Town of Milton
Town Council Meeting
Milton Library, 121 Union Street
Monday, February 29, 2012
6:30 p.m.

Transcriptionist: Helene Rodgville
[Minutes are Not Verbatim]

1. Call to Order – Mayor Newlands called the meeting to order at 6:30 p.m.
Mayor Newlands: Good evening everybody. This is a Public Meeting on our water system improvements. It is going to be an informal meeting. We have a presentation first by Scott Hoffman from CABE Associates. He's going to run through fifty or so slides and I would ask you to please hold your comments and questions until the end and we'll get to your comments and questions. I would first like to just take attendance with the Council.

2. Roll Call

Councilman West	Present
Councilman Lester	Present
Councilwoman Jones	Present
Mayor Newlands	Present
Councilwoman Duby	Absent
Councilwoman Betts	Absent
Councilwoman Hudson	Absent

3. A Public Meeting will be held to discuss the need for a new water tower and processing facility. Discussions will be held regarding the borrowing of $3,450,000 to fund this project with the possibility that some of the funds could be converted into a grant.

Member of the State Drinking Water Office and State Planners office will be present to address the public. Engineers from a number of firms will be on hand to address residents questions regarding the appropriate technology for the project.

A quorum of the Town Council will be present at this meeting, no votes will be taken.

Mayor Newlands: What we're going to do is we'll do the presentation first and we'll open up for questions and answers and just, if you can, wait for the microphone, state your name and your address, so our transcriptionist can get everything down properly and no yelling and shouting back and forth, because she can't transcribe when you do that. We're going to sit over there.
Scott Hoffman: Good evening, everybody, can you hear me okay? Again, my name is Scott Hoffman with CABE Associates. We're the Town Engineer for Milton. Tonight we're going to be talking about the 2012 water system improvements project. This is a project that goes back to 2007 and is based on some recommendations that were in our facilities plan for the water system that we prepared for the town. That is a plan that looks at your water system, the components of the water system and needs that you may have at the time the plan is prepared, and future needs that you may have as the town moves into the future. What we'll be talking about tonight are the benefits of the project, what's included in the project, the project's funding,

how much it's going to cost, and how it would be paid for, and the project's schedule and this presentation is really two parts. The first part being a presentation that we gave at the Public Hearing at one of the previous Council meetings and then some follow up slides that were developed based on questions and comments at the Public Hearing. Benefits from the project: the project will provide additional water supply. You will have some additional wells, an additional water treatment system, to provide redundancy; that's another thing that's talked about up here; to add to the existing infrastructure that you have. The project will provide some additional storage, that's finished water storage. Right now you have two elevated storage tanks and we're going to talk about why you need that. Also, the project will provide some increased security for the water system and will provide the public works people with some additional monitoring systems and recordkeeping systems that many water systems are starting to use today. This is a graph of your historical water use. In 1999 there was approximately about 150,000 gallons per day; between 150,000 and 200,000; and in 2011, last year, it has risen to about 350,000 to 360,000 gallons per day. This is based on pumping records. In 2011, the peak day was 650,000 gallons per day. What you're looking at here, is a tabulation of your existing elevated storage volume. You have two elevated storage tanks. One is located over near the marina by Behringer Street and one by Shipbuilder's Village. The total volume of those tanks of water, what they call “in the air”, is 225,000 gallons. We're going to talk about how they work in your water system. This is the amount of storage that we've recommended; that we're telling you that you need now. For your domestic demand, you should have approximately one day's storage in the air; that's 360,000 gallons. In addition to that, you're required to have a storage volume for fire flow protection and that is 184,000 gallons, or a total of 544,000 gallons. I mentioned redundancy early on. You have potential issues, based on where your infrastructure is from flooding. All of your wells and water treatment system right now are on a single location. So there is a risk associated with that. We're going to talk a little bit about how the town's divided by the Broadkill River and how that affects the water system and any type of water system that uses mechanical equipment, is subject to equipment failures. The risk from all of these things can be reduced through having increased redundancy. What we're looking at here is the site of your water treatment building in the red square; this is the marina; this is Behringer Street here; there's one of your water towers and this blue hatching represents the area of your 100 year flood plain in that area; that is an area that is delineated by Federal Emergency Management Agency and what this is showing is that there's potential from a 100 year storm event of the area where your water treatment building is, to be flooded. That would prevent you from getting to the building; there is equipment in the building and it is protected from flooding by virtue of it not being on the floor; it's above the flood elevation; but there is always going to be a risk associated with this critical infrastructure being located in the flood plain. This is an overall, aerial view of the town. The area that we were looking at is in this red circle. Your other storage tank is located here by Shipbuilder's Village, so your water supply and storage infrastructure are located all on the north side of town. This is the Broadkill River, this is the pond, so there is a physical separation here in the water system. It's linked by two pipelines; one here and one right out in front of the library here, on Union Street. If something were to happen to one of these pipelines, a leak, a break, or something like that, the ability to distribute water all through town is going to be disturbed. What the recommendations are of the facility plan is to construct additional wells and storage on the south side of town to reduce the risk of something going wrong with these pipelines. In addition, we are recommending that you install another pipeline between Wagamon's West Shores and the existing distribution system in this area. That will provide you with three links across the river. This is the town's emergency

generator and it's probably about 20 years old. In the event of a power outage, you're relying on this single piece of equipment to provide your water. So in a prolonged situation, you're going to be relying on emergency power. One of the things that the project would provide, is another well and treatment building, with another generator, so that you have redundant systems. So the project includes and these are recommendations taken from our facilities plan in 2007 a half a million gallon elevated storage tank, to supplement your existing storage; the new wells and water treatment building; a SCADA system, SCADA stands for Supervisory Control and Data Acquisition; that's a fancy name for a computerized system which helps monitor the wells, flow rates, track flows, and the volumes in the elevated storage tanks and helps the maintenance people with recordkeeping. Security upgrades, for instance fences at the water treatment buildings, to keep unwanted people out of those areas. Two-water main projects, one to connect the new storage tank to the existing water system, and water main loop is that third connection across the Broadkill River that I talked about. In the plan in 2007 we identified four sites for elevated storage tanks, which we'll take a look at and last year, the town put together a Land Acquisition Committee and they started with those sites in searching for a location for this new infrastructure. The site that was farthest from town is located on what's called the Key Ventures property. At that time, it was a desirable site because the town was going to own this land. So that eliminates having to purchase land, but it's far from town and would have required a water main to go out to it. This site is a similar type of situation; this is located out at one of the previous phases of Cannery Village and it was hoped, at that time, that Cannery Village would construct some of their infrastructure so that the town would not have to build a water main out to the new storage tank. These are a couple of sites that we identified in town. One is behind the elementary school on Federal Street. Your Shipbuilder's Village tank is actually located on Cape Henlopen School District property and so that location was included because that would be an easy landowner to hopefully work with. The final location that we looked at before, was right behind Dogfish Head. When Cannery Village was being developed, a large diameter water main and sewer main were put in to serve Cannery Village and the school; and that time we actually put in a T to install the storage tank there. Unfortunately, Dogfish grew faster than the town and they used that place for something else. So that location is no longer available. This is the location that the Land Acquisition Committee finalized and this is Atlantic Street here; this is that phase of Cannery Village in this area; and if you drive on Atlantic Street you'll see a pumping station. That's called the Round Pole Branch Pumping Station; that's right here; and this is the location for the new storage tank. All within that red circle. This location is a good location because of the fact that it's located really close to these pipelines. This is a 12” diameter water line. This water line connects to a large diameter water main loop that goes all the way throughout town. So the idea here is that you don't have to build a lot of water main to connect to the strength, the backbone we'll call it, of your water system. There were some questions the other night regarding the elevation of this site in relation to the two other water tower locations. The ground elevation at Shipbuilder's Village is 32 feet; the ground elevation over here by the marina is 22 feet and the ground elevation here where this circle is, is approximately 14 feet. That means that this tank would need to be somewhat higher than the other two existing storage tanks. All the elevated storage tanks need to be at approximately the same level so that you have equal pressure in all three of them. This is just a slide showing in a little bit more detail, the proposed alignment of the final connection across the river; this is Wagamon's West Shores here; there is a large diameter water main that extends through that sub-division and we have some large diameter water mains coming over through Cannery Village and they would connect where that green dash line is. This is the proposed project budget. These are figures that were

assembled for us to submit, at the town's request, an application to the State of Delaware for what's called State Revolving Funds ("SRF") and we're going to get into that a little bit; so these budgets are developed based on planning documents that we have assembled; the facilities plan. An elevated storage tank of half a million gallons is approximately $1.35 million; wells and treatment $1 million; water mains, engineering and a contingency amount, for a total project budget of $3.45 million. What we try to do when we do a public works project of this nature, is establish a budgetary figure which will allow you to do the project to the end without having to come back to Council and say we need more money to do this project. So we are estimating high when we develop these estimates. I mentioned funding. You need to come up with $3.45 million. The State of Delaware is part of a Federal Program called SRF. This is money that comes from the Federal Government. It goes to all the states and provides low interest and money at favorable financial terms for you to build infrastructure. When we talked to the State last year, they were going to offer you a 30 year loan term; 35% principal forgiveness or basically one-third of that $3.45 million would be grant money; and a 1% interest rate; that's basically borrowing money almost for nothing. These financial terms have advantages over traditional financing like, if you went to a bank, you would probably not be able to get these interest rates. Certainly they're not going to give you money for free. In terms of how you pay that loan back, these are the two figures that we're bracketing this project around at this time. Based on the terms that I mentioned, you would have an annual loan payment of approximately $86,000. If that 35% principal forgiveness or that grant money went away, and the interest rate was raised up, here we're assuming 1.5%, that annual loan payment would be $143,000. So that has to be paid for somehow and the way that has to be paid for is through a change through the user rate structure; and a change to your impact fees. When new customers come into the town, they pay an impact fee to become part of the town's infrastructure; to buy into what everybody in town has already started paying for. I'm going to present some increased rate numbers that are based on these assumptions. Twenty new homes, per year; a revised impact fee that we are putting together a package for Town Hall describing how we came up with those numbers; and that impact fee would increase 2% automatically, every year, to try and help you keep up with inflation. No increase in your usage fee. Your water rates have a two-part component. One is the usage fee, which is the dollars per gallons you pay; that's $3 per 1,000 gallons. The second part of the rate is your availability fee; that's a base charge every month; right now that's $35. So we are proposing that you do not increase your usage fee; you will not pay more money based on the amount of water that you use; but there be an increase just in the flat rate. Based on those financial terms from the previous slide, your increased quarterly fee would be anywhere from $6 per quarter, to $12 per quarter. $12 per quarter amounts to about thirteen cents per day or about $1 per week. Again, your existing availability fee is $35. So you all might know what your current usage is, in terms of gallons per quarter; if you use 5,000 gallons per quarter, once you look at the increased availability fee and your usage fee, your bill could go from $50 to as high as $62 per quarter. If you use 20,000 gallons per quarter, it could go from $95 now, to $107 per quarter. Just some further explanation as to the rates, specifically related to this project; if you're an existing customer right now, you would pay an additional $1,440 over the next 30 years. That's what that thirteen cents per day adds up to. New customers are going to pay these impact fees. Over the 30 years, that would end up to $2 million. All the new customers are also going to add additional revenue to the water system. Each new customer, over the next 30 years, will provide $5,760 just in availability; that does not include the rates that they're paying per gallon of water. Finally, you have more potential customers, in other words, empty lots, in town than this project can serve. So the next steps for the project, the town has established a date for

a Referendum; by Charter, you cannot borrow more than $500,000 without having a Referendum in which the public gets to decide if they want to move forward with the project, or not. This Referendum is going to establish the maximum amount of money for the project; which would be $3.45 million. You need to continue looking for funding. We're going to talk a little bit more about that in the next slide. The town was part of a previous fiscal year's SRF loan. They were bypassed because another community had an increased need for money, so we're going to need to talk about how this town is dealing with that situation. We need further examination of repayment options; as the project moves forward and you start to go from that budgetary figure to the final engineering estimates that come out when the project is put out to bid; you need to look at exactly what the user rates would be, based on those numbers. And finally, the location that I showed for the water tower and treatment system, right now, is the top candidate, but it hasn't been finalized. The first time we gave this presentation, this was the schedule that we were looking at. That was last year, last January or February. These dates, now, are not valid, because you're not close enough in your funding process to close a loan in April, 2012. What I'm trying to show here is that from start to finish you're about two years away, if you were start today, from the time that your storage tank and your wells and your treatment system would be put in operation. That's when you start to pay back that loan and that's when you would need to have your rates set at that point. So I want to talk now about some question. All that we just went through was the presentation that I gave at the Public Hearing and then there were many questions and comments that came out of that meeting and we're going to go through some additional information that we put together in response to that. We're going to talk a little bit about seasonal water use and irrigation. People were not clear on why they needed the storage. Alternative storage methods. Some questions about the water system accounting and some questions about funding. This is your water use for last year and we're going to talk about seasonal water use. In January through April and October, November and December, you can see you have probably a little between 300,000 and 350,000 gallons per day. In the summertime it's much higher. A couple of days you were over 450,000 gallons per day. This red line represents the average flow of 350,000 to 360,000. This difference in averages is about 81,000 gallons per day; that's additional water that gets used in the summertime for irrigation, car washing, and some residents that you have are probably seasonal; they're only living here in the summertime. So there is an increased water use during the summer months; that's typical for water systems. You have some residents who have dedicated water meters. That amount, based on the 2nd and 3rd quarters of last year was 40,000 gallons per day. To give you an idea of what that amounts to, if you hook a hose up to a sprinkler you're probably going to use about five gallons a minute. If you run that for two hours and you multiply that by sixty to seventy homes, you can get to this 40,000 gallons per day in metered irrigation. So it doesn't take a lot of people using irrigation to increase your water usage. Talking some more about the need for storage. Your need for storage is based on regulatory requirements. The State of Delaware has a lot of regulations and of course, they regulate drinking water systems. Those regulations reference some standards; Ten State Standards, which is a standard that's used throughout the country for water systems design and construction; American Water Works, which is a large organization that also provides Standards for water systems and infrastructure; and the State of Delaware Fire Protection Regulations. It's very important to remember that your water system provides not only domestic water, but all of your fire protection needs. This is an actual excerpt from the regulations. I just downloaded this off of the internet, anybody can do it. You can see we're referencing here that you "cannot construct a new public water system or alter one without getting this construction permit, which needs to include, plans and specifications, based on Ten

State Standards and AWWA Standards." These are the standards that all engineering companies use when they are preparing designs for any municipal water system. This is what Ten State Standards says about storage facilities; "They need to have sufficient capacity to meet domestic demands and fire protection flows, where you have fire protection." This is what the Delaware Fire Protection Regulations say that you need in terms of volumes of water. Some required flow, which in the case of Milton is 1,500 gallons per minute. They're telling you that your water system; you go someplace, say by the shopping center when they open up one of those hydrants, you need to be able to get 1,500 gallons per minute out of it. You need to do that for a minimum of two hours and you need to multiply in the safety factor of 102%. That's that 184,000 gallons of water that needs to be in your elevated storage tank. And all that water needs to be above your domestic demands. They want this water available whenever it's needed. We're just showing that slide from the first part of the presentation. I've added in the equation here and we get back to the 544,000 gallons. So one of the biggest things that came out of the Public Hearing was that people would like to see alternatives to the elevated storage tank. On the list, it was obviously one of the biggest factors in the cost at a cost of $1.85 million. So alternative storage methods include: elevated storage tanks and these are used almost exclusively in Sussex County for municipal water systems; ground-level storage tanks, which is just a tank that sits on the ground. This is probably twenty to thirty feet high; where your tanks are about 150' high, I believe. And aquifer storage. This is something that really is not used here at all. The first one, the simplest one is the under-ground storage alternative. Since we don't have a lot of experience with that and Sussex County municipalities does not have a lot of experience with that, I contacted the Fire Marshall to determine, first, if this would be allowable as part of your fire flow protection requirements. The answer was yes. However, their concerns are verifying the amount of water and your available flow rates. In a tank, you can easily measure the volume of water. What the Fire Marshall told us was that if you want to maintain an under-ground storage alternative, you're going to need to do a hydro-geologic investigation every year to verify the capacity and flow rates of your wells and we'll talk about how many additional wells you would need to provide that. They also told me that they typically discourage this concept. So to give you a better idea of how your water system works, you have your wells; you pump your water out of the ground; through your water treatment system and into the distribution system. This is where all your houses are hooked up. Then you have your 225,000 gallons of elevated storage. So your wells provide about 510 gallons per minute. Your distribution system demand, or the amount of water that you need, varies constantly throughout the day. During the middle of the night, it's very small. It's probably not zero, but it's a very small number. The peak flow requirements include your fire demand, that's the 1,500 gallons per minute and a peak potable water demand. For a town the size of Milton, that's usually six times your average flow. So sometime during the day you're going to need 1,500 gallons per minute and if that happens to be during a fire, you're going to need 1,500 gallons per minute; you may need 3,000 gallons per minute; but over here your water supply only provides 510 gallons per minute. That's where your elevated storage tank comes in. You have that fire protection water there and you have extra water for your domestic needs. So whenever your demand out here exceeds this, that water is coming from the elevated storage tank and what's great about elevated storage tanks is all you need to do is pump the water into the distribution system, it fills up the tank, and it flows out by gravity. There's no cost associated with getting the water out of this tank and it's 100% reliable because there's no mechanical components to get it out of the tank. It's the cheapest and most reliable way to do it, if you have elevated storage. The other advantage of this type of system is related to your water treatment. If you had to, right here, you're trading a flow rate of

510 gallons per minute; all this water flows through your water treatment building. If you had to treat this water, in other words, if I'm going to add some wells down here to get up to 3,000 gallons per minute then all that water, this, has to be treated at those higher flow rates; so that makes your entire water treatment building more expensive; to operate, maintain and build. This is an alternative that we're looking at, a ground-level storage tank, in addition to some elevated storage. A ground-level storage tank's going to be cheaper than an elevated storage tank; that's why people asked to see this alternative. Again we have our 510 gallons per minute, that we're pumping out of the ground. We have our 3,000 gallons per minute that we may need and we have our ground-level storage tank with our water sitting in it; but unlike the elevated storage tank there's no motivating force here; there's no water up in the air; so gravity is not going to help you get water out of this thing. That's why you need the pump. That pump, those pumps, actually would need to be sized to provide this flow. The Fire Marshall is going to want you to be able to take one of your elevated storage tanks out of service and get your fire flow from this ground-level storage tank. This is what that looks like. This is actually a much smaller version, this is for a single sub-division; here's a ground-level storage tank; there's the little building; the emergency generator; and here's your pumps. This is probably providing fire protection and domestic water to a couple of hundred homes. You see these a lot in Sussex County, where there are sub-divisions; not located in municipalities and they don't have a public water system, but they want to have a water system for the sub-division; and that's when they'll build these types of facilities. A lot of these are private utility owned. What they will do is, as their systems get closer together, they may have this sub-division; and down the road they have another sub-division; and down the road another sub-division. They get enough of those systems linked together; they'll build an elevated storage tank and get rid of all these. We've done that in the past for those types of clients. I mentioned AWWA. This is what they say about elevated storage; remember these are the design standards that we're using: “Provides the best, most reliable and most useful form of storage, particularly for fire suppression.” You open a valve and you get that water. You open your hydrant and you get that water. You're not depending on a pump or some mechanical device to provide it. This is what AWWA says about ground-level storage: “It's expensive, uses additional electric power, requires extensive operation and maintenance; additional capital costs for pumps and other equipment.” These types of things can increase the cost of a ground storage system. So on the service when you look at a ground-level storage tank. Hey, it's a lot cheaper than an elevated storage tank, why would we ever put it in? Why would we put an elevated storage tank in, when we could do something cheaper? Once you start to look at what the costs really are, the additional equipment, pumping, electricity to run those pumps, things that you're going to be paying for forever, it starts to increase to the point where elevated storage, on a long term basis is the way to go and that is historically what the towns and municipalities have done in Sussex County. AWWA also says, in terms of fire suppression: “If you use a ground-level tank, you're going to need that excess pumping capacity for peak demands.” Those are an unnecessary investment in pumping capacity; that 1,500 gallons per minute and you have to maintain that standby equipment at all times. Now, there is a purpose for ground-level tanks. We showed one of them, that small water systems where they really can't afford to build an elevated storage tank and it's not warranted. The other area where they are used is in hilly areas. If you have a hill or a high spot in your town, you can build an above-ground storage tank up there for cheaper than an elevated storage tank and it will essentially do the same exact thing. It's also more expensive typically to design these types of systems. In addition to doing soil investigation and foundation design for this tank, which has a lot of water in it and a lot of weight, you're looking at having

to do additional electrical engineering and controls, a larger building, and more complex pumping and piping design. An elevated storage tank is a fairly simple project to design and bid; it's a slim specification and a single plan sheet. That project that we showed with the above-ground storage tank and the small building and everything, that could be 20 sheets for that design project and that directly translates into additional engineering costs. Another thing that somebody brought up at the Public Hearing, was a product called the cycle stop valve. I guess they had gone onto the internet and did some research and saw the website for this company and their literature said it replaces water towers. So we were asked to take a look at this particular product and another thing that was said was that it was new technology; well it's not really new technology when the next day when I got back to the office and started taking a look at it, I figured out that it was a constant pressure valve. That's not new technology. I called the company that actually makes these and they have been making valves since 1936, constant pressure valves. What this valve is actually used for, it's not a replacement for storage in every water system. It's used to reduce pump cycling and it would actually increase your pumping costs if you were to try and put one of these in. This is what's called a circular flow chart; which is showing pump starts; and you can see here this is from the manufacturer's website; before cycle stop, these little red peaks; each one of these little blips represents a pump starting and then here we have this nice red circle, which means the pump is running all the time. And you can see after cycle stop. So the cycle stop valve worked here. It prevented this pump cycling and they were looking at 300 pump starts per day and with an electric motor, you do have to be careful that you don't start and stop the motor very quickly, which could wear it out and could destroy the life of the motor. This is a flow chart from the wells that the town has and this is from 2 to 3 weeks ago. I have highlighted Wednesday here; this is from midnight to midnight and during that time there were three pump starts. That is one of the things that you're looking for when you have wells and an elevated storage tank; that your wells come on and they pump the average flow rate and all your peak demands come out of your elevated storage tank. That reduces your pumping costs and remember, your pumping costs add up over time, just like the cost of your storage. Your pumps run an average of 11 hours per day right now. So what we did is, this red symbol here represents a cycle stop valve and here we're saying, okay, we're going to get rid of our storage tanks; this is what was suggested; and we're going to put this thing in to replace them. What's going to have to happen then is that your wells are going to run constantly. The cycle stop valve, this is the way it works; and analogy would be if I take my hose and I hook it up to my sprinkler and I set it out in front of my house to water my flower garden and I turn it on and the sprinkler's putting down a lot of water and there's a big pattern that's going out into the street and into the driveway. What you do is you crank down on your hose bib to reduce the amount of water. I do this at my house, because my water rates are actually a lot higher than yours and I don't want to sprinkle anything except for my little flower bed. That's the same way that the cycle stop valve works. It reduces the flow through the pipeline. So instead of relying on your peak demands coming out of your tower, using gravity at no cost, except what you already spent to put it up into the tower, you now have to run these pumps all day to get your flow and rely on this valve to regulate how much flow is getting into the distribution system. That would also result in having to replace or supplement your existing wells, with enough wells to get up to 3,000 gallons per minute, you would end up with a lot more wells. Each well represents, again, another long term operation and maintenance cost. Final alternative that was mentioned was connecting to Ellendale. For those of you who don't know, Ellendale is about six to seven miles west of Milton, out here, and Ellendale does not have a public water system; so you cannot really gain anything by interconnecting with them. They would actually gain by

interconnecting with you, if they could do it. One of the things that came up in the Public Hearing, is the water system accounting. Last quarter, the fourth quarter of 2011, all of our information is based on pumping records and the town pumped 29.4 million gallons. Allen has mag meters at each well and at the water treatment plant that are calibrated every year and that show the amount of water that's pumped. Actual metered water usage, this is the water meters that are out in front of your house, was 18.1 million gallons for a difference of 11 million gallons, which is a very high and unacceptable number. The town is working on getting that difference down. Typically you want to be in the 10 to 15% range. DRBC, which stands for Delaware River Basin Commission, which is the organization that oversees your water allocation; or how much water the town's actually allowed to use, really wants that to be less than 15%. One of the reasons for this difference is because of water meters. There's 14 meters which we know don't work. There are facilities that do not even have water meters; the volunteer Fire Department, the Police Department, some churches. We know that there are homes that have meters which do not work and there's also a significant number of old meters in town that have not been replaced. The meter is just like any other piece of equipment. As they get old, they wear out, they don't work as well and usually the homeowner benefits because they're not tracking the wild water correctly; they're probably under reporting. So one of the first things to do, to narrow down that discrepancy, is to fix these problems so that we can figure out what the discrepancy actually is. The other thing that would be nice, is as you can start to meter more usage, you get some additional revenue, you have more money coming into the water system accounts. Allen is also working with an organization called Delaware Rural Water Association, that's an organization that the town is a member of and these are technical people, not engineers; just technical people that go around to the different towns and help out with problems. They have leak testing equipment that Allen can actually take out, set up in the street and test different pipelines to see if there is significant leaks in those pipelines. He's also working on preparing a water audit, using software that's provided by again, American Water Works Association. Funding details: originally we were looking at an SRF Project, as part of the fiscal year 2011 State funding cycle. Unfortunately, the timing of the project has not been good and the State actually bypassed Milton because they had another community with a more pressing water need and they had a water quality issue; whereas you do not. You have a water storage issue. So the money that was allocated to Milton, as part of that previous funding cycle, has gone to another town. We met with the State a couple of weeks ago; myself and the Town Manager and the folks from the Public Works Department and they have advised us that there are some other towns who right now are in the fiscal year 2012 funding cycle, who are also dropping off the list. They are not going to be borrowing money, so there's a chance that the town can get money under the current funding cycle. If that doesn't happen and you still pursue SRF money, you will have to reapply later this year. There were some questions about the Referendum and shouldn't the Referendum include all the specific loan details. The State has advised the town that you do not want to put specific details about interest rates, principal forgiveness, etc., in your Referendum; that's a legally binding document. You want to establish your maximum borrowing limit as part of that, because you could, actually, get better terms. As I said, another community received money that Milton was allocated and it's possible that if their Referendum had been more specific, they would not have been able to get that money. Okay, so that's it for me talking for now. Now we'll go to questions.

Robin Davis: Before you ask a question please, speak into the microphone and state your name, at least.

Rich Miller, Gristmill Drive, Milton: Just a couple of questions, based on the presentation.

Some of these may be redundant, I was not here for the last hearing on Monday night, so I apologize if they're redundant. Can you tell me what year the original water plant was built?
Scott Hoffman: The original water plant.
Rich Miller: The one at the marina.
Scott Hoffman: I don't know when it was originally built. I know that we did some projects at the water plant in the last 1980's; that's before I even worked at CABE Associates and those were major upgrades. The water system was built in the 1950's, I believe.
Rich Miller: Okay. The flood plain that was outlined in one of your presentation slides, did that flood plain exist when that building was constructed?
Scott Hoffman: Yes.
Rich Miller: These don't have to be answered now, these are just questions that came up.
Scott Hoffman: Maybe I should clarify all that. Essentially the potential for flooding has always been there. Now somebody mentioned that Federal Emergency Management Agency does update the flood plain maps. I don't know what they were when the water treatment plant was built, however, if you go back to the late 1980's, with the projects that we did at the water treatment plant, we designed the electrical equipment in there to be above the flood plain elevation, so that's as far back as I can go in response to that.
Rich Miller: Thank you. The other presentation slide, at the new site, the proposed site, that has yet to be approved, there's a section that outlines wetlands. Do those wetlands present either a flood plain issue or a snail dart issue that we would have to deal with?
Scott Hoffman: I didn't catch the second part?
Rich Miller: The snail dart. Will it cause an environmental problem building in that wetlands area?
Scott Hoffman: Oh, we're not in the wetlands where we will be building.
Rich Miller: But the site is.
Scott Hoffman: Part of that site is in the wetlands and what happens there, if you drive out there, you'll see that there's kind of a woods line and where that woods is, the slope drops off. That's part of the reason why the owner of that parcel does not want that piece of property, but there's enough room there to construct what you need, which is the elevated storage tank, which has a very small footprint and the building.
Rich Miller: Thank you. Do we get any credit, as far as where they're available, with the amount of pines and other standing water bodies we have in this area? Does that factor into any emergency equations?
Scott Hoffman: Not really, because that water is not as accessible as what is in a hydrant and the fire prevention regulations require that the water be available from the fire hydrants, if you have a public water system and they have criteria on the flow and pressure that you need.
Rich Miller: Thank you. My next question has to do with the broader issue and being asked for a Referendum. I'd be more satisfied if there was also a piece that talked about conservation. DER on a regular basis has a water barrel system that they make available to the public and I've been chasing those water barrels for about three years now; and they're always in short supply. Could the town, in fact, encourage that type of conservation, in addition to what we're trying to accomplish with the storage issue?
Scott Hoffman: Well, indirectly, the town does encourage conservation. This is how they do that. They have a plumbing code and all the new plumbing codes require conservation fixtures, so I think if you looked at the water usage in older homes versus newer homes, that the water usage would be less because the fixtures allow you to do that. The other...
Rich Miller: The water barrel issue is so that homeowners can have 10, 20, 30 gallons for

watering plants.
Scott Hoffman: Right.
Rich Miller: And I think it's easier to saw a solution if you can offer some other alternatives and DER is very stingy with that barrel program. It's just a question.
Scott Hoffman: I can't address the DER Program. The other comment that I would make is that you'll notice that we are not suggesting to change the water rates; therefore, you, the homeowner can say I'm not going to use as much water to reduce my bill.
Rich Miller: Thank you.
Scott Hoffman: I think Mr. Abbott has a comment.
Win Abbott: Thank you, Sir, for bringing up that issue. I had the opportunity to attend a Delaware Rural Water Association Conference this afternoon and took some notes from a couple of the seminars that I was attending. In the time that I've been here as your Town Manager, I've made a concerted effort to put things into writing; do some communication efforts; not just through the Town Hall, but also by way of billing and put some things into the mail. One of the good experiences I had as the Town Manager of Fenwick Island was their aggressive environmental efforts, including a great promotion for rain barrels. In thinking about the water accounting that Scott referenced here and the afternoon that I spent at this conference; here are my notes with regard to things that I would put into future, let's just say, newsletters that would go along with your utility billing and that is this. We should be monitoring the precipitation days; we should be charting the days when hydrants are flushed; we should be charting the times when the towers are flushed. They occasionally need to be flushed, as well. We could report personal use on the average; you know, your personal use versus the average use and precipitation days and last, but not least, rain barrels. These are all my notes from this afternoon, so your little bit of input here simply validates that which I look forward to putting into place to make for better conservation issues and to make people more cognizant of their role in conserving our water resource. Thank you.
Rich Miller: Thank you and just two additional points. With the Referendum, is there any provision for absentee ballots?
Mayor Newlands: Yes there will be. The same as this election this weekend.
Rich Miller: Thank you. And, lastly, this is more of an editorial statement. Milton is obviously trying to plan for the future and business, any business, likes to have an element of certainty, especially about natural resources and even though we may not need all the storage that we're talking about, there's no doubt that in the future, that storage is going to be required and businesses will make quick decisions whether they want to relocate or wait for the next Referendum; so we're really not wasting public funds in preparing for the future that we all talk about. It's not an outlandish project and it makes Milton more viable as an alternative for any business operator to relocate into our town.
Scott Hoffman: Actually, depending on the type of use that the business may have, part of the Fire Marshall's job is to review plans for different types of businesses; if they want to build a building; and one of the things that they look at is fire protection that's available, so that is something that gets built into that oversight.
Allison Howes: I was here at the meeting on Monday; it's only Wednesday; and I did some calculating myself and you can use your little calculator and correct me if I'm wrong; but you had the 544,000 gallons that were needed, with the domestic demand and the fire protection added together. We had 225,000 gallons of storage currently, which leaves 319,000 gallons that we say we need. We have 11 million gallons per quarter, that is missing. You break that down into 90 days, which is per day, which everything is per day, correct? And that's 122,222 gallons.

I factored in the 10% that you say is going somewhere, evaporating, which is 12,222 gallons, which leaves 110,000 gallons; which when you take that away from the 319,000 gallons, leaves 209,000 gallons which you say we're short. You're suggesting that we build a 500,000 gallon storage tank, which is 2-1/2 times what we're short, number one. And I understand for future reference, we need more than what we require at this moment, but, you think that there are going to be 20 houses per year; that's what you're anticipating; being built in the Town of Milton. So over the next 30 years, that's 600 homes. If each home used 10,000 gallons per quarter, that's 110 gallons per day. It would take 120 years for us to need the extra 291,000 gallons that you're suggesting. So, can we have a smaller tank, which would be less expensive?
Scott Hoffman: One of the options that we talked about on Monday was to... It was one of the questions was could you look at a smaller tank? And I believe the answer that I gave a couple of times when that question has come up and the answer was, yes, that is an option that you could look at moving forward. Now, what I would suggest as the Town's Engineers that what you have to realize is the storage tanks come in certain sizes. 200,000, 300,000, 400,000, 500,000. So that's part of that equation. In addition, the smaller the tank, the more dollars per gallon that it costs. In addition, as you...
Allison Howes: Explain that? I'm sorry.
Scott Hoffman: A smaller tank cost more dollars per gallon to put in. That's a verifiable fact, so...
Allison Howes: I don't understand. You said it the same way twice. Say it a different way.
Scott Hoffman: Okay. The 500,000 gallon tank that we recommended in 2007 was priced at $1.35 million. A 250,000 gallon tank, is not going to half of that, it's going to be somewhere between half and that price. So there is some advantage... This is what I was talking about the other night when I said about looking at life cycle cost; what it would cost over the long term. That's one of the things that you need to do in the design phase of the project, is look at the different tank sizes available, and the capital cost, and long term costs of two tanks; two smaller ones as you suggest; that would allow you to not be worried so much about the future, but focus more on now; versus putting the larger tank in now.
Allison Howes: Well, no, that does take into consideration the future. If you have a 500,000 gallon tank that is 2-1/2 times what you need and it's going to take you over 100 years to get there, I think that it's a viable question.
Scott Hoffman: It is a viable question. That's what I'm telling you.
Allison Howes: Yes.
John Booros, 115 Broad Street: And this probably doesn't have anything to do with the water tower, but you mentioned the flood plain out here and this gentleman mentioned the flood plain. Have we ever considered like moving it 15' up the hill outside of that flood plain line? Since the water tower is way up on the top of the hill, why don't we just raise the equipment? Why don't we just move the little building 10 or 15' up the hill? We own the property, don't we?
Scott Hoffman: That's another...
John Booros: I mean, you can use the scare tactic of you're in the flood plain, the 100 year flood plain; why don't we just move the stupid building up the hill a few feet and not worry about the flood plain? It would be my first question.
Scott Hoffman: It's not really a scare tactic. I'm just trying to present you with the facts of the situation.
John Booros: But I mean cost wise. Would it not be cheaper to instead of putting in a 500,000 gallon tank, to at least start by moving the sucker up the hill, so that maybe we don't to worry about it being contaminated by flooding?

Mayor Newlands: You can't do that. You would have to build a whole duplicate system up there and then somehow reattach the system to the new well house.
John Booros: I'm sure you can do it. I'm sure you can do it.
Scott Hoffman: What you're talking about there, is leaving yourself, again, with a single supply...
John Booros: No, no, no, no, no. I understand that part, but also the thing about the pipelines that go under the bridges. I understand the one under this bridge here is probably where we're losing the 11 million gallons. It's an old one. It's a small one that's right out in front of the library, I think. But then there's the other one under bridge over at Wagamon's Pond, at the spillway and you want to connect over down the railroad track to loop it back into Wagamon's, well wouldn't the loop back into Wagamon's take care of your issue if this bridge went out or the other bridge went out? You would still have the water being looped over to the other side of town.
Scott Hoffman: It would provide additional redundancy. All those things provide additional redundancy, unfortunately, there's no way to predict in a black and white fashion what could eventually happen to the water supply.
John Booros: Oh, I understand.
Scott Hoffman: I think I gave an example that just when we met with the state people and Delaware Rural Water, that morning both of their wells had failed. So the recommendations that we make are to provide the best possible water system. Now, based on what those costs are, everyone has to decide what level of risk or redundancy do we want to have.
John Booros: Right. I mean I understand that. I don't know why I didn't pick up on it the other night, but the flood plain issue, the extra pipe going up the railroad track between where it dead ends at the tracks on Federal Street over to loop around to Wagamon's, and the fact that they say on the other side of the river, they really don't have a water pressure problem; why a bigger tank, over there behind Shipbuilder's wouldn't suffice; with a couple of additional wells?
Scott Hoffman: We have not looked at a tank over at Shipbuilder's; a bigger tank to replace the one at Shipbuilder's; as an alternative to this project.
Mike Cote, Gristmill Drive: I have a few questions. One is a comment. You mentioned the large number of empty lots in town; the buildable lots in town; and just a comment that my guess is you didn't subtract the 155 from that number that you used when the 40 acres that Dogfish bought took those 155 lots out. Is that safe to assume?
Scott Hoffman: The point of that slide was to say that there are potential customers and potential revenue for the water system.
Mike Cote: Right, but it's 155 less than you thought.
Scott Hoffman: Yes. Yes it is. Now if I remember, Dogfish is going to use some water too, so that's going to cut into that.
Mike Cote: Just a couple of toilets and the sinks. Alright. Next comment/question. This may be a little nit picky, but I asked a question at the last meeting about the land site and there was discussion that there was an offer made and the ultimate answer to my question was that the closing wouldn't be before the Referendum. Is there now, or will there be before the Referendum, a finalized agreement to purchase that property?
Win Abbott, Town Manager: I think that your packets may contain a chronology. If not, it's available on the website; but on the chronology you'll see indicated that a local appraiser was contracted in order to find the fair market value of the selected site, the one identified by the Acquisition Committee, back in December. That particular appraisal was not available until January 9th or something to that effect; and when it came time to present the offer to purchase to

the potential seller, that contract, which contained contingencies for hydro-geologic studies, easements for construction and so on, across the land; was not presented. It was held in hand, but not presented, to the potential seller at the time; but what I told the potential seller, Dogfish CVI, LLC, was that we've found that this particular place is most favorable to our plans for an improved water system; however, we're not in a position right now to ask that you sell the property for the appraised value. We're going to wait until we go through the process of the Referendum and then we may do testing, as well at that time, we'll present this to you and your attorney's can mull it over and see whether or not this is something that you want to do. So a contract has been prepared, as the Mayor indicated; but it was never tendered to the potential seller and it's for the fair market value, which is as the Mayor had indicated, considerably less than what you might have imagined. But the terms of the negotiation are something that we do have to keep confidential so that the town doesn't lose it's leverage and be able to make a purchase at the fair market value.
Mike Cote: Thank you Mr. Abbott. Next question involves the funding slide.
Scott Hoffman: Okay.
Mike Cote: We're showing...
Mayor Newlands: There was the one with the $86,000 and the $143,000?
Mike Cote: That one. That's a good place to start. Okay. Now you show in that slide a 1% rate. In one of the memorandums that was given out, it quotes as of November 1st, if we had been able to do it as of November 1st, it quotes a rate of 2.6%, under the State program; which changes that number by 1.5 times more. The 1.5%... So obviously you did this a while ago and just haven't updated it for this current information?
Scott Hoffman: I'm not sure what you're looking at there.
Win Abbott: That's okay. Scott, I copied you on this, but it was a minor detail and it was meant by virtue of illustration and the illustration was to this point; that the terms and conditions of these loans do change, even within a given program year. They change because the State is under a certain performance expectations that they're going to get more money out the door and they will entice municipalities to take advantage of this by increasing the amount of principal forgiveness, decreasing the amount of the interest rate, or whatever. That referenced an email that came from our Program Administrator that was here on Monday night, totally unsolicited; just sent it out. If loans were to close today, it would be X; 2.59%; or whatever the case might be. It was not offered in the context of a particular package for the Town of Milton; however, it was referenced so that everyone can be aware of the fact that although a particular offer was made at a given time, that things change; not just year to year, but within the year and that these things cannot be predicted to a certainty and therefore should not be put into the specific language of the Referendum. It might be to the town's disadvantage. So, once again, it was for illustration purposes.
Scott Hoffman: Can I add one thing? The 1% is the number that SRF Program quoted us... the original application for the town's funding was accepted. That was last January.
Mike Cote: Okay, well as Mr. Abbott said, they suggested that if the loan closed that day it would be 2.59%; they do change. I agree. They can change, but if we had a better number, it would be nice to use it so when you show what the increases are, because the increase is based on 2.59%, $18 at a minimum per quarter versus and I'm not sure how we arrived at 1.5%...
Scott Hoffman: That was the number that we were asked to use.
Unidentified Speaker: By who?
Scott Hoffman: I think in our discussions with Town Hall we needed to make an assumption and that's what it was.

Mike Cote: So nobody went to a bank or a commercial lender and...
Scott Hoffman: You would not get these kind of interest rates at a commercial lender.
Mike Cote: So the 1.5% could really be 5% or 6%?
Scott Hoffman: Not with the SRF program.
Mike Cote: No, not with the SRF, but if; that's another question for later.
Mayor Newlands: Let me interrupt. Let me interrupt for one second.
Mike Cote: But the high end comparison isn't really a high end. It's a low end. It's a low non SRF quote. You can't go borrow money for 1.5%.
Scott Hoffman: You can through the SRF Program.
Mike Cote: We're not talking about that.
Mayor Newlands: Mr. Cody, we're stipulating in the Referendum that we're only going to look for money from the SRF Program.
Mike Cote: Okay.
Scott Hoffman: Part of what Mr. Abbott was trying to explain is that the way the SRF Program works, is they have to provide towns with money because they need you to pay interest to pay the money back. The idea of the program is that it become self-sustaining and the only way to do that is to loan money to people and in this economy they're offering very good interest rates to promote giving out that money.
Mike Cote: That's fine. And I agree that if the Referendum is going to say that it's only going to be done through the SRF Program, that's a whole different deal then presenting this which is... You're presenting a worst case, which isn't a worse case; which...
Mayor Newlands: This could be a worse case, because they can turn around and say there's no principal forgiveness; so it could be that second part. That could happen. But that's all through the State Revolving Fund.
Mike Cote: These are just options from the State, then, not State versus non-State.
Mayor Newlands: That's all we're dealing with is the State.
Mike Cote: Okay.
Scott Hoffman: And what I tried to do here was give you an idea of what it could be. We do not have the exact numbers, you're correct.
Mayor Newlands: And we didn't factor in if the town was going to use any water rate money to kick into this, as well. This is all assuming that we're not going to use any money that we have currently from the water rates.
Mike Cote: Okay, thank you. Let's just look at my list. The original version of the program did not include the loop, that other connection, I'm not sure of the exact location; but out by Wagamon's; to connect out to the back of Wagamon's West Shores?
Mayor Newlands: Yeah, it's Federal Street along the railroad tracks out there.
Mike Cote: Right. And we were told we could get additional money so we added that in.
Mayor Newlands: It was a desired feature to add in when the development was built back in 2004.
Mike Cote: Okay.
Mayor Newlands: So that's why I think the legs were put in at that time, weren't they?
Scott Hoffman: Yes, when Wagamon's was built, that's when...
Mayor Newlands: To accept that.
Scott Hoffman: Right. Now, you realize that under the original loan terms, the town would have been getting $1 million in free money.
Mike Cote: Right. I understand that.
Scott Hoffman: So that's part of the incentive that if this is something that will strengthen our

water system and the Federal Government is going to give us $1 million to help pay for it, then it's something that we should think about doing.
Mike Cote: Well, for the loop it was not $1 million, but... And I have one question on the overall estimate of the project. Maybe you can help me with that. The original project, without the loop, was $2.6 million; the current project is $3.45 million; and you have a contingency in both of them, but the contingency on the bigger project, is less than the contingency on the smaller project.
Scott Hoffman: Okay.
Mike Cote: I mean, if you're going to have a contingency, it would seem like you would have a bigger contingency on the bigger project, than on the smaller project.
Scott Hoffman: Percentage wise or a straight figure number, are you saying?
Mike Cote: Straight figures. The original contingency number was $350,000; the new one is $300,000.
Scott Hoffman: Part of that could be new information that we had as we moved forward; like the site being selected; and that reduces some of that contingency. I don't remember off the top of my head where all the exact figures came from.
Mike Cote: Ah, the contingency includes the price of the land, because that wasn't in any of the other figures. Okay.
Ray Sachs, Atlantic Street: Just a couple of questions about why, for instance, in the presentation your graphics show a 225,000 gallon tank, instead of a 500,000 gallon tank. Did you just borrow that from another presentation, or a standard presentation?
Scott Hoffman: The 225,000 gallon tank that was in one of the slides is the town's existing storage.
Ray Sachs: I see.
Scott Hoffman: That was a slide show on the existing system.
Ray Sachs: A question about the land that's purchased. When I looked at the overhead graphic showing the location of where the pumping station is now, how much land is being is being acquired?
Mayor Newlands: A little less than one acre. .9 acres.
Scott Hoffman: Yeah, .98 acres is the approximate area.
Ray Sachs: I see, so it's that... I see where the pumping area is, that's already in town, so it's the larger... Okay, I've got it.
Scott Hoffman: If you follow this red dot, it's that.
Ray Sachs: Okay. Um, what happens when you have that list of areas that might account for this rather large amount of water that is unaccounted for? If you go through that and you put in new meters and you hook it up to the church and the Police Department and everybody else, and you still have the number way above 15%, what are you going to do?
Scott Hoffman: Well that is why Allen is looking at the leak testing; that's why the town's looking at the accounting that goes with the water system, to try and get that number down; it's just not an acceptable number. So all we can do at this point, is start eliminating variables, starting with the easiest variables to eliminate first, which is the water meters.
Ray Sachs: Okay. The other questions I have are personal. They're relating to my property, in relationship to this. Is this a time to do that, or should I wait while the subject is only on this plan?
Mayor Newlands: Right now is only on this plan. What kind of comment did you have?
Ray Sachs: We approached the Town Council and then we were directed to Planning & Zoning last fall to rezone property we have on Atlantic Street, which is adjacent to this. When we went

to Planning & Zoning we were not successful. It wasn't a negative vote, it was a tie, which is unfortunate that you have committees that have even numbers so that things can't be decided up or down. It just stuck.
Mayor Newlands: It happened to be that that committee has an odd number; it just happened at that meeting that only four showed up.
Ray Sachs: Well now my question is, land adjacent to our property has now, with the change in Dogfish Head, gone from residential property to Light Industrial and now this is being proposed and I have nothing against improvements and the need for additional water capacity; but wouldn't it seem fair if I were able to go back to Planning & Zoning and say this is what's happening around my property; won't you reconsider the appeal that we made for a zoning change?
Mayor Newlands: Robin.
Ray Sachs: I didn't hear you.
Mayor Newlands: I'm calling Robin. What's the time limit that they can go back to Planning & Zoning?
Robin Davis: I would have to look at the code. I'm not sure right off the top of my head what it would be. I think it would only be if it was denied; then I think there's a time frame, if it was denied. Again, I'm not exactly familiar and just talking off the top of my head, I hate doing that.
Mayor Newlands: No, that's fine.
Robin Davis: But I think Mr. and Mrs. Sachs, they actually pulled their application at that meeting; if I can... So there was not a vote ever made. They pulled their application because of the discussions that were happening; it wasn't looking favorable.
Mayor Newlands: I've got you.
Robin Davis: But I would have to check to make sure that I'm not speaking out of place.
Mayor Newlands: That's fine.
Ray Sachs: Thank you.
Sam Garde, 115 Sassafras Lane: I just have a question on a document which was part of your handouts and I'll quote it. As part of the handout that's entitled Referendum. It says "The Town Council shall provide in it's budget for the fixing of the rate of tax for payment of interest on and principal of the loan. The term of the loan is 30 years." My question is, what's that all about? What's fixing the tax rate got to do with this loan, which you said would be repaid by raising the availability charge on water?
Mayor Newlands: That is language that is in our Charter; that talks about our Referendums and that's just the way it's written.
Win Abbott: That's an exact, full quote. That's what it is.
Sam Garde: Well, no comment.
Win Abbott: Mr. Garde, I don't mean to be dismissive and I really appreciate your close reading of all that which I have produced on behalf of the Town Council as their manager and advocate for policy positions the Council takes. When it comes to such things, I try to stick as closely as I can to the exact legal language that is the foundation for such things. In the case of the language that you cited, it is exactly a full quote from the portion within the Town Charter that references a Referendum. Now certainly, our attorney, our solicitor, could parse the difference between a tax and a fee; and it's application in this particular respect; however, when it came to characterizing all the steps that are part of a Referendum, that particular sentence came directly from our Charter. Our Charter does not reference fees, as a method of payback; it references those words exactly and therefore I made no additions or editorial marks; I just simply put it into the language exactly as it appears in the Charter.

Mayor Newlands: And let me add that when we do taxes, taxes are what's in our General Fund; our non-proprietary fund; and anything to do with the water is taken out of our proprietary funds; so we can only charge for water usage or water services through the water billing, so that is totally different from our tax billing; so it's a whole different structure and it's probably just a mistake when the Charter was made; that they didn't make provisions for Referendums for our water systems.
Sam Garde: Thank you for that explanation. I would only offer one comment to what you said, if it's a tax, I can deduct it on my Federal and my State income taxes; if it's a fee, I cannot and it makes a significant difference to me and every other taxpayer in this village.
Win Abbott: Sir, your point is well taken and as was indicated in the beginning part of that language, this would be a decision for the Council to make, once the Referendum passes; the manner in which repayment will be made and I'm sure the Council will take that into their consideration.
Mayor Newlands: I'll actually put Mr. Lester on the spot. You had told me at one point, you can't make something a tax that's a user fee; you can't really convert something that the government doesn't allow you do.
Councilman Lester: I think the legal term is Ad Volarem. It has to be an Ad Volarem tax. A fee is not a tax. It's as simple as that.
Allison Howes: The gentleman behind me mentioned another percentage rate that was mentioned as far as this SRF loan and I would like to know, what is the maximum? You say you can't tell from one minute to the next when you get ready to sign the papers, what that percentage is going to be. I would like to know the maximum, because that is the maximum number, not $12 and I feel like it was very misrepresented on that slide. That was a number. The high number was something somebody just came up with. It had no validation anywhere and I would like to know the maximum number that we can expect with zero percent principal forgiveness.
Scott Hoffman: I think we will have to contact Heather Warren about that, to get some additional information.
Allison Howes: How would I get that information after tonight?
Scott Hoffman: We'll provide it to the Town Manager.
Mayor Newlands: If it's here for Monday night, we'll be talking about the water referendum on Monday night at the Town Council meeting.
Allison Howes: Can I call the Town Manager and get that information from him?
Mayor Newlands: If it's available, yes.
Allison Howes: Okay, when can I call him?
Mayor Newlands: Monday, call him. We'll try and get the number tomorrow or Friday, because we're trying to get it for Monday night's meeting.
Allison Howes: Okay. Thank you.
Randi Meredith, Chestnut Street: I was wondering what the life span of the elevated storage tank is.
Scott Hoffman: I would say at least 50 years.
Randi Meredith: And how old is the one we have?
Scott Hoffman: The tanks that you have now were put in, I believe, in the 1980's. Now the life could be longer than that, if it's maintained correctly.
Randi Meredith: So it would be important for us now to get the big one that is being discussed, rather than a smaller one, because the older ones are going to need to be replaced?
Scott Hoffman: That's a complicated question. You need additional storage now. Now there's

been a lot of comments tonight about is a half a million gallons an appropriate amount? So there are things that need to be looked at in terms of what that volume that you're actually going to build is. Somebody mentioned, well we need to look at these water losses to determine is our average flow really not 360,000 gallons per day? So that's part of it. Part of the equation is what I said that a 250,000 gallon tank is not half as much as a half a million gallon tank; so what you do is you look at... You just make some assumptions about what you're going to need when, and you can project what those costs are and you have to work into the operation and maintenance costs of the tanks, as well. What we recommended in 2007 was that in the future, when you build your next storage tank after this one, that you consider selling the Shipbuilder's Village tank to somebody else, because it's so small that at that point, that volume is not really helping you out a lot if you have enough storage volume in new tanks and you don't want to continue to have more tanks. Every one that you build costs money to maintain. Does that answer your question?
Randi Meredith: Yeah. And my other question is about; you said you're not going to change the usage rates? And I was wondering if Dogfish, as an exporter of water, gets charged a different user rate?
Mayor Newlands: Dogfish, for brewing their beers is on their own private wells. That was an agreement that was made years ago, because otherwise they'd have to take the chlorine and the fluoride out of the water to make the beer, so it becomes expensive for them to do that.
Randi Meredith: Okay. Thank you.
Councilwoman Jones: I have just a couple of things, excuse me, Jeff. Is there any identified flow problem on the south side of Milton at this time?
Scott Hoffman: What do you mean by flow problem?
Councilwoman Jones: Meaning all the water is on the north side of the town right now; are the communities and residents on the south side noticing or have there been any complaints of water flow on the south side of town?
Mayor Newlands: Do you mean pressure problems?
Councilwoman Jones: Yes.
Scott Hoffman: Not that I'm aware of.
Councilwoman Jones: Okay. And this lends itself to what Ms. Meredith was asking and that is that the Shipbuilder's tank is much too small. If you're looking at 50 years, instead of an upgrade, you would be advocating if you built that tank on Atlantic, you would advocate taking that apart?
Scott Hoffman: Do you mean now? Is that what you're talking about? As part of this project?
Councilwoman Jones: No, not as part of this project. As part of need in the future.
Scott Hoffman: Right. When we wrote the facilities plan in 2007 the recommendation was to build an additional half a million gallons of storage at some point after 2007. And at some point in the future, as the town continues to grow, you will need additional storage. We recommended that that first tank be put on the south side of town, because you have growth to the south and it helps ensure that the water pressure is evenly distributed throughout town. We said that second tank, that future tank that nobody's talking about; we don't know when that will be, that that go on the north side of the town and replace the Shipbuilder's tank. Either at that location or some other location like if you could maybe you annex a parcel to the north in the future and you work with that developer to try to leverage some money to get that tank put in. So, that's part of a future scenario.
Councilwoman Jones: The reason I asked is I was thinking about the reduction in the size of the tank out on Atlantic with the view to a potential upgrade to the one behind Shipbuilder's. Now I

understand there's not a well associated with that, either, that's also an added expense if you upgraded that tower.
Scott Hoffman: The wells and the tower do not need to be in the same place. It's convenient to put them in the same place, if you have land there to do it.
Councilwoman Jones: That's just in talking about the reduction in the size of the tank out there. Now I have to agree with Mr. Sachs, when I asked you the other night what does a half a million gallon tank look like, you cut it off by 50'. You said about 100' high. They're enormous and they don't like the one on Chandler Street. We can confirm that, right?
Scott Hoffman: A half a million gallon tank is going to look bigger. The height is a function of your water pressure.
Councilwoman Jones: I understand.
Scott Hoffman: The size of the tank is going to look bigger, yes.
Councilwoman Jones: Okay. And in that project budget which you showed us about the cost of the tank, what is included in that contingency cost of $300,000?
Scott Hoffman: It's just a percentage number that you include during the planning stages of the project to account for things that you don't know about.
Councilwoman Jones: Okay.
Scott Hoffman: It's common practice in public works planning at this level of the project to include a contingency figure.
Councilwoman Jones: So it is earmarked for nothing. It is simply to allow for problems, if they arose?
Scott Hoffman: It is a contingency number.
Mayor Newlands: If we drill a test well on the Dogfish property and it's not viable and we have to move someplace else, that contingency money would be for that.
Scott Hoffman: Unfortunately, what happens is if you don't include a contingency, towns run into the problem where they don't have enough money.
Councilwoman Jones: Now I want to ask for someone who wasn't able to be here tonight. I guess it's a two-part question. How long will it take to determine how much of the 11 million gallons a quarter loss is due to meter problems and what does a water audit entail and how long will it take?
Scott Hoffman: I can't answer the questions with a definite answer of how long it's going to take to alleviate or answer the question about the 11 million gallons. The town is taking the steps to do it. Right now the town does have a water allocation permit pending with the DRBC, so they need to do it as quickly as possible; and obviously it's a factor in this whole project, so it would be prudent to do it as fast as possible. The water audit that Allen is working on, we will have to ask him when we expect that to be done. I don't know.
Councilwoman Jones: What is it, is the question and how long will it take?
Scott Hoffman: Oh, what is it, it is a software package that's a free software package that's provided by AWWA, that allows small water systems to enter in their information; there are gallons per day pumped; their metered flows and try to help point them to where you have a problem. Why you might have a problem. It's basically free, it's no cost. Now there's more expensive water audits; there would be a cost, but this was suggested to Allen as a way to get started at no cost to the town.
Councilwoman Jones: Thank you.
Jeff Dailey, 211 Gristmill Drive: I was here at Monday night's meeting and I mentioned then, but I'm mentioning now a bit more emphatically, I really wish that we had had a diverse group of people looking at working with CABE Associates, perhaps even going to other engineers,

because what's happening is, there are so many questions being raised and some of them fall under the heading of options and/or alternatives and as we closed Monday night's session, there was discussion about CABE Associates bringing in some new information on elevations and whether or not a ground-level storage tank placed at the Dogfish Head site would be high enough in elevation so that it would impact. I may have missed that in the presentation.
Mayor Newlands: You did.
Jeff Dailey: But the point is, that what we were hoping for was that tonight we wouldn't be getting a lot of new information, because that would make Monday night's meeting very different from tonight's and vice versa. But just the fact that there are different people here raising very different questions, already makes it a very different meeting, a very different complexion and again, I think when major issues come before the town, just as we have an Economic Development Committee; we should have had a diverse group to look at this and then many of these questions, many of these challenges, many of these alternatives and options, would have stood a better chance at having been raised. The reason I mention this, as well, is because this Referendum was supposed to be on a water system improvement plan and a year ago, at this time, I challenged a CABE Associates representative, your partner, Sir, with presenting to the town more than just a water tower and pumping station; and yet that is pretty much all that we've gotten. Since Monday night's meeting, I've been challenged with the question is your town considering a constant pump refill of your existing above-ground water towers? Well that wasn't brought up at Monday night, because I talked to this guy yesterday afternoon and what he was describing to me was there is a way to do a constant refill of your existing above-ground towers to guarantee the fire flow pressure. So here is new information that I'm putting out there and you can feel free to comment on it when I'm finished. If you could hold off for just one second. So that's one thing. Businesses coming into town, it was mentioned, are attracted by water. Well that doesn't mean that a town has to be flush with above-ground storage; what companies are looking for is whether or not there is accessible water and we've already seen that small developments across the country and small businesses build their own water works, oftentimes with ground-level storage and pumping stations, so I don't think that we should do 2-1/2 times what we need in the hope that industry and business will be attracted to our town. Which brings up the other question about annexing in and businesses creating their own water works or a public/private partnership with the Town of Milton and with other water providers. Mr. Sachs raised some questions. I'm wondering was their right-of-way for this particular land behind Dogfish Head and I'm going to reiterate my concern that three citizens of Milton, not necessarily representing a diverse group or large in number, were challenged by the Mayor, tasked by the Mayor, with finding the sites. Then, of course, we're looking at .98 acres in the Dogfish Head site and I'm curious to know if the cost of all of the sites, I believe there were three total, if those were investigated by the assessor. Apparently only the Dogfish Head site has undergone that viable cost analysis or competitive fair market value kind of thing. Alright, so I'm curious as to why the other two sites weren't looked at. Then, again, they say the cheapest car is the car you own. Well we own the land that the Shipbuilder's tower is on. I have known of towns that have built a brand new above-ground water storage facility, right next to the old one and when the new one was completed, on land that the town owned, that town then sold off the smaller tower and started using the newly installed tower. So, you know, has this been looked at? How much land do we own at the Shipbuilder's site? Is another question. And, again, and I'm saying this tonight because I said it Monday night and I would like the people to benefit; by way of the crow flying, the Shipbuilder's tower is not that far from the southern end of town. We're not that big a town. It's

just not that far. Straight line and you've got a water main that travels from, I believe, across Mulberry Street; across Wagamon's Pond. It just seems like there are so many things that are coming up that need to be considered and between now and a Referendum, I really think we're running out of time and the fact is, that the Referendum has to be written around one of these options and I'm not comfortable with this. I'm not comfortable with the entirety of the process. We're raising more questions. This meeting is extremely different from Monday night's meeting. It is of great concern to me as a taxpaying citizen and I'm looking for a lot more from my representatives. On the constant flow pump, there was a proviso that the well or aquifer could support it and could sustain it, so you'd have to have enough water volume there; that was something else that was mentioned to me. So there was also talk about should we optimizing the existing system and looking at conservation and how far would that take us down the road. So all of these things are out there and very few of them have been nailed down and I really don't expect CABE Associates to come up with answers to all of these, but the ongoing investigation has to stop somewhere, but I'm afraid it's going to stop extremely short of where we, as a town, might have been had we had a mayoral appointed committee to do all of this legwork. Thank you.

Scott Hoffman: Okay. I don't think I can address everything that Mr. Dailey said. I do want to say two things. Just to address the distance issue, so everybody has an idea of what distances are. The Shipbuilder's tower is here; the farthest point of your water system is down here, all the way at the very end of Heritage Creek; the proposed tower site that we're looking at is, I believe, right there. So I don't know how far it is without scaling off or something, but the Shipbuilder's tower is significantly farther than the farthest point in the water system from the proposed location. The other point I have elected to address is the alternatives. I'm just going to, forgetting the fact that I'm an engineer; history and experience are good teachers. I think everybody can agree on that. If you go to your neighbors throughout Sussex County, you're going to see that they use elevated storage and that there are all of these alternatives, ground-level storage tanks, constant pumping, etc.; but I believe if you sit down and you run through the economic analysis of looking at a system which incorporates an elevated storage tank and sizing your wells to pump your average flow, that is probably going to be the alternative that wins. Now, that being said, people have brought up alternatives and issues with the size; you know the water tank that need to be addressed; probably during the design phase of the project. I'll tell you that there are engineering companies that would love to come into town and investigate and do all kinds of studies on your water system and charge you for that. What you need to do is to look at our list of alternatives and narrow it down to two or three viable things that work as shown historically in this area and ask your engineer to look at those in more detail. So you have to be careful when looking at alternatives that you're not actually costing yourself more money by looking at every alternative.

Mayor Newlands: And also, we asked the question on Monday night, what other towns are doing and I had asked Scott if he would investigate that for tonight's meeting and Ms. Warren stood up and said that every municipality has in the air storage. Every single municipality does.

Scott Hoffman: I looked at several town Comprehensive Plans and Milton, right now, has one of the lowest amounts of elevated storage of the municipal systems in Sussex County.

Jeff Dailey: Per population?

Scott Hoffman: That's just straight lines, I didn't divide it by population. For example, Dagsboro has a half a million gallons of storage and they have 320 customers; that's a lot different. You cannot compare between the... I can't go to town X and compare it directly to Milton; that's why I never made that statement in any of the presentations. I didn't want to give anybody the idea

that you can somehow do that. But just looking in terms of pure volumes, you have one of the lowest amounts.
Jeff Dailey: I did want to mention one other thing. The southern most part of our town, which is the Heritage Creek development, if you look at the southern most part southwestern line, that is a water main that the developer would have liked to have had smaller. It was purposely made larger, or a larger main was put in; to assure pressure and that answers Ms. Jones' question. They won't have a water pressure problem as that is built out, because the main that supports it, which is, again, in my estimation, not that far from the Shipbuilder's site. Again, I would like to know how much land we own under that Shipbuilder's tower? Because if we're looking at .98 and we own three acres, where that water tower is...
Mayor Newlands: We don't own anything.
Scott Hoffman: Actually, you don't own any of the land; it's actually an easement, I believe. The land is owned by the school district.
Jeff Dailey: Alright, thank you for that. I didn't know that.
Mayor Newlands: Also, we still want to be on the other side of the river. We still want to be on the south side of the river with our redundant system.
Scott Hoffman: The point is well taken that you had to increase that water main. That was to get the minimum water pressure out there. So this tower location would increase the water pressure here, over just relying on the Shipbuilder's Village tower location. You can't ask the developers to provide more than the minimum that they need to under the regulations.
John Booros, 115 Broad Street: I know this process has been going on 14 or 15 months. This isn't anything new. Did anyone give a date, any time in the last Public Hearing or anything else, of when we actually discovered the 11 million gallons of missing water, a quarter? I mean, I see we're jumping through hoops right now at the 11th hour to try and locate it; to figure out where it's going before this Referendum; which I'm sure isn't going to happen; but did we know about this 14 or 15 months ago?
Mayor Newlands: No, I think it was first identified around November.
John Booros: I know it came to Mr. Abbott's attention in November, but our maintenance department hasn't known about this missing water since 2007? Because somebody told me the date 2007.
Win Abbott: I cannot attest to when our public works department became aware of a discrepancy between that which was pumped and that which is billed. I can tell you this much. That in 2006 we began the installation of the more modern radio read meters and also did an accounting changeover to a new accounting system called Edmunds; and both of these events happened at the same time and there was a time at which, they were not certain, of the degree of accuracy between that which was pumped and that which was billed; given these two significant variables, changes, in both the accounting and we'll just say the land based system for metering that which was billed; and that over time they began to take measures; things like following up on a zero read meters and things like that over time. All I can say is this much, Mr. Booros, I've made it my mission to be a better communicator as your Town Manager and when this became aware to me, I checked it out, reported it first to our Finance Committee, and then made it available to everyone else and quickly have pursued remedies for it. No, that fact is that it's not a perfect system and we're working very hard to make it better.
John Booros: No, I understand that. But, I guess my question was, I know you just started; I'm sure it just got brought to your attention. But you said that the new software and some other things had changed; was the number higher than 11 million and because they've been checking things over the last 6, 8, 10 months, they brought the number down to 11 million; because they

realized it wasn't the software or it wasn't the new meters? Did it make a difference and has already brought the number down to 11 million?
Win Abbott: Sir, I cannot say. All I can tell you is this much; that your new Town Manager is more engaged in making things better than your last Town Manager was.
Scott Hoffman: The number for last quarter was 11 million gallons; but that was just for last quarter.
Mayor Newlands: Right.
Rich Miller, Gristmill Drive, Milton: Being an optimist, if this project is successful, there are opportunities, obviously, for communication companies to use that real estate, in the air, for their purposes and that has benefits and it also has a lot of downside, too. We could wind up with a structure that looks like a Chia pet with all these projections coming out of the top of it; but I would ask that as part of the project, at least explore, if that revenue source is possible and if it is, then we can manage what it would look like.
Mayor Newlands: We've been discussing that in the last few months, Mr. Abbott and myself.
Rich Miller: Thank you.
Mayor Newlands: And just to let you know, some of those 4G repeaters are the size of a pack of cigarettes; they're not large.
Scott Hoffman: If you go up to Dover by the Wawa, south of Dover, there are towers littered with those things.
Mayor Newlands: Yes, I know and in New Jersey what they do is they make fake pine trees and they put them inside of fake pine trees.
Kathy Potts, Wagamon's West Shores: In this notice here it says "The Town of Milton has only one water treatment facility." How many do Lewes or Rehoboth have?
Scott Hoffman: I don't know offhand how many they have. I do know that Lewes right now has 300,000 gallons, because I happened to be looking at it today; 300,000 gallons of elevated storage; they are going through the same process as you are and they are looking to increase it to 1 million.
Kathy Potts: And how many people do they have?
Scott Hoffman: I don't know how many people are in Lewes, Ma'am.
Kathy Potts: They have a wider area to cover, too; they have 5. something miles of it, in town area; we have a mile and a quarter, correct?
Mayor Newlands: It's people and the amount of usage, not the amount of miles you go.
Scott Hoffman: Right.
Kathy Potts: Well you're still talking about more coverage of area, too. The other thing, you looked at this 100 year flood plain; do you happen to know how much acreage in this Sussex County is in 100 year flood plain?
Scott Hoffman: Oh, I would imagine that there's a lot of Sussex County in the 100 year flood plain.
Kathy Potts: Thank you very much and it's insurable. Is our building insured down there?
Mayor Newlands: It's not a matter of being insured; it's a matter of providing water in case something happens to that building.
Kathy Potts: And 100 year flood plain, I hate to tell you, if we have a 100 year flood plain all over this town, we might as well just keep moving, because you're going to be getting out of Dodge to begin with.
Scott Hoffman: I would point out that the new proposed location is not in the flood plain.
Mayor Newlands: To answer your other question, Georgetown is now putting up their second water tower and they're probably going to look at a third at some point in the future.

Kathy Potts: How many people does Georgetown cover and what's the area?
Mayor Newlands: I don't know what the area is, but I don't think Georgetown is the biggest.
Kathy Potts: I don't care what they're having, I want to know how many people they're covering for those gallons of water, because if we don't need it... I mean, this is a project I think that should go on being investigated more and should be looked at, because my concerns are sitting through last year with the budget; we didn't have enough money for anything and all of a sudden if these numbers don't match, we're going to be in debt again. We're going to be coming back here and arguing the same stuff over and over because we don't have any money. That's my concern. We're going to be going back to the same people; if you don't have the same number of... You need 20 new units a year; not existing homes; not people moving in and out; we're talking 20 new houses. How many did you build last year?
Mayor Newlands: 19 and 19 the year before that and we're slated for 20 this year; we're already at 12 and we're at 40% of the year.
Kathy Potts: Okay and if you keep raising the taxes, I'm not too sure that's going to happen, but we'll see.
Mayor Newlands: The one thing I have to say about revisiting this over and over and over again; it's two things. Every municipality uses up in the air storage, number one. Number two, this project started in 2005; I mean I don't know how long people expect this to go on before it gets completed. The money is there now and the money could dry up when all the stimulus money goes away; we may not be able to do this project in two years, if we don't do it now.
Councilwoman Jones: I have a question, please. We're looking at a future need; we're looking at paving the way for water needs, development, new homes in the future. At the same time, we're also looking at a financial situation associated with that redundancy need. Mr. Hoffman can you scale your project to a less aggressive number of gallons in your storage tank; therefore reducing the amount of the loan, because I do hear a lot of pressure on the money aspect portion and whether how it's tied up or not, it's a variable right now, because there isn't an iron clad figure and as you have said before, that may not be available until closing time. So we have an identified future need for water and we have an immediate concern about money. In meeting in the middle, can we reduce the amount of storage in a new tank, reducing the amount of the loan, hopefully with the forgiveness and the low rate, still available to us; and then possibly down the road, this one here on Chandler is going to need upgrading if your 50 year estimate is somewhere correct and this town may be finding itself in; there's a lot of maybes; in a better financial situation that many years down the road for further project. But by scaling back the size of the water tower can we still sufficiently supply fire and residential need?
Mayor Newlands: We spoke yesterday morning and you went out and priced a 300,000 gallon tank?
Scott Hoffman: Yes, a 300,000 gallon tank.
Mayor Newlands: And what was the price of that?
Scott Hoffman: $975,000.
Mayor Newlands: So it's $975,000 for 300,000 gallons versus $1.3 million for a 500,000 gallon tank; so it's a $400,000 savings for the next size down.
Scott Hoffman: The answer to your question is yes. As the Town Engineer, we serve at the pleasure of Council and I think I've tried to make the point several times and maybe it didn't come across, that the Referendum establishes the maximum borrowing limit and what we've heard through the Public Hearing and all these meetings, is that people are saying it's too expensive and as the Town Engineer, our job is to come up with a solution that, as you said, is a middle ground and acceptable to everybody. What the engineer can do is look at different size

tanks, but as part of that process, I would encourage you to look at long term costs as well as short term, because for public works projects you need to look at both of those numbers.
Mayor Newlands: Now, the only difference between the 300,000 gallon tank and the 500,000 gallon tank is that cost of less than $400,000.
Scott Hoffman: Yeah.
Mayor Newlands: But the rest of the project is the same.
Scott Hoffman: Right.
Mayor Newlands: Nothing else changes. So the only difference is the difference in the actual product you buy.
Councilwoman Jones: Engineering fee would change on the value of your loan; your contingency is already a variable; but if you have the price of a 300,000 gallon tank, tell me the price of a 250,000 gallon tank? You said it is not half, but it is not full.
Scott Hoffman: I asked for a quote for a 300,000 gallon tank. I don't know the price.
Mayor Newlands: They don't come in that. They come in...
Councilwoman Jones: No he said 250,000...
Scott Hoffman: They come in 200,000, 250,000 and 300,000 gallons.
Councilwoman Jones: I'm looking for a middle ground from what I here, that's why I asked about lowering the capacity; therefore lowering the value of the loan.
Scott Hoffman: Right.
Councilwoman Jones: Thank you.
Sam Gard: I just wanted to go back to the beginning of your presentation and determine whether the AWWA, which is an organization that can only make recommendations; whether the AWWA recommendations are now required by statute in the State of Delaware or not? It makes a big difference to me, because if the State of Delaware demands that we have, or mandates that we have X amount, then we may not have as much choice in this matter as we may think we have.
Scott Hoffman: Okay, this is an excerpt from the actual regulations. Anybody can access this on the internet and this is what they're telling you. “No person shall construct a new public water system or alter an existing public work system without a construction permit. You need to submit two copies of plans and specifications. Plans shall be developed using submittal review guidelines, which they published, utilizing the latest edition of Ten State Standards and sub-standards and AWWA Standards.” So, as a design engineer, these are the Standards that we use to prepare those designs.
Rich Miller: As part of the public education, it should be emphasized, that the Referendum amount $3.45 million is an upper limit. In reference to Councilwoman Jones' comment, we could have a system that costs less; that's part of the public education; so it doesn't necessarily follow we're going to spend the $3.45 million; we could come in less and that's part of the public education. This is not... It's an alternative, but it's a ceiling that we can't go over, but it doesn't necessarily follow that we're going to spend all that money.
Scott Hoffman: That establishes the maximum amount of money that the town can borrow for this project. As the Town Engineer it's our job to listen to what everybody here has to say; to make direction from Mayor and Council and if that direction is, we need to make the project cheaper, we need to come up with the way to do that and explain to you what the implications are of that difference in cost.
Mayor Newlands: Not to put you on the spot, but how far down the line would you need to know whether we're going to go with a 300,000 gallon tank or a 500,000 gallon tank? How far into your design? Does it matter to your design whether it's a 300,000 or 500,000 gallon tank?

Scott Hoffman: You could do an alternative bid; 300,000, 400,000, 500,000.
Mayor Newlands: But does it matter much to your design? I don't mean to put you on the spot, thought, Scott.
Scott Hoffman: We would like to know what it is at the outset, but there is all kinds of flexibility. As I said, you could have an alternative bid. You're just putting X amount of gallons in the air. It's going to be the same height; so you're going to get the same water pressure advantages from the tank.
Mayor Newlands: So if six months from now we determine that where all these gallons that are being used, the 11 million gallons of missing water, we know are billable and going someplace, and they're going to consistently go someplace viable, then we may need the 500,000 gallons.
Scott Hoffman: It is the easiest part of this project. Designing the water tank is the easiest part. Basically, what we would do initially is after the site is selected, send geotechnical engineers out to do drilling for the foundation and we would tell them we're looking at 300,000 gallons up to 500,000 gallons; so we get different foundation designs. At some point the decision has to be made; it's not at the outset.
Mayor Newlands: Okay, so the upper limit, like Mr. Miller said, it's going to be $3.45 million and that could change subject to a number of variables in the next few months.
Scott Hoffman: Right.
Mike Cody: On a slightly different, or maybe more different; if this doesn't happen on the 24th and it's voted down and we can reapply... If we don't have the money and we can reapply for the state money in August, now in I don't remember where I heard this question, but, I don't think I heard it out loud here; the original request was based on statistics in the year 2000 census for Milton. If we have to do another request in August, will it be based on the 2010 census and how much will the demographics of the change in the census, because Wagamon's didn't come in until the middle of 2004, 2005; Cannery Village wasn't here until 2005; Heritage Creek wasn't here before that either in the 2000 census. Will that make a significant difference in whether we get approved?
Mayor Newlands: Let me go through one thing first. The reason that we lost our money was because another town had their Referendum completed and was ready to go. If we don't do the Referendum now and we wait to reapply for the loan, we're not going to be in any better position to get any money, that's the first thing. So you want to get the Referendum done so you're in the ready position and you get put on what's called the Ready List. Okay. And there may be money available this year versus next year. I don't know about the demographics; let Mr. Abbott go through that; because that could affect the loan forgiveness, the demographics.
Win Abbott: I don't want to under emphasize what the Mayor has just indicated; that our position relative to that of other municipalities that are in line to get this money, is really depending upon the progress we make towards the successful completion of this project and the Referendum is an incredibly important step in that regard. However, to answer your question more specifically, there are certain point values given for, and Scott correct me if I'm wrong; probably 30 different parameters that go into qualifying for this money. One of them is the population and demographic statistics. Another one, one that really trumps all, has to do with it's need relative to a particular health situation; which is the reason why another municipality jumped ahead. The acceptable threshold of a particular pollutant was lowered and therefore that bumped them to the top. But there are probably 28 other different point values given to different parameters within this application. The demographics are one, they will affect our position; however, so will a number of other factors including how other towns continue to meet their deadlines for completing various steps towards that. If you'll contact my office tomorrow, I'll be

glad to share with you everything that I have from the Office of Drinking Water. It's kind of arcane, but it does give a point value for like I said about 30 different parameters that go into the application process. The notion that a change in demographics from the 2000 census to the 2010 census is going to put Milton out of the running for this particular money is not true. It's a factor, but it's not nearly as important as a number of other factors and once again, our progress towards that or the lack of other municipalities in making progress towards the completion of these particular projects, is more important.
Mayor Newlands: Also, to add to that, showing the Water Department our willingness to do this project is another important factor; so not doing the Referendum just means to them that we're not ready and we're just stalling it again and I don't how much emotion they put into their factoring, but I would think that has something to do with it too.
Kathy Gard, 115 Sassafras Lane: Just to help me visualize what this behemoth would look like, that will be hovering over our property, a 500,000 gallon tank, is that similar in size to what Rehoboth Beach has?
Scott Hoffman: I think that Milford has two half a million gallon storage tanks and if you drive up to Milford, you can probably see one and get a good idea what it looks like there.
Kathy Gard: The one that I'm thinking of in Rehoboth Beach, which everybody knows when you drive into Rehoboth Beach, is huge and it's a Chia pet; it has lots of little things coming out of the top and I was just trying to imagine it. Is that what a 500,000 gallon tank looks like?
Scott Hoffman: I don't know what size Rehoboth's tanks are, but I'm pretty sure that the ones in Milford are two half a million gallon storage tanks.
Kathy Gard: Okay.
Councilwoman Jones: Mrs. Gard, if I may, Scott I think the one in town, which is the one you're talking about, I think the one on the Forgotten Mile is larger than the one in town. Do you know what I mean?
Scott Hoffman: In Milford?
Councilwoman Jones: No Rehoboth. The newest one that was built there on the road to Dewey, right there at the canal. I think that one is larger than the one that is in the town of Rehoboth.
Scott Hoffman: It probably is because those water systems are all connected there along Route 13.
Mayor Newlands: And they have over 1 million gallons of storage.
Scott Hoffman: Yes, because they have obviously a very large seasonal variation that probably dwarfs your seasonal variation.
Mayor Newlands: Oh yes.
Diane Jefferson, 221 Atlantic Street: Although when I read this it told me I live on Atlantic Avenue. I have a couple of questions and they're not as high level and technical as the ones I have been listening to. My first question is, who owns our water treatment plant?
Mayor Newlands: The town does. The water treatment plant.
Diane Jefferson: The town?
Mayor Newlands: The town owns that, yes and the land around it.
Diane Jefferson: Okay. My second question is, this easement that the Seller of the property would like to provide for construction traffic; why would we need an easement since that property opens onto Atlantic Street?
Mayor Newlands: I had nothing to do with that negotiation, so you're going to have to answer this question.
Diane Jefferson: And that leads into my real reason for asking it, is this easement going to turn into an access road to Dogfish Head Brewery?

Mayor Newlands: Absolutely not. I can guarantee you this will not be an access road to Dogfish Brewery, because there will be no road going past this facility into Dogfish; it will go from wherever to the treatment plant and that's it. Okay.
Diane Jefferson: The paragraph about contingency that tries to define the $300,000 and it gives an example of "an unexpected soil condition that would require moving some facilities from the planned location." What facilities would be built before the soil is analyzed?
Scott Hoffman: The first thing that we would do, after the town acquires a site, is ask the geotechnical engineers to go in, do soil borings, so that we can determine the foundation requirements and if you have any soils out there that would totally prevent you from using the site.
Diane Jefferson: But that's not what this says.
Ray Sachs: Why would you ever do it in that sequence? Why wouldn't you have the soil tests done prior?
Scott Hoffman: Okay, maybe I need to clarify. The way that it's typically done would be the town would enter into a contract with the Seller of the land and the contingency would be included in that contract that the town is going to do a geotechnical investigation to determine that it's suitable and that if it was not, you would not purchase that property.
Ray Sachs: We thank you.
Diane Jefferson: I think. Also, you know the Round Pole Branch is close by. It is a tributary of the Broadkill River, which is a navigable river and comes under Federal EPA Guidelines? Does this in any way impact that?
Scott Hoffman: We would avoid issues with wetlands and the other similar issues like that. One of the reasons for that is an SRF project, this is a federally funded project and you have to go through an environmental review to make sure that you're not impacting natural resources and if you are, you have to mitigate those things, so what you do during the design is try to avoid those things altogether and I've been through several public works projects where we've had to deal with environmental issues. One of the things is does, is increase the cost, so you try to avoid those as part of the design of the project.
Mayor Newlands: Are there any other questions or comments?
Diane Jefferson: Since you mentioned irrigation in the front side of this, "Develop more recently developed neighborhoods. Use irrigation more." Why does not the town publicize information that residents can drill wells strictly for lawn irrigation and thereby get a different water rate?
Mayor Newlands: We do not allow irrigation wells at all. What we do, differently for irrigation systems, is we allow the residents to put in a separate meter, so they're not paying sewer charges on the water used for the lawn; but we do not allow irrigation wells. The only wells we do allow are for geothermal systems.
Diane Jefferson: Okay, I misstated that; I meant to say meters. Thank you. You didn't answer the question. Why doesn't the town publicize that you can do that for your lawn and get a reduced water rate?
Mayor Newlands: It's not a reduced water rate, it's just a reduced sewer rate. We can publicize that. I have no problem. It's no loss to the town. It's a loss to Tidewater and I have no problem doing that.
Diane Jefferson: Thank you Mr. Mayor.
Jeff Dailey: That was addressed at Monday night's meeting and I think Councilwoman Jones asked about allowing residents to drill wells specifically for irrigation; so that we would then be putting untreated water and no cost to the homeowner to do gardens, etc. And in my

Homeowner's Association neighborhood of Cannery Village, we are blessed with a well, because it was grandfathered in and that well is utilized for all of the common area irrigation. Now one thing that we cannot do is we cannot, as individual homeowner's, tap into that; we don't have a street by street irrigation system and I wish we did; but so each homeowner's has to put his own irrigation system in. Now if that could be changed, then, of course, we could look at the capacity of this well that was grandfathered in and you would have a neighborhood of about 180 homes that would not be using treated water for their lawns and in addition, is it possible foregoing, if the Referendum should fail, is there a way to look at independent water systems for Homeowner's Association neighborhoods like Cannery Village, like Heritage Creek, and like Wagamon's West Shores? This would be, perhaps, another option to look at and I'm curious to know, are there any contingencies that Mayor and Council have considered, that CABE Associates has considered, should the Referendum vote fail?
Mayor Newlands: I think Scott actually described what happens when multiple neighborhoods have these smaller systems, when you have quite a number of them together, the water companies get together and build an above-ground storage tower.
Scott Hoffman: I also have a question. The well that Mr. Dailey is speaking about, does that have a water allocation permit? That well?
Mayor Newlands: Good question.
Scott Hoffman: DNREC is very closely now looking at water allocations and trying to make sure that everybody is assured long term water supplies, so if that a public water supply well, as he described, then that probably needs to be looked at.
Mayor Newlands: I'm going to look that up tomorrow, because my understanding was that that was not grandfathered in, that was granted at some Council Meeting and from my recollection, I thought it was turned down.
Councilman West: Mr. Mayor, that well that they're speaking of was drilled for the Cannery when the Cannery was not part of the town.
Mayor Newlands: I'm not sure what kind of permits they were granted by town, let alone DNREC, so we'll look into the town part of it; because my recollection is that that was turned down.
Gwendolyn Jones, 204 Atlantic Avenue: I heard the information dutched several times between Monday night and this evening about how much water this proposed water system would supply to everybody, regardless of whether they actually take it from the water system that we're speaking about or the sum of what Milton's water flow would be, plus the other proposed agricultural wells, which I've been talking about. I hope that that's considered. The total number either that can draw from the Milton water system, or it can be agricultural wells drawn up from different areas, but it's still drawn from the same part; whether we all get it from the same big cup or several smaller ones; that really shouldn't change. As far as allocation of water goes, I don't mean to be plugging myself, but that's a key issue for me to get involved here on the Milton Council and I intend to see it reviewed and debated thoroughly. Thank you.
Councilwoman Jones: I have a question for Mr. Abbott. You supplied me with the information I had asked for about the number of homes we were building and I see that they are broken down; from what I understand, commercial, residential, government and IRR. Are those irrigation wells?
Win Abbott: Yes.
Councilwoman Jones: And there are 88 of them in our water service?
Win Abbott: According to our records.
Councilwoman Jones: Could that be a geothermal well, or they're not the same?

Scott Hoffman: |The IRR is irrigation meters, I believe.
Mayor Newlands: Yes, it's irrigation meters, not wells.
Councilwoman Jones: Okay.
Win Abbott: Correct, irrigation meters, not irrigation wells. I'm not sure how many geothermal.
Councilwoman Jones: What's the difference?
Mayor Newlands: A well is going to provide you water, the meter is just going to meter how much water's coming out of the pipe.
Robin Davis: A separate irrigation meter is tapped off the line that runs to the house, after the curb stop, in conjunction or next to your house meter; but it's a separate meter, just for the irrigation portion.
Mayor Newlands: The way it works is you have one pipe coming from the street; split to two meters; one meter gets sent to the house; the other meter gets sent to the irrigation system.
Councilwoman Jones: Okay, so let me try to digest this information. So 88, that doesn't indicate wells, but it does indicate meters?
Mayor Newlands: 88 homes have irrigation systems that are metered separately from their household water. Correct.
Councilwoman Jones: And how did they do that in a town that doesn't permit that?
Mayor Newlands: No, no, they're not wells, they're meters only; it's the same water source coming in.
Councilwoman Jones: So any of us can do that?
Mayor Newlands: Yes, as a matter of fact when the Tidewater rates go up, it's the first thing I'm going to do. It costs about $1,500 to do.
Robin Davis: You would just have to have a private plumber come in, buy the meter pit, the new meter and accessories and it would be hooked up and then we would charge you just an irrigation rate; you would not get charged availability for that meter, you would get charged for usage only.
Councilwoman Jones: So you don't have to incur the cost of a new well, all you just have to incur is the cost of a meter to have that removed from your wastewater rate comparable.
Mayor Newlands: Correct.
Robin Davis: Correct.
Mayor Newlands: And it's about $1,300 to $1,500 to do a new meter and it's around $3,000 to $3,500 to do a well. Wells are not cheap.
Councilwoman Jones: Thank you.
D. J. Hughes, 403 Mainsail Lane: I have a question, basically, Cliff you said you plan on installing your own irrigation meter. Tidewater is a private company. Why should it be on the individual residents to determine how much sewer we're using; shouldn't that be Tidewater's responsibility?
Mayor Newlands: The only way they can gauge it, is based on our water usage.
D. J. Hughes: Right but they don't pay for our meters, do they? Because the town has the cost associated with meters, correct?
Mayor Newlands: No, they do pay us to read the meters, though.
D. J. Hughes: They pay us to read the meters?
Mayor Newlands: Yes they do.
D. J. Hughes: Okay, but basically it is on the private owner to determine how much sewer you should properly being billed for by Tidewater.
Mayor Newlands: Tidewater just knows whatever water comes in the house, they're assuming it goes down the sewer.

D. J. Hughes: And I'm just thinking, since they're a for profit company, then they should have a handle on how much we're using and that shouldn't be our responsibility.
Mayor Newlands: I think they know what comes into the plant, Robin, don't they? As far as how much sewerage goes into the plant, right?
D. J. Hughes: Right. But not for any individual residence?
Mayor Newlands: Right, that's correct.
D. J. Hughes: Okay.
Mayor Newlands: The last thing you would want is to put a meter on the sewerage and it breaks and it stops, it's the last thing you want in your house. You want it to just flow out. Yes, we do charge them for water, yes. Any other questions? Going once, going twice, okay, meeting adjourned at 8:56 p.m.