

**Town of Milton Public Hearing
Water Referendum
Milton Fire Hall
116 Front Street
Thursday, February 28, 2013
6:30 p.m.**

**Transcriptionist: Helene Rodgville
[Minutes Are Not Verbatim]**

Mayor Newlands: Good evening everyone. We're going to get started with the Public Hearing. Please take your seats. This evening we're having the second of two meetings for a Public Hearing on the Water Service Improvements. It's informal. We're going to have a presentation by Steve McCabe from Pennoni Associates. After that presentation, the Council will have a chance to ask questions first and then we'll going it up to the public. Let's just take a roll call:

Councilwoman Jones	Present
Councilman Booros	Present
Councilman West	Present
Vice Mayor Betts	Present
Mayor Newlands	Present
Councilwoman Patterson	Absent
Councilman Lester	Absent

Mayor Newlands: So let's get started with Steve McCabe of Pennoni Associates.

Steve McCabe, Pennoni Associates: Good evening. What I have for you this evening is a presentation of the proposed water system improvements for the Town of Milton. Before we go ahead and get started, we'll go ahead and go through an agenda of the presentation for this evening. I want to start off first with introductions and an overview, then a review of the information, a report of our findings, the recommendations that we had made to the Town's Water Committee and to the Town Council, the alternatives that were reviewed and selected and then we can go through the items that have been selected to go into State Revolving Fund Loan Applications and then I'll open the floor up for questions and answers. To get things started, we've been working on this since about the summer of last year. In August we were commissioned by the Town to come in and look at the water system and review all the Town's information from the past Referendum. Some of the information that we reviewed, we held interviews with town officials, we reviewed committee meeting minutes, we looked at the existing Water Facilities Plan and the report that had been done by the town's previous consultant and we also looked at correspondence from regulatory agencies, like DNREC and the well permitting agencies and the water permitting agencies. So we reviewed all this information. We looked at the Town's water system. We contacted the Town and basically said what can you give us; what kind of information do you have on the existing system? The Town provided as much information as they could get. This is the water system map for the Town and what you'll see here is all the streets with the various colored lines. The various colored lines represent different sized water lines. If you see the laser pointer here, you can see 6", 4", 8", 10", 12" colors and those represent all the lines, the water lines that go throughout the Town. The big thing that's important about looking at this slide and the main reason why I'm showing it, is to show everybody in Town here where the Broadkill River goes and that all the water supply

currently is on the north side of the river. There are only two lines that cross the south side; there's an 8" line here and a 12" line here and that's pretty much it for the whole south side of Town. So there's a divide in this piece here from this piece up here and I'll talk about that in more detail later. This is how the water system works. This is what we would call a stick diagram, in engineering; so this is a stick diagram of how the system works. You have three production wells that are located on the north side of town, not far from here, where the main water tower is; they draw water from the aquifer and they pump it up through a treatment system that gives it fluoride and chlorine for disinfection and water quality; then it goes into system, inside all the streets of the Town; it pumps it to a pressure; the pressure pushes the water up into the two water tanks that you have; fills them up and when the water tanks feel the pressure drop, they let go and that maintains the water pressure in the system. There is a fourth production well that's not being utilized right now and this is Well No. 5 and we'll talk about that in more detail later. It's not being used currently because of the smell of the water. This is the Town's water use and population data and this is based upon the records that we were able to obtain. It shows that when the population goes up, the water use goes up. The red is the water usage and the blue is the population, so you can see there's a little separation here in the last couple of years since 2010, I think that was the last time we had census data. What we have here on the right, these are the actual pump records that we've been able to obtain from the Town and these records are based upon the actual totalizers that the pumps are pumping water and basically you see this trend is pretty much the same, with the population and the water use. So we looked at all these things and we prepared a report for the Town and the report had some findings and these were our findings. The biggest issue was the supply of water in the summer months. The Town's water system is working at about 98% capacity. All three pumps are running over 20 hours to 22 hours a day to maintain demand, or to meet demand and that puts a stress on the system. That indicates to us that if there's any breakdown in the system, or any part of the system that needs to be taken down for maintenance, during the summer months, there's going to be a problem supplying adequate water to the Town. This was realized last summer when there had to be a water restriction and when the water tower was leaking and things had to be taken offline. There wasn't any back up system or any extra capacity to pick up the slack. We can go through all these points, one at a time, but supply we felt like was the biggest issue and the water usage that the Town has indicates 500,000 gallons per day; permit allocation and that was exceeded by some of the Town's records during the summer months. Well No. 5 was not being used and the Town was participating in a water audit. We also found that improvements need to be made to the existing system and any water losses. I know the Town had gone through extensive re-metering, repairing leaks, taking defective hydrants out of service and fixing those and working on the flow measurement from the supply wells. We also found that the Town should establish a Capital Improvement Program and put money aside for future repairs and maintenance of the system. Those were our recommendations. To first develop accurate maps of the system; run performance models; continue with the environmental reporting; comply with the water allocation permit requirements; continue forward with an AWWA format, water audit; improve metering to better account for the water use; and to look at upgrades to the existing wells to provide adequate supply for future need and existing need, especially by looking at Well No. 5 to see if that can be utilized, since it's already there and it already has the connection to the water system and all the piping and appurtenances to run. We also recommended that the Town look at investigating inter-connectivity and elevated storage; Capital Improvement Program, again; and upgrading their existing Water Facilities Plans. We boiled this down into some basic alternatives for the Town to consider and we felt that the three most important ways to increase supply, was to increase pumping allocation of your existing wells; to also look at increasing elevated storage capacity or inter-connect with another private utility. All of these have pros and cons. The wells are a lower initial cost than a water tower, but it requires more time and permitting; the water tower is a little higher cost, but requires land acquisition

and a more upfront construction costs; and the inter-connection with a private utility could be done right away, but also the devil's in the details of how the Town establishes any kind of contractual relationship with another service provider. Those alternatives were all considered by the Water Committee and by the Town. The Town Manager was very proactive and he packaged these alternatives up into two applications. It just so happened that the grant cycle was coming around by the Clean Water Advisory Council and the State Revolving Fund Program, so as I said, Town Manager was very proactive and forward-thinking and he put these together into two applications and submitted those and they were very favorably received. State-wide there were dozens of applications that were submitted and the Town of Milton had two ranked, both the ones that the Town Manager submitted, inside the top ten. The first one was for miscellaneous system improvements; we call this pre-application number one. It got a project priority list ranking of number seven in the State and that's including municipalities such as the City of Wilmington, City of Newark, big cities applying for huge projects and this included basically the well and the water mains in Town. The second application that was submitted was for the elevated water storage tank and this one was ranked tenth in the State. It was a 500,000 gallon water tank. So all this went before the Water Committee. After these applications were received, they were pre-applications. They were just to see how we would rank and we ranked very highly, so the Town received a presentation from Pennoni Associates on the alternatives. We presented the State Revolving Fund findings to the Water Committee and the Water Committee wanted to boil those down into one application and they reviewed the information and did not want to pursue an inter-connectivity with a private utility; did not want to pursue a water tower, so we took those out. Application two was dropped and we went forward with application one. The Water Committee wanted to include, in application number one the repair of the Shipbuilder's Village water tower, which the Town had been working with another consultant, separately, and we included that into the application; so what we have now is an application number one that's been modified to include Well No. 5; the water tower at Shipbuilder's Village, the foundation repair; and the water main to link the dead end to the south side of town and this is the link right here; to link the south side of Town to Federal Street. As I said before, right now there's only two, and this project would provide a third link and it would connect, basically, all of this as one loop. So this is a long dead end in Town and this is a long dead end in Town and part of that project would link those two together. So those were the selected alternatives of the Water Committee. We took that, we brought it to the Town and the Town adopted it and they adopted the recommendation of the Water Committee, so this is a description of the items that are before us for the proposed Referendum. The first item is the Well No. 5 rehabilitation. This is a picture of Well No. 5. This is a picture of the well building. It's currently not being used. As I said before, this would give the Town another well, another source of supply, on the south side of Town. If you go back to this diagram, Well No. 5 is currently located right here; it's right across the street from us; so it's not on; it's not being used; we feel as if it is a valuable asset to the Town and it can pressurize this whole side of Town and give these pumps a rest or provide a redundant well in the event that one of those needs to be serviced or taken down during the summer months. We've cost estimated this out and it's coming up to around \$810,000. This is the water main loop. This ties in the dead end main from Federal Street and Park, which have some of the lowest water pressures in Town, based upon the records that the Town has given us. From the hydrant data, the water pressure gets pretty low in this area and this would link this dead end main here, to the newer main that comes from Wagamon's and it would loop and actually improve both of their service. To do that, we've got to run a pipeline underneath the creek and that cost is right around \$350,000. The fourth thing would be the updated controls system. Right now Well No. 5 is not attached and we want to look at improving the Town's control system and integrating the new items that we're adding into the Town's control system. We're expecting that to run right around \$50,000. This would give the Town a little better control of the

system; a little more knowledge of what's going on with the system; when it's running; when it's not running well; when it's using too much electric and when things need service. This is the new item that the Town asked to be added and this is the Shipbuilder's Village water tower and you can see right here the concrete is crumbling and spalling and this could be a quality issue; a concrete quality issue; it can also be a weathering issue. Right now, I don't know. The Town has had a structural engineer look at this and the structural engineer has estimated that repairs would be in the neighborhood of \$100,000. And those are the items. We've got item a is well; b is the water main loop; c is the control system; d is the foundation repair, construction costs, contingency, and the cost to design it, bid it and inspect it and we feel that's what it is going to run. The loan program, itself, has a really good interest rate. Right now it's a fixed rate of 1.5%, with a 20-year repayment period. Principle forgiveness is available, although we don't know how it's going to be allocated or handed out. It's basically going to be based upon the applications that are received and the program, the State Revolving Fund program, is looking for projects that are ready. Their job is to spend the money that is given to them to spend. They want to make sure that if a town or a municipality applies for a loan, or applies for a grant, that it's going to get spent. They have timing and dates and deadlines that they need to use their funding by and they're serious and they want a town that's going to be committed and be ready and go forward with the projects, before they go ahead and reserve funds. Some times are going to be more ready then others, and those are going to be the ones that get the money first and they'll give out the money until it's gone. That's kind of how it works. It works very similar to a house mortgage. The \$1.75 million is not necessarily what you're going to pay; you take out the mortgage; you get approved for the mortgage; and the you take a construction loan and you go out and get bids and whatever the bids come in at and what you build it for, is what you pay at the settlement table and this is the rate and this is the repayment period. That's pretty much how the program works. We feel that to move forward, to get to the next step, the town needs to pass a Resolution to move forward and to make the full application and the full application would be this piece of paperwork here, with all the items that are here, included in it and I'm being told by the funding agency March 20th is when we can begin to submit paperwork. So, as I said before, they want to see towns that are shovel ready, projects that are shovel ready, and the folks that line up that are the most ready will get their funding first. With that, I'll entertain any questions from the Council and then from the public.

Mayor Newlands: One quick question off the top of my head, you can start submitting the application May 20th?

Steve McCabe: Yes, I emailed Heather Warren at State Revolving Fund, because we had older applications and that's an actual copy of the application; I scanned it as a PDF and put it on the slide, but those applications are no longer valid. The funding agency, in an effort to make government smaller, have been combined and there used to be a wastewater funding agency and a drinking water funding agency. Each funding agency had it's own application and each application had different data and different information that you were required to submit. So right now, we don't know what information to submit, because the applications haven't been finalized yet, so funding agencies have combined their two applications into one common application. I've been asking for the application. I haven't received it and I'm being told that it's going to be ready March 20th, or thereabouts.

Mayor Newlands: What's the deadline that we have to have it in by?

Steve McCabe: Off the top of my head, I believe it is August 31st.

Mayor Newlands: Oh, that late, okay that's fine. Thank you. Let's go ahead with Council's questions.

Councilman Booros: Assuming this goes through, are we going to be paying for stuff to Pennoni Associates, or for this project, that maybe we have already paid for under an old contract from the last go around? Is there information available that's already available from CABA Associates that this Town has paid for, that we can use for this project, or are we going to...

Steve McCabe: I don't know. I've asked for information. I haven't received a lot. I've received very little and to answer your question, I don't know. Because I don't know what was...

Councilman Booros: Is mapping part of this project? The mapping system?

Steve McCabe: Yes. Yes.

Councilman Booros: Have they mapped it at all that we know of in the past?

Steve McCabe: I don't know. That's a question for the Town to answer, because I don't know what the Town had contracted with previously, with the former consultant, but I have requested for all that information and I have not received any to date.

Win Abbott: Councilman Booros, I'll see what we can do about that.

Steve McCabe: Any other questions?

Mayor Newlands: Let's open it up to the audience and see who has questions.

Steve Crawford, 16 Ridge Road: You indicated I think that Well No. 5 has a water quality issue?

Steve McCabe: Yes.

Steve Crawford: Would that be addressed in the rehabilitation of the well?

Steve McCabe: Yes it will.

Steve Crawford: And do we know what the quality issue is?

Steve McCabe: Yes, the quality issue is sulfate and sulfide. Right now there's a hydrogen sulfide odor. We had the well pumped off and we found that the smell of the water was strong. The water quality was actually good, but the odor is a nuisance, so the Town basically just took it out of service. So we feel that we can re-drill the well deeper and hit the next aquifer down; keep the same pumps and utilize all the piping that is there and make use of what we have there.

Steve Crawford: Thank you.

Steve McCabe: And also the estimate did include treatment, so that would be a second source of treatment for the Town and give the Town some redundancy, in case the one treatment plant had to be taken offline, they could run the second treatment plant.

Mayor Newlands: And that also includes generator for Well No. 5, too?

Steve McCabe: Yes there is a back up generator on the system and it would be right there, item 12.

Mayor Newlands: Great, thank you.

Steve McCabe: That's important, because the wells need electric to run and in the event of a power outage, you have a big nor'easter, an ice storm, you use electric, you're still going to have water. It runs on diesel fuel. It's basically a large tractor engine that will run the pumps.

Lynn Ekelund, 406 Union Street: First of all, whoever put it on the website, thank you, it was nice to be able to look at it this afternoon and write down my questions. I went to report findings screen, which it was back some, and it was talking about the water allocation permit not adequate.

Steve McCabe: Right.

Lynn Ekelund: Where are we in talking to DNREC to get a permit that allows us to pump more than we currently are allowed to pump.

Steve McCabe: Right now there are several issues involved with that. We have a letter from the State that basically says that we need to provide them more information before they will give us an increase in allocation, however, I'm not convinced that we're actually pumping over our allocation, because we found that through the maintenance that the Town has been performing, and they have been very hard working and proactive at fixing things on the system, at least since I've been involved with it. We found that the well records may be inaccurate, because of the check valves that were on the pumps. We found two check valves that were leaking water back into the wells themselves and here's photographs of the first one. It was very old and this one here, it's difficult to see, but this valve here, did not even have a spring on it; it was a rubber flapper valve; so we feel like these old valves on the wells may have been leaking water back down into the well and reading the water twice. So we're not exactly sure that the

numbers that were in the allocation are accurate numbers and these are the kind of things that we've been finding in our studies with the Town. Also, the metering. We've found numerous meters that needed to be corrected, so the Town is going through all this; they've been very proactive; they have bought and replaced meters; they have taken the check valves off the wells and put new check valves on the wells and we'll have more accurate numbers in the coming months, of what the actual wells are really pumping, once the new meters are installed and we'll have a better idea, but as I said before, the data that we have shows in the summer months when it's peaked, that we are pumping over 500,000 gallons per day, upwards of 600,000 and some thousand gallons per day on the peak days. And the way the permit reads, is the Town gets 500,000 gallons per day, but they're allowed to go over that if they stay within a monthly allocation of 10 million gallons, and then there's also an annual allocation of 100 million gallons. So it's very flexible. It's a flexible allocation, but what was done in the past was a request was sent in, requesting more allocation and it was not accepted due to the agency wanting more information from the Town. So right now we have not pursued that, at this time. That will be something that we will look at, in my opinion, when better data is available and we really know what we're really pumping.

Lynn Ekelund: So, just so I understand then, under Report Findings, there are certain bullet points there that you don't have total confidence in, as we stand today; such as Town pumping records indicate water allocation permit is not adequate and the 2011/2012 water usage data indicates blah, blah, blah... Those two you don't have total confidence in, as you stand here tonight.

Steve McCabe: Yes, when we reported those findings, those findings were based upon the water pumping data that the Town provided us and we took it as being accurate.

Lynn Ekelund: But as you stand here today, you do not believe...

Steve McCabe: But as we got more information we found that they may not be, because of the things that we have found.

Lynn Ekelund: Okay. So then what about bullet point, second column, Town records indicate approximately 10 million gallons of unmetered water per quarter.

Steve McCabe: Right.

Lynn Ekelund: When this all came to light last year, I remember it was 11 million gallons of unmetered water per quarter. Have we found 4 million gallons and now it's down to 10, or was that 11 million not an accurate figure?

Steve McCabe: There was a number of new meters that were installed when this report was prepared. This was, I believe...

Lynn Ekelund: And was this report... I'm sorry, the title page said February 26, 2013?

Steve McCabe: Right.

Lynn Ekelund: So these...

Steve McCabe: These findings were from our August report and what I did was I went back to our August report and the presentation that I made in August and at the time, a million gallons had been found, with new meters. This is not to say that there's a leak of 10 million gallons; it's just water that is not accounted for and not billed for.

Lynn Ekelund: So the unaccounted water has dropped by four million gallons?

Steve McCabe: Yes, just by the Town putting in some new meters on some of the houses.

Lynn Ekelund: Gotcha. But we're still missing "missing" 40 million gallons?

Steve McCabe: Yes, we don't have updated records yet, because the meters haven't all been replaced; new meters have not been placed on the wells yet; so we don't have what I would consider accurate numbers yet.

Lynn Ekelund: And when do you... Rehabilitating Well No. 5, aside, when do you anticipate having accurate records?

Steve McCabe: I would say after about two cycles, two billing cycles and I believe the Town bills per quarter.

Lynn Ekelund: So that would be six months from now?

Steve McCabe: Probably, yes.

Mayor Newlands: Let me mention two things. One the 10 million gallons isn't "missing"; we just have it identified as unidentified, because we are re-pumping water right now, because of the check valves and some of our other meters are not really that accurate, so we don't consider it missing, because we've had the system leak tested and the tests all came out fine. So we think we're re-pumping and inaccurately metering the water in the wells; so those numbers will change as equipment gets changed out.

Steve McCabe: Yes, it's not physical, missing water; it's the difference in the gallons that we record as being pumped from the ground vs. the gallons we meter and charge people for; they're not the same. We're pumping more than what we're actually charging for, so that's the difference.

Lynn Ekelund: Well whatever we want to call it, we will have a better handle on the number of this Brand X water in six months, you're saying.

Steve McCabe: Yes, provided all the repairs get done and the new meters are put on, which is happening now.

Lynn Ekelund: Now, let's see. So right now, since we don't have and we don't know if we really need, because we don't have accurate records, or accurate numbers, or however we want to call it, we don't know whether we need to pump out more than 500,000 gallons; is that what you're saying?

Steve McCabe: We do, because there is a physical limitation. Regardless of how the water is accounted for, there is a physical need for more water, because that was experienced this summer. This number here is an accounting of what's pumped vs. what's billed; it's not an actual, physical deficiency. What occurred this summer was a physical deficiency. The pumps were running 21, 22 hours a day, wide open and there wasn't enough water, so we know that we need more supply, regardless of how well it's recorded, how much is pumped and how much is billed.

Lynn Ekelund: So in six months, with whatever records we have, we will be reapplying to DNREC to get an increased permit?

Steve McCabe: If we feel like we need to, yes.

Lynn Ekelund: If we feel like we need to. So right now, if we rehabilitate Well No. 5, it wouldn't be to pump additional water out of the ground, it would be to give a break to the other three during the peak summer times where it's pumping at 20 and it also would be somewhat of a back-up in case there's a problem with one of them?

Steve McCabe: That's correct.

Lynn Ekelund: So it has nothing to do with additional pump out.

Steve McCabe: That's correct.

Lynn Ekelund: Okay.

Steve McCabe: But, should the Town numbers see that we need more than 500,000 gallons per day, based upon the increase in population, we would then be able to apply for it with an increased water allocation permit, because the well gives you the ability to grow, should there be new growth in the Town.

Lynn Ekelund: So, okay, so what you're saying is by rehabilitating Well No. 5 it would give us one more answer to DNREC's questions as to why they didn't increase our permit in the first place - perhaps?

Steve McCabe: Kind of.

Lynn Ekelund: Kind of. Okay.

Steve McCabe: But it will require that the system and the accounting be cleaned up, be tightened up

and it's not unusual to have unmetered water. Most towns have, in the neighborhood of 10%, 15%...

Lynn Ekelund: No, no, no, I understand that, but what I understood also, it was unusual to have 44 million gallons go...

Steve McCabe: Yes, we were like 30%. We were high.

Mayor Newlands: We're allowed to have 15% unaccounted for water.

Steve McCabe: Yes.

Lynn Ekelund: No, I understood that, but since we discovered it, we're still not down to 15%. Now, hopefully we will be down to 15%.

Steve McCabe: And that's just how we meter it and how we measure it; we've got to get more accurate measurements.

Mayor Newlands: The last big step going in, is to replace the meters on the three wells and that should happen shortly.

Lynn Ekelund: So we should, again, going back to when we get everything done, we should be having more accurate records in six months?

Steve McCabe: Right. Right.

Lynn Ekelund: To the State Revolving Fund application screen and that's where we were talking about the engineering/inspections and then you included in your explanation, bidding.

Engineering/inspections/bidding – is that something your firm would do or is that something that we would take that engineering/inspections and bid it out?

Steve McCabe: That's up to the Town.

Lynn Ekelund: Are we going to go out to bid for the engineering/inspections, \$222,000?

Mayor Newlands: Yes.

Lynn Ekelund: And just in case, are we going to go out to bid for the engineering/inspection?

Councilwoman Jones: I think that would be very wise.

Lynn Ekelund: Is that a yes?

Councilwoman Jones: Yes.

Mayor Newlands: The dollar amount, Steve, is a percentage of the total, isn't it?

Steve McCabe: Yes, at this point we have all these are engineer's estimates.

Mayor Newlands: But if the engineering/inspection, that was all set?

Lynn Ekelund: I'm talking the \$222,000.

Steve McCabe: It is a percentage of the cost.

Mayor Newlands: Right, that's not his estimate. They use a percentage of the total cost to get that number.

Lynn Ekelund: Yes. Okay, then the loan programming and financing screens.

Mayor Newlands: And can that be your last question, to let other people go and we'll get back to you?

Lynn Ekelund: This will be my last screen and it is my last screen.

Mayor Newlands: Okay, thank you.

Lynn Ekelund: Okay, on this 1.5% interest rate and the 20-year repayment period, I know there has been talk in the past that the drinking water folks didn't quite like the way our books were coming out and we might not qualify for the loan. Has that been put to bed, or is that still up in the air.

Steve McCabe: The Town can answer this one. I was at one of the previous town meetings where the town was given a clean bill of health from an audit and I'm sure the Town Manager can report on that better than I can.

Mayor Newlands: Yes, let Win talk about that.

Win Abbott: Mr. Mayor, Ms. Ekelund, I would like to back up for a moment to your second to last question. These applications that we make to the Office of Drinking Water for the State Revolving Fund loan were partly to be specified by the consulting engineer that the Town has chosen for this

project. The Town, after going through a selection process for the Planning Study and having many engineering firms apply for it and choosing Pennoni Associates, and we had the planning study done, and then we went back and the Town chose to have Pennoni Associates be the consultant, for this particular project. The name, Pennoni Associates, is on our application for this letter. I do not anticipate that the Town would reverse course and change their final loan application to name a new consulting engineer for management of this project, however, part of the consulting engineer's cost comes down to management of bidding process. For each one of the component parts of the things that are going to go into the project. As an example, Baker Ingram & Associates is the firm that the Town has referred to and has found much satisfaction with regard being a specialist in the area of structural engineering for the rehabilitation of the foundation of the Shipbuilder's tower. Now we could put that out to bid and I made no promises to Baker Ingram & Associates that they would be the one to do this; there are other structural engineer's in the greater Baltimore/Philadelphia area, but nonetheless I had indicated to Pennoni Associates that more likely than not, they wouldn't have any piece of that; Baker Ingram & Associates would be doing the design. We don't really know what's under the ground there and the bid management and then construction and inspection services for that particular component of the water system improvement project. So the Town has some options, but I don't want for you to think that we're going to reinvent the wheel with this. Pennoni Associates has already won the loan pre-application as the one that the Town chose as the consulting engineer for this project.

Lynn Ekelund: So then the answer to my second to the last question is no, we are not going out to bid for the engineering/inspection portion of the State Revolving Fund loan.

Win Abbott: Mayor and Council makes policy decisions and I think that would rank up there. But the template, the protocol for moving forward with projects like this, is that we name our consulting engineer and we stick with the consulting engineer. In this case, it's Pennoni Associates. They're the bosses. They have the authority to change the course, but that would not be the standard protocol that has been followed in these cases. So I just wanted to clarify that.

Lynn Ekelund: I appreciate the additional information. Then may I re-ask, I know, I'm asking an extra question; are we going to go out to bid? Quick, Mr. Mayor.

Win Abbott: You can ask them.

Lynn Ekelund: That's what I'm doing.

Win Abbott: This is a Public Hearing now that might be a policy decision that they would prefer to put on an agenda, with regard to what it is that they're going to do. Right now it's a Public Hearing about the project, in general. Mr. Mayor?

Mayor Newlands: I remember from a while back when Win did the application, that Pennoni's went on that and it's something we did vote on that for the engineering; so that's already been done. It's already been done.

Lynn Ekelund: Okay.

Win Abbott: Getting onto your last question. It was with regard to the letter that we received from Dr. Carol Bertay, head of the Office of Drinking Water. Now that letter said that they would like to have a letter from the State Auditor of Accounts Office, saying that we have a "clean" audit or they would be willing to consider moving forward then. Two things have occurred since then. First of all, we've been in contact with the Office of Auditor of Accounts. They don't do that. They don't issue _____; they do an audit and the audit stands by itself and we have an independent auditor and we've had two subsequent audits that have been better and better. I don't know that any such expectation would stand. Furthermore, the Office of Drinking Water no longer has any control over the financial considerations of this loan application. That had to cede that authority to the Department of Natural Resources and Environmental Control, where Mr. McCabe has indicated that all the financial considerations for both wastewater and water are being put into one form and that one form is going to be evaluated by a

different department. I think that's a moot point right now.

Lynn Ekelund: Okay.

Steve McCabe: I would also like to address her question about the bidding and the consultant selection process. I've been doing this business for 20 years and when municipalities select consulting firms, they select them for their expertise. We don't like being shopped as a commodity; we don't feel like our expertise is a commodity. It has a lot of value and in our industry, we have what's called a QBS Selection Process; it's called a Qualifications Based Selection. All of our fees are generally competitive amongst all the engineering firms in the area. We all compete against each other on a daily basis for projects, but we are selected based upon our expertise and the Town has evaluated our qualifications and we have submitted statements of qualifications to the Town; the Town has also considered the qualifications of other consultants and compared them with ours and we've been; at least we'd like to think we've been selected based upon our qualifications and when these contracts are done for these capital projects, we're the Town's trusted adviser and as I said, we feel like our expertise has a lot of value and we're picked based upon being able to provide the Town the best advice and the best consulting expertise and then a fee is negotiated after a selection is made and the Town has our fees, the Town has the fees of many other consultants and the Town has the ability to negotiate our contracts up or down and in compared to the prices of everyone else. So the fact that we've been selected to me is a compliment, based upon our expertise and our qualifications and I don't want the citizens to think that there's any collusion or there's any price fixing involved. This is how it's done, with all the other municipalities, they pick a consultant based upon qualifications and they negotiate a contract amount, after a selection is made.

Lynn Ekelund: I appreciate your answer and I'm done.

Councilwoman Jones: Two things, and those who were involved last year, look me in the eye and correct me if I'm wrong, I think some of the issue about the bidding process for the engineering fees came from last year when we went through the same Referendum and the engineer was questioned whether or not they were automatically going to receive the fees, or whether the Town was going to bid for them. I think that's where the confusion came on the question. Question, I think for Mr. Abbott, who's been in municipal town management for awhile. The Mayor commented on Tuesday night about the payment of the loan and in making application for the loan, can you share anything about past the application process and the approval; how other municipalities may have figured out how to pay for it?

Win Abbott: Yes, Ma'am. That is a matter of budget consideration. In most cases, those things have been factored into the annual Fee Schedule, which is adopted by Council. So in the case of this particular project here, there will be some cash flow requirements for the Town on the front end as we get repaid, but nonetheless the settlement won't occur until after the construction is done. Coincident with this happening, we're also going to be the recipients of a no-cost Federal Assistance Grant valued at about \$20,000, in order to update the Financial System, for which we run our whole water system. It will enable us to have a much closer view of what the appropriate rates should be, both for maintaining the system now; having a long term capital improvements program and paying for installment loan requirements underneath of this. My expectation is that we won't see any changes until Council gets together and makes a vote on the Fee Schedule starting next October 1st.

Mayor Newlands: Two points. This is the worst case scenario, dollar-wise. We don't know if there's any principle forgiveness and how much it is, so this is based on the \$1.7 million dollars and when do we get the first bill from them; is that fiscal year 2014 or fiscal year 2015? It's out there a bit, isn't it?

Win Abbott: That's correct, Sir. Once again, if this Referendum should be approved, my expectation is it's not going to be until a year from now; April of 2014 before you even see the first bill.

Mayor Newlands: Okay.

Mayor Newlands: Mr. Garde.

Councilwoman Jones: Thank you.

Sam Garde, 115 Sassafras Lane: With respect to repayment of the loan, the contractor will be looking for a cash flow on the day he arrives on the scene. He's going to get paid from a loan that we do not have to repay until the project is complete, is that what I understand you having said? He answered yes. With respect to the treatment at Well No. 5. What kind of treatment do you anticipate and if there is still a hydrogen sulfide smell, do you have, in your plan, to treat for that?

Steve McCabe: Our plan is to hit a different aquifer and avoid it, in general, and aquifer that we're looking at is the Federalsburg Aquifer, which is the next one down. We have other wells in that aquifer and do not have that problem and we feel that when we do the test well, we'll do a test pilot, and we can determine at that time what our treatment requirements are going to be. We've done a lot of these kinds of wells and we feel that it's going to be a standard chlorine and fluoride treatment system on a deicing system.

Sam Garde: Okay, so what's in the application estimate is just chlorine and fluoride?

Steve McCabe: That's correct.

Sam Garde: Thank you.

Bob Howard, 217 Chandler Street: I think this question is more for the Town than the consultant, but I'm curious as to why the request to provide additional elevated storage was dropped, at this point.

Mayor Newlands: We opted to have that as a second application, strictly because of the missing water and until that's resolved, a number of us felt that that's not going to go anywhere, so we opted just to leave that out. That's why we separated the applications out, so we had the option to do that.

Mike Cote, Gristmill Drive: Two things. One, when we went through this process last year, part of the presentation was a cost estimate, per household, to repay what that loan was going to be and I guess it was a best case and a worst case in that project. Do we have any plans or idea what it will be, what that repayment will be scheduled per household, before we get to a Referendum?

Win Abbott: Mr. Cote, Charter requires that following a Public Hearing about a proposed borrowing question, that the Council shall pass another Resolution to establish date and time of the Referendum. Last year the Council did that at the Council Meeting following the Public Hearing. The agenda for the Council Meeting on Monday night, has been amended to include that and in the discussion leading up to that, as was the case last year, the Council may have that and I'll be prepared with some numbers, some rough numbers on what they might be. So you may expect that that information and estimated value will be available on Monday night.

Mayor Newlands: And again, that's going to be based on worst case scenario of us not getting any principle forgiveness.

Mike Cote: Thank you. Second point, we spent a little bit of time talking about the you'll know better in six months, after two quarters; but the six months could be nine months. If the meters aren't put on until April 2nd, then you won't get two full quarters of data until after that; so it could be longer. I'm just... It could be longer than six months. I wouldn't want people to hang their hat on six months, when it could be seven, eight, nine or more.

Steve McCabe: That's correct.

Mayor Newlands: When are meters going in Dustan? The meters are here, aren't they?

Dustan Russum: Yes, the meters are here. The meters for the wells, we got them scheduled to go in next week.

Mayor Newlands: Okay, so we should be done by April 1st, that's the first thing. The second thing is, they have some plans of doing monthly reads, but not monthly billing, just to try and get a jump on the numbers. I think you want to elaborate on that?

Win Abbott: Yes, thank you, Mr. Mayor. That's exactly what I was going to say. With our meters that are going to go on the pumping end, and are doing 3G Cellular capabilities, we have the likelihood of

getting very accurate day-to-day pumping data that could be corresponded to a particular day during a reading period on the consumption side, and we've looked at the number of man hours that it will take to do that and to get the data without creating a bill. We look forward to doing that on a monthly basis, once we get the metering on the production side taken care of. Now, I want to caution you and the public in general, to not have too high expectations with regard to how much more accountability we'll be able to get by increasing the consumption side from 90% metered to 98% metered, which is where we're at now; having the check valves and more accurate meters on the production side as well. Because the matter of the fact is that we have a very large system. The Mayor had indicated that we had leak tested the system, however, what we did was leak test six miles of the largest mains in town. There are many secondary lines and lateral lines. Our leaks most often occur on the laterals, which go from the street to your home and sometimes there are undetected leaks happening out there and we have 1,300 customers; so there's a lot of opportunities for small leaks to be happening in the system, that we will not be able to resolve through having more accurate metering at the production side, or at the consumption side. The only way that that will be addressed is over the long term, year-by-year having a Capital Improvements Program whereby whenever we repave a street, we take care of the laterals first and then we repave the street, and that may be years in the making. So, our monthly readings and having a tighter accountability for the difference between that which is produced and that which is consumed, we're going to be able to have that done probably in the next month and we're going to give you several months worth of readings, but it won't resolve all the problems. This is a situation that is going to take a dedicated effort over many years.

Mayor Newlands: Next person with questions?

Jeff Dailey, 211 Gristmill: Mr. McCabe, at Tuesday night's presentation, you offered the opinion; and I'm sure it's more than an opinion coming from you; that with Well No. 5 online, we will have a much improved water system. Is that correct? I'm sorry. And also, the loop that would include the south side of town. Those two elements would make quite a difference in the efficiency of our system.

Steve McCabe: Yes.

Jeff Dailey: Okay, thank you very much. And, I'd like to say in front of everybody because I'm a guy who gets hit with lots of questions from neighbors. They know that I go to the Council Meetings, that a year ago when CABA Associates was doing their presentation, they had a figure up on their display, that said the management fee, or the consulting fee was 10% and the math didn't work. I think that actually it was 15% and they just weren't presenting that. The other thing is, we knew so little and many of us were ignorant on so many points, the Mayor was cornered into saying that he was going to bid that out. Well apparently that's not bid out. That's something that normally goes with the consulting firm and you, of course, and others, were part of a process. Your firm, Pennoni Associates, was part of a process. We didn't do that with CABA Associates and so by appearance, it looked as though it was a no bid award and I think it was. So all I'm saying is, here we are a year later and we're where we might have been then, but we're so much richer for where we are tonight and I'm saying to Mayor and Council, don't ever short change Public Hearings; don't ever short change the work that must be done and included in the work that must be done; time for reflection. Because we had a \$2.4 million project last year; we're down to \$1.75 million and as you have told us both Tuesday night and tonight, with that Well No. 5 the redundancy and the loop, we're going to be in very good shape. The one thing we don't know however, we really don't understand, how far this will take us, in terms of our growth and I would challenge the Mayor and Council with that kind of a study, because we're going to need to know, are we going to have to have \$1.75 million five years from now, based on X amount of growth, or anticipated growth, or conservative growth? So we need to get ahead of the curve on this and that's something, certainly for the Water Committee I would think. Thanks for hearing me out.

Mayor Newlands: The one thing I wanted to mention is with growth, the Delaware Office of Drinking

Water they will not give you a loan for growth. They will only give you a loan for existing system and existing problems. So this will not come forward from them at 1.5%. If we wanted to put up a new water tower because of growth. We'll be on our own. That's correct? Because I remember Heather had told us that, so the Office of Drinking Water does not pay for growth, so if we come along in five years and say oh we need a new water tower, or in two years, because we have this tremendous growth, we have to get the money someplace else; we're not going to get any aid from the State and it's not going to be at 1.5%.

Jeff Dailey: Okay, and that's almost the lesson learned in advance, which means that as we approach developers and those who want to add to our Town infrastructure, they're going to have to foot the bill and so we have to be looking at these things down the road, so that we are aware of this because we all know, that we have suffered at the hands of LPD's and developers and I don't have my streets paved. Enough said!

Steve McCabe: And that will be part of the program, because I know when our recommendations were made, we talked about developing accurate maps and performance models of the system, so you know when 280 users are proposed, which lines need to be upgraded, how much that's going to cost, and then you can tell a developer, you need to upgrade this line if you want that much service and then you can calculate a pro rata share for an improvement.

Mayor Newlands: Any other questions, comments? Okay, I think that wraps up the Public Hearing.

Steve McCabe: Thank you.

Mayor Newlands: Thank you all very much. Thanks, Robin.