lot of failing infrastructure that needs to be addressed. This will require continual maintenance and utilizing the savings by reinvesting it back into our system. This will allow the necessary improvements to our system without hitting our users with a rate increase.

Mr. Pikus moved for the transfer of up to \$900,000 from the Pump Station Line Item into the I&I Study and Work and proceed with the bidding process for the I&I Project as has been discussed, seconded by Mr. Brooks. Motion carried by unanimous roll call vote.

MONTHLY FINANCE REPORT

Chairman Pikus reported that through the seventh month of Fiscal Year 2010-2011 with 58% of the fiscal year having passed, 63.9% of revenues have been received and 56.8% of the operating budget expended.

Mr. Pikus moved for acceptance of the January Finance Report, seconded by Mr. Morrow. Motion carried.

Executive Session

At 8:39 p.m., Mr. Pikus moved to go into Executive Session pursuant to 29 Del. C. §10004(b)(2) preliminary discussions on site acquisitions for any publicly funded capital improvements, seconded by Ms. Wilson. Motion carried.

Return to Regular Session

The committee returned to regular session at 9:09 p.m.

Executive Session Matter-Wawa Property

Mr. Pikus moved to authorize the city manager and city solicitor to proceed with the sale of the Wawa property based on the terms as recommended, that proceeds from the sale be used for economic development to enhance the city's future and growth of Milford and the details to be worked out by the city manager and city solicitor and to proceed immediately. Motion seconded by Ms. Wilson.

Motion carried by the following 7-0 roll call vote:

Yes-Johnson, Pikus, Adkins, Brooks, Morrow, Starling, Wilson

Mr. Grier abstained due to a personal conflict.

Mr. Brooks confirmed that Wawa would be informed of the city's intent.

ADJOURN

Motion to adjourn Ms. Wilson, seconded by Mr. Johnson. Motion carried. Meeting adjourned at 9:11 p.m..

Respectfully submitted,

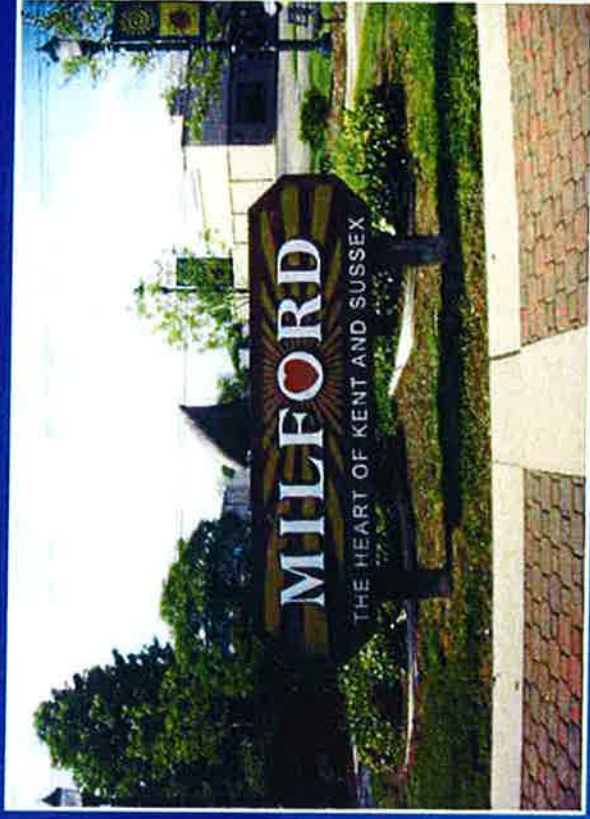
A handwritten signature in black ink, appearing to read "Terri K. Hudson". The signature is fluid and cursive, with a long horizontal flourish at the end.

Terri K. Hudson, CMC
City Clerk/Recorder

Attachment: URS Presentation

Sewer System Evaluation Study (SSES)

High Priority Area Investigation Results



City of Milford, Delaware

14 March 2011

URS