

**Town of Milton
Town Council Meeting
Milton Library, 121 Union Street
Monday, September 10, 2012
6:30 p.m.**

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

1. Presentation by Tidewater Environmental Services – General Update

Mayor Newlands: Good evening everyone. First item on the agenda is a presentation by the Tidewater Environmental Services. They're going to give us a general update.

Jerry Esposito, President, Tidewater Environmental Services: Thank you, Mr. Mayor. Thanks for having us here, Council and members of the Audience. I'm Jerry Esposito, President of Tidewater Environmental Services and with me tonight are three people: Jeremy Kalmbacher, our Director of Engineering; Kyle Betts our Senior Operator; and Carol Murphy our community outreach coordinator. We're here to answer any questions you might have, but we made an offer some time ago to come and give you a general update. We understand we have about 10 minutes or so. We'll leave some time for questions, if that's okay. I wanted to go over four topics. First is the outcome, as opposed to going through the whole history of the rate case that we filed, but the outcome of the Tidewater Environmental Services, Inc. is called (TESI). The Milton wastewater rate case that went through a Public Service Commission over the last year. I wanted to go over that and secondly, we want to talk about our plans for the existing wastewater plant that serves your town and the upgrade plans that we have and any future plans after that, for potential new facilities. Third, any discussions that need to be had going forward on renegotiating or opening up the existing agreement that is now about 5-1/2 years old between us and the town and then lastly, besides questions and answers, any questions you might have about our ability to serve water to the town, in case that could help you out in your water supply situation. So let me start off with first, just a general overview. About 5-1/2 years ago we entered into an agreement with the town. We think it's been successful. In that agreement with the town, we acquired the system, put quite a bit of upgrade into the system. We're meeting all the permit requirements right now. The plant is running very, very well and again, the folks with me tonight can attest to it's performance. Part of the agreement was, as you probably know, we made some commitments to do certain things, including trying to keep rates at the level that they were for about five years and then after that, to just incrementally improve them. Without going into the gory details that we went through, we reached a settlement. As you know, we are phasing in the rate adjustments over the next five years. We did, as part of the process of getting to that point, the Mayor might remember when we originally were going to file for our rate increase for all of Tidewater Environmental Services, there are six or seven other communities that we filed for; our initial filing did not include the Town of Milton and a polite way of saying it is that we were compelled to include Milton into rate case by Public Service Commission. The outcome in the beginning didn't look like the way it came out at the end, which was a reasonable outcome, all things considered. No one likes to increase rates, but the fact of the matter was that we had to spend somewhere between \$1.5 million and \$2 million since we acquired the system to upgrade the plant and I might say, successfully, because the plant is running very, very well. I can give you some details about the plant performance if you want, but maybe we can just go on to the next topic, if it's okay for questions and answers at the end?

Mayor Newlands: Sure.

Jerry Esposito: So we are in the mode where by now the rate increase is in effect. It's a five-year incremental phase-in. That was the only one of the rates... Yours is the only community of the seven that we serve, that had an incremental adjustment put into it, adopted by the Public Service Commission. I assume by now the bills have gone out, so one of the reasons why we waited, when I made the offer to Seth awhile ago to come to the town, I thought it would be better to get through the summer; to get through a whole cycle of billing; to see if there were any glitches, or anything like that. The second thing is, I might ask Jeremy to come to the microphone. We do have some plans, because we got a permit reissued by DNREC about a year and a half ago and we have some nutrient removal requirements and we're in the process of trying to analyze what that means for the plant, the existing plant, and what we'll do to upgrade it and/or replace it. So, Jeremy, why don't you come up and tell us what's going on.

Jeremy Kalmbacher, Director of Engineering: As Jerry mentioned, we do have a renewed permit right now, which was issued last year. It will expire in 2016 and the new permit now limits the treatment plant, based on the nutrient loading to the Broadkill River. So what we're doing right now is we're going to go ahead and analyze the plant. Right now it wasn't really designed for nutrient removal and now, due to that limit, which is about 35 pounds per year; what we've done right now is last week we had several consultants out to come; we took them through the plant and we're soliciting preliminary engineering proposals from several engineers around the area that have experience with this type of work, to help us look at the plant, find out what's the most cost effective way that we could upgrade the facility to keep us under the nutrient limits that the new permit's going to be requiring us to meet. As part of that, we're required to update DNREC as we go forth doing the analysis and any Capital Improvement Plans that we may have, would have to be approved through DNREC. Does anyone have any questions?

Jerry Esposito: What's the status of the plant? Do you think it will be there for a period of time?

Jeremy Kalmbacher: Yes, at the existing capacity, we've estimated we have about another 200 to 300 edu's of capacity left before the nutrients reach the limit.

Mayor Newlands: Now what happens in 2016, you have to reapply for another permit from DNREC?

Jeremy Kalmbacher: Yes.

Mayor Newlands: Okay.

Kyle Betts, Senior Operator for this area: What goes on inside this town is pretty much under me. What happens is during the summer months, we are actually under a different set of rules, then we are during the non-summer months and because of that, that pushes us right close to our limits during the months of April through September. That's really where it gets delicate. During any other month of the year, the plant runs absolutely fine. It's just during those few months, during the summer, that it's going to get really tight once we approach that 200, 250 extra edu's. That's all I wanted to add.

Mayor Newlands: How will or when will you know whether you can upgrade the plant?

Jeremy Kalmbacher: That's pretty much part of the study. Once we bring an engineer on board, we're estimating about six months to analyze that plant and come up with what we call a Capital Improvement Plan so that we can budget out when we need to actually make those improvements.

Mayor Newlands: Do we know that the plant can be upgraded? That's my question.

Jeremy Kalmbacher: We believe it can, but we don't know what the extent is. What we'd like to do is bring it back to the capacity; the original hydraulic capacity was 350,000 gallons per day.

Mayor Newlands: Right.

Jeremy Kalmbacher: Now we've been reduced based on these nutrient limits. We'd like to bring it back to that original capacity, but we're not sure we'd actually be able to accomplish that yet.

Mayor Newlands: Okay. Good.

Jerry Esposito: Let me anticipate some of their questions that might come after on that point at least. Our plan would be to stay in that plant as long as we can, because, as we learned the hard way, even though eventually like the water company, Tidewater Utilities, Inc., Tidewater Environmental Services has multiple different systems that eventually the Public Service Commission wants us to consolidate into and to homogenize rates; Seth remembers that. Milton was separated out because of the unique nature of that, so in our effort to keep the lower rates, because your rates right now are the lowest of all the Tidewater rates for wastewater; keep them lower; we're trying to minimize the amount of new capital expenditures, because rates are based on capital and operating expenses. It's a little more complicated than that, so the longer we can keep the existing plant and the existing footprint, upgrade to meet the permit limits, and without having to spend a lot of money to replace, buy new land or anything like that, is the longer we can avoid having to raise rates sometime in the future. So that's the philosophy and once this study comes out, you'll be involved in it and it will be a public document and we'll share it with you. Next I wanted to talk about the agreement, itself. We have a 5-1/2 year old wastewater service agreement. There are some provisions in there and this is what I told your attorney during our negotiations to settle the rate case, there are some provisions in there that may or may not be relevant anymore. We reviewed it to get ready for this meeting this evening with our parent company, with our in-house counsel, and we found that most of the provisions that should be revised are not burning issues; there may be some things that are irrelevant anymore; the ultimate disposition of the Sam Lucas Road property is one that probably is a non sequitur, if you look at it that way, but we're happy to open up the negotiations again, but we don't see anything that's burning and we don't see anything major in it. The one issue, obviously, is the payment schedule that I know the Mayor's interested in and rather than get into the details here, we're happy to talk about that, but everything is based upon things that were 5-1/2 years ago where we thought we would have hundreds of homes coming in and there would be an accelerated payback schedule and certainly the way we negotiated was based upon not having to put money up front and I know that your interest is to get as much money up front, as you can, but ultimately it all comes back to keeping rates affordable and this is its own little cost center, the way the Public Service Commission looks at it. So we have to have the balancing act that we want to serve you, as a town, but the people in the audience who are customers also have to be brought into effect, because whatever rates we impose will come to them, but if there is an interest to "renegotiate" the wastewater service agreement, our suggestion tonight is let's start that process and get it going and see what happens.

Mayor Newlands: We have it on the agenda as an item just so we can educate Council and give them some options as to some things to think about, as well.

Jerry Esposito: Certainly. We've gone through the whole agreement and we have opinions on all of the provisions that probably we've all discussed and thought about; probably the most significant one is the payment schedule and we're happy to get into it whenever you want to. And finally, we did want to mention that we did provide to your Town Manager a letter report. Do you want to describe the water provision.

Jeremy Kalmbacher, Tidewater Utilities: You guys have a unique and challenging problem already with your water system and we know that and I'm sure you guys are up to speed. Like Jerry said, we just wanted to offer where information on our system and just really the location

of the facilities, the capacity of the facilities, just in case your consultant, or you guys decided to look at that, as a private company; possibly maybe supplementing your supply. So we can provide that information and if there's any questions, at any point in time, when you actually review that, we'd be glad to answer those questions.

Mayor Newlands: Yes, give the audience just a brief description of the network that you have. When you guys were in the office a month or two ago, you told us you had so many towers, so many wells, so many people, your jurisdiction goes from here to Rehoboth; just quickly go through that so the public understands what your service is.

Jeremy Kalmbacher: We refer to it as our Rehoboth District. It extends from Painter's Mill all the way south down to, we call it the Bay Vista area; I'm not sure if you guys are familiar with that stretch of Route 1. It's our largest district; it serves about 12,000 customers; it's almost one-third of Tidewater's entire customer base. It's a very, very large district for us. We have one elevated storage tank of 750,000 gallons located at the Home Depot on Route 1 in Lewes and we actually have plans for another elevated storage tank of approximately 1.5 million gallons at the Cape Henlopen; I believe it's Beacon Middle School of the Cape Henlopen School District there on Route 24. We have about, Kyle correct me if I'm wrong, I think we have ten plants in that district. More than ten?

Kyle Betts: There's roughly 20, 22, I believe.

Jeremy Kalmbacher: Wells, or plants?

Kyle Betts: Oh no, you're talking wells. You're probably right on ten wells.

Jeremy Kalmbacher: Ten plants, maybe 20 wells, in that and we have a very large allocation that we obtained from the Department of Natural Resources every five years, or whenever it needs to be updated; so it's a very large district. We have a lot of allocation for all of those wells and we just share that information, in case you saw fit to take a look at that as possibly an option.

Kyle Betts: How far away is our closest water district?

Jeremy Kalmbacher: Our closest is on Cave Neck Road at Vincent Overlook, so it's about 4 or 5 miles away all the way down Cave Neck Road.

Mayor Newlands: So you're talking about possibly putting a pipe down Cave Neck Road into our system?

Jeremy Kalmbacher: Yes, possibly doing an inter-connection; it would be metered and possibly the town could purchase water on an as needed basis; it could be an option.

Councilman Booros: Would it be subject to Public Service Commission rates?

Jeremy Kalmbacher: Yes, Sir.

Jerry Esposito: But they could be separated rates. We have...

Jeremy Kalmbacher: We have a separated rate for the Town of Ocean View, is that what you're going to talk about?

Jerry Esposito: Yes and Dover Air Force Base housing.

Jeremy Kalmbacher: And Dover Air Force Base.

Councilman Booros: You have a separated rate for the sewer and they just kind of merged it all together like everybody else.

Jerry Esposito: No, they kept the rate separate. They wanted to include you in the rate case, but you have a separate rate from our other wastewater customers. But the point that Jeremy made, we have a standard water rate throughout the State, which just got approved about three or four months ago, about the same time we were settling our wastewater case, we settled our water cases about two months later. But if you look at the water tariff, there are three or four different, separate rates for different bulk customers and Ocean View would be the classic example of

what you're talking about. We have a discounted rate, it's a wholesale rate that is reestablished every so often for the Town of Ocean View and it just got reestablished, as well, so it's a discount off of what the retail rate would be and we would be willing to negotiate that with you, but ultimately the Public Service Commission would have to approve it. I hope that answers your question.

Councilman Booros: It did.

Jerry Esposito: Mayor, that's our four items on the agenda and we took 15 minutes, but we're happy to answer other questions if you want.

Mayor Newlands: Sure, if the Council has questions, sure.

Councilwoman Jones: I have a question for the Mayor. Do we have a standing appointment to have Artesian make this same kind of a comment in front of the public?

Mayor Newlands: Not yet, no.

Councilwoman Jones: Because I specifically wrote you and asked that this not be a part of until we could establish a time for someone else who came to the town and talked about it. That would be my only comment.

Mayor Newlands: They are willing to come in anytime we ask them to and we can just establish them to come to the next meeting. I just didn't want both utilities here at the same time.

Anybody else on Council have questions? The 20 acres, that is totally off the table? I mean, can we drop that as a definitive?

Jerry Esposito: Yes, we don't need it.

Mayor Newlands: Okay.

Jerry Esposito: So as part of the discussions of renegotiating the agreement, we don't need it. If we were to need a treatment plant, that probably now, in hindsight, wouldn't be the best location for us, but at the time it made sense because it was there. If we were to try to find another site, we would try to get one closer and different and smaller and cheaper, if we could.

Mayor Newlands: Alright, as we do the renegotiation then, when we have the new contract, then we will advise Key Ventures that it's off the table.

Jerry Esposito: It's fine with me.

Mayor Newlands: Okay. Great.

Councilwoman Jones: Mr. Esposito, if you did Capital Improvements to this particular building here in Milton, would distribution, if your rates were effected by your investment, would they be distributed through the communities that you serve and bring into this wastewater treatment plant or just Milton?

Jerry Esposito: If they're connected to the plant, is that what you're asking me?

Councilwoman Jones: Well, right now you bring in from other communities, is that correct?

Jerry Esposito: Not yet.

Councilman Booros: Holland Mills?

Jerry Esposito: Holland Mills? You mean trucking it in?

Councilwoman Jones: Yes. Yes. Yes.

Jerry Esposito: Trucking it in?

Councilwoman Jones: I don't mean inter-connective pipe.

Jerry Esposito: I didn't understand your question, I'm sorry. So now, what is your question.

Councilwoman Jones: So would everyone who is served by this particular building, in the Town of Milton, then be subject to the rate increase, for a capital expenditure to this building?

Jerry Esposito: I don't mean to be dense, but if somebody's dumping in raw waste, a waste hauler; Clean Delaware is taking waste from Holland Mills and taking it to our plant. That's different then a sewer connection to the sewerage treatment plant. That's a different kind of

commodity that's being sold. It's not an inter-connection with a sewer, with a facilities charge and other things; so it's a different kind of...

Councilwoman Jones: If we're talking about your needing to upgrade because of nutrient deficiencies and I'm not in the wastewater treatment, so bear with me; and I'm going to assume that that nutrient issue is part and parcel of all that goes in through the treatment plant, not just the immediate Town of Milton; in which case, with even not having pipes in the ground, would each community that is served by this plant, then be the recipients of an increased rate?

Jeremy Kalmbacher: The answer is yes, they would be subject to that.

Councilwoman Jones: Thank you.

Mayor Newlands: That would be before the five years are up? If you had to do an upgrade in 2016...

Jerry Esposito: It may or may not be. Our study is going to tell us what needs to be done during the time of the permit. Remember, the permit is with DNREC, the rate settlement is with the Public Service Commission; not that they don't communicate, but if we feel that we cannot support, with our current rates a Capital Improvement, then we have the obligation to go back to the Public Service Commission and say we have a regulatory issue here; we're compelled, we've got to upgrade, can you hold off or not? And then we deal with it at the Public Service Commission. Jeremy answered the question. I didn't understand the question.

Councilwoman Jones: He did. Thank you.

Mayor Newlands: Any other questions?

Councilman Lester: Yes, I just want to be clear. If we accelerated the payment schedule are you saying that that would then be a basis for a rate increase?

Jerry Esposito: Not necessarily. Rather than speculate, I think we need to have a discussion about what your interests are and what our constraints are; that's the bottom line, because you would have to take the time value of money. I'm talking to a guy who knows financing and calculate it all; what I can tell you is our offer five plus years ago was never based upon a check being written up front. It was always based on payment over time, so as long as you understood that, and we understood that you needed some accelerated payment, maybe there's some way in the middle that we can meet, but rather than speculate...

Mayor Newlands: The time right now is 77 years.

Jerry Esposito: Yeah.

Mayor Newlands: That's the payback.

Jerry Esposito: That's a long time.

Mayor Newlands: That's a long, long time. Yes.

Councilman Lester: I'm afraid from the opinion, my opinion and probably many people in this room, that was a pretty poor contract. People are really upset and on top of having a rate increase, so...

Jerry Esposito: So, let me close. I think I'm closing now, by saying the reason I talked to Seth about six or seven months ago was to come back when the dust has settled; I think the dust has settled; we want to reestablish, if we have to, what I thought was a very good relationship with the town and we want you to know that we're in it for the long haul and hopefully your service is going to continue to be good; if not get better and if there's anything that we can do in the future, you know how to get us.

Unidentified Speaker: Are you opening this to questions?

Mayor Newlands: No we're not.

Unidentified Speaker: Why not?

Mayor Newlands: Because it's not a Public Hearing. That's why not. It's a presentation.

Unidentified Speaker: You're shoving it down our throats.

Seth Thompson: If I could make a suggestion, maybe people have comments that they could make during the public participation portion.

Mayor Newlands: How many people would like to make a comment?

Seth Thompson: Is that okay with you Mr. Esposito?

Jerry Esposito: Sure. I've been through this before.

Mayor Newlands: Come up to the microphone, state your name, one by one, you can do it now.

Ginny Weeks, 119 Clifton Street: I have a question. Councilwoman Jones asked you if for the capital investment you have to make for the nutrients, if that would be spread amongst everybody. My understanding from what the gentleman over there said was, that the houses that are using the sewer plant now, you don't need it for those. You only need it for the new ones coming on, so why are we paying for it? That was the statement. That you could do with what's there now, the plant was more than sufficient. So why are we going to be charged for what you need for developers coming in and building plants? That doesn't seem to be fair. Second of all, a question that never got answered about the rate increase and I would just like to know, when I read the contract, there were two parts to it. The first five years the cost was frozen; the second five years there was to be a one-time, \$40 per quarter increase, for the next five years. What happened to that? Thank you.

Jerry Esposito: The second question, I'll try to address. The contract is a unique document, I'll say that. There's some interesting phraseology in it, which said that we will seek to maintain rates for five years without raising them; and then afterwards we would do the same. I forget the exact language. I don't have it in front of me and freeze it at \$12.50 per quarter, I think, for the following certain number of years. Further in the contract, it does say subject to Public Service Commission approval and also subject to not unusual capital improvements. I can tell you unequivocally, because I was involved in the due diligence, no one anticipated from our end having to spend \$1.5 to \$2 million to upgrade that plant to meet the construction schedule. Even though we settled amicably this rate filing, the revenue for the existing permit may or may not adequately cover it. The anticipation for acquiring the plant was for the future of the Town of Milton and at the time, it looked like the Town of Milton would run out of capacity at some time in the near future. So whether it's now or five or ten years from now, 200 homes is not a whole lot of capacity to have. What I can assure you is, that when we allocate the costs, if it is for a Holland Mills, or something like that, those costs will be allocated appropriately. Holland Mills has a separate rate that was integrated and the consideration was given to the fact that it was being treated at the Milton plant. I can't tell you what they will do in the future, but everything that we do will be subject to the Public Service Commission and the equitable nature of the rates will be considered, because they will have to know we are spreading the costs out amongst them. I will try to get Jeremy to get the first question, because I'm not sure I understood it.

Jeremy Kalmbacher: Yes, let me just – I'll repeat the question, just so I make sure I have it, in case I forgot a detail or so. The increased capacity at the plant is mainly, this is what your question was, if the requirement to upgrade the plant was due to additional developments outside of the town, coming into town, triggering it to be upgraded?

Ginny Weeks: Yes.

Jeremy Kalmbacher: What we do do is we collect, I could have the number a little off; I think the impact fee from Holland Mills is \$8,500 an edu and all of the other developments and new edu's that come into town, are charged that impact fee so that that money is stored up to go towards that upgrade. So that's designed to address that. Now maybe that needs to be looked at,

to make sure that it's the proper amount, that could be the case, because no one that lives in town, currently that's a customer, would be charged any type of impact fee or capital impact fee when that plant is upgraded; so we're trying to collect those as new people come into the system.

Councilman Booros: But you said the rate would go up?

Jeremy Kalmbacher: It is possible that the rate would go up.

Councilman Booros: So you're not hitting us with an impact fee, but our rate would go up because you brought Holland Mills and other neighborhoods into the sewerage treatment plant and exceeded the edu's or got up to your maximum edu's; and the people in the Town of Milton based on what the Public Service Commission's probably going to do to us, are going to end up paying just as much as everybody else.

Jeremy Kalmbacher: Only if the capital improvements exceed the collected impact fees.

Councilman Booros: Even if you all are the ones that chose to bring the other neighborhoods in to this little sewerage treatment plant. I mean you talk about unexpected costs in upgrading a plant. Well you upgraded it enough to haul crap in here by truck every day and dump it. I watch you down here all the time, dumping it, and I'm thinking my God you put all this money into sewerage treatment plant and now you're bringing sewerage in from other towns; now you're running a pipe line kind of thing and now the rates are going up.

Jerry Esposito: I didn't expect to get into a detailed operation but as an operator, Kyle might want to address this.

Kyle Betts: The Holland Mills is kind of a unique situation and correct me if I'm wrong, but we were actually asked by the Department to bail them out of a tough situation. It just so happened, Milton, logistically, was one of the closest ones. We have more than one area that we dispose of. So that is not going to be forever. Okay? Once they get their pipe hooked up, the trucks will be gone.

Councilman Booros: But it's still coming here though, Kyle. Whether it's by pipe or by truck, it's still coming here. It's still taxing that sewerage treatment plant that's going to now require additional capital improvement.

Kyle Betts: Yes, but it's not... At this point in time, based on the amount of flow we have and our nutrient limits, we are not taxing the plant by doing it now. That is the thing. We know if we added 100, 150 units tomorrow, we might not be able to do it, but right now it can handle it. We're not jeopardizing the treatment capacity of the plant at this period of time.

Councilman Booros: So if 150 people between Holland Mills and here are hooked up, whether it's Cave Colony, or people along Cave Neck Road, or Anthem, the other neighborhood across the street from Holland Mills, it's already been approved for construction, we're going to hit the 150 and then we're going to pay.

Kyle Betts: What's going to happen is, as a utility, and as the ones that run this plant, we're going to be under the gun to make the plant perform and that's the bottom line. The amount of work that we've put into it, the amount of work that the guys do on a day-to-day basis putting into it, I mean it doesn't come easy. Allen can attest to the fact that it takes a lot of time and effort, but the guys that work there know what they're doing and we've done it quite well up to this point in time. If there is even the chance that we were going to jeopardize the plant, we would do it somewhere else.

Mayor Newlands: Let me ask you a question. The 200 homes, that could be any 200 homes, within town, outside of town, so it's any additional 200 homes is the trigger line.

Jerry Esposito: I understand and I can appreciate your concern. The point is and that's a good segue to what I was going to say is that, at some point, this town is going to need 200 extra

edu's; if you're successful. Last year you added about 50 some homes, I think? Something like that.

Mayor Newlands: No 20, 22.

Jerry Esposito: Alright, so if it's ten years, if it's five years, our responsibility as your wastewater provider is to have capacity and have it ready, not when you need it, but in advance of when you need it; so the issue that I appreciate and can relate to is, are we accelerating that schedule? That's what your issue is and what I can tell you is having gone through 5, 6 7, 8 different rate cases with the Public Service Commission, if there is a question about allocation of costs, on an equitable basis, the process of the Public Service Commission is a pretty good way of sorting it out and you had a stake at the table the last time; you'll have it again. If it appears that we're burdening you because we had to upgrade that plant quicker than not, because we brought on Holland Mills and Anthem Mills, I promise you that will be sorted out and if we try to burden you on something that they should pay for, it will come out in the rate process. That may not be a good enough backstop for you, but I can tell you that it usually works.

Councilwoman Jones: I don't just follow up on one piece that Mrs. Weeks said and I'm sure the question is for you. In the contract, I'm going to ask a very specific part to follow up to her question. The contract says that you "would freeze the rates for five years, for which let me say I personally was very grateful for that, but it also states TESI will also seek Public Service Commission approval to obtain a \$12.50 per quarter user fee rate increase for the 1,144 current customers who came on board at the five years, in year six and anticipates keeping this rate through ten years." Did TESI do that with the Public Service Commission and make an attempt to keep that rate down?

Jerry Esposito: We did it. We did make that attempt and we were unsuccessful. I don't know how else to say it. I can tell you before you all were involved as a party... This is a public session and we're regulated by the Public Service Commission, but I can tell you that the public advocate and the Public Service Commission staff required us to file it the way we did. We made the attempt. It was a good faith attempt and if we didn't do it that way, we wouldn't have been able to get any kind of a rate adjustment for any of our customers. That's the best way to put it.

Councilwoman Jones: And I do understand that because the public advocate actually described that and told us that he's the one that made the recommendation that Milton's rates get thrown into it, so I do understand that.

Jerry Esposito: Yes. Correct.

Councilwoman Jones: My point was just had Tidewater indeed made that request of the Public Service Commission?

Jerry Esposito: We did. We did.

Mayor Newlands: And the Public Service Commission actually said wouldn't look at the contract. They don't get involved with contracts.

Jerry Esposito: They did. In fact they said it in this room, at the Public Hearing. The Mayor asked that question and you heard their lawyer; I think it was their hearing officer say that; remember?

Councilman Lester: May I ask just one other question?

Jerry Esposito: Certainly.

Councilman Lester: The \$2,347,000 in impact fees that was transferred to you, how has that been used or has it been used in terms of reconstruction or improving the plant.

Jerry Esposito: That's a good question. I should know the answer. I don't. There's a... Jeremy maybe you do know, but we have dedicated funds for various impact fees. I don't know if

there's a... There's not an escrow fund or anything like that, it's inserted into various parts of the capital program of TESI and I can't tell you where it stands, but I can find out for you. The accounting department is in Middlesex, New Jersey.

Councilman Lester: I think that's a key question, because a lot of folks think that's where your deposit came from and...

Jerry Esposito: I can get you the accounting... No, there were two checks that crossed each other, as you probably remember.

Councilman Lester: Yes, but things happened before like that, so we are concerned.

Jerry Esposito: I understand. I will take that as an action. I will give you the accounting for it, okay?

Councilman Lester: Okay.

Mayor Newlands: Mr. Harris.

Ed Harris: First I'll give you my background, it's up to you. A couple of questions. A couple of things have answered my questions already. One is and maybe you can give clarification. I'm not an expert on water systems or sewer systems, and I keep on hearing that we're reaching our capacity. Mr. Betts said that during this summer we almost reached capacity. We have developments, Cannery Village, Heritage Creek, Wagamon's West Shores, that we haven't built out yet. Now if we were just about reaching capacity this summer, what's going to happen if the real estate market turns around. What are you going to do as far as the sewerage treatment plant and then to follow through with that; and this is why I kept on coming to these meetings and listening to how we reached our capacity as far as the water is concerned; we paid thousands and thousands of dollars for engineers to take a look and do studies on capacity; whether or not our current systems could handle the water. Now here we are, considering the new developments that come in; we annex them in based on our capacity. Whether or not to give them the edu's; whether or not we could give them the water systems. Here we are, we haven't even come close to reaching that capacity that we apparently had, so why do we pay engineering firms thousands and thousands of dollars to do this study; that said we had all this water available and that we had the sewer available? So maybe you can enlighten me on a couple of those. And one other question is, when you maintain your water towers, do you tent them when you paint them? When you maintain your water towers, do you put a tent around them to avoid over spray?

Kyle Betts: We did at the Home Depot.

Ed Harris: You do, okay, thank you.

Mayor Newlands: We get the hint.

Jerry Esposito: Okay. I guess that's an issue here. Mr. Harris, the question that you asked, I think we kind of talked about already, which is our obligation that we went into when we acquired the system was that once we owned the plant, then it's our responsibility to first and foremost serve your community; not Holland Mills, not Anthem Mills, not Dogfish Head, that's if they were outside the town; or anybody else and that's our responsibility and if it's not in the contract, the understanding was that when we get to between 80-90% of capacity, we have to do the things to get ready to make that capacity available. So that's my point about 200 homes, whether they're in Wagamon's West Shores or in Anthem, our responsibility is to have the facility on line, meeting permit limits, the day that 201st house is available. That's our responsibility. And that's what we do. We do it pretty well. In my 14+ years at Tidewater, we've never "run out of capacity"; we plan in advance; there are usually triggers. The trigger here in Milton, may or may not have been at 80-85%, but because growth has slowed, the time to do work has advanced a little bit further down the road and now what's driving it is the permit

limits from DNREC and we're confident that we'll be ready for them, so when the capacity is needed for the infilling of we hope, a very booming housing market in Milton, we'll be ready. That's what the study is going to have us do.

Ed Harris: [unintelligible.]

Jerry Esposito: The study is going to tell us that. Right now the way things look, we think we can do it with the existing plant, unless it explodes and we get thousands of customers, which is what we were talking about 5-12 years ago, if you remember.

Mayor Newlands: Ms. Weeks. Very quickly because you've already been up there.

Ginny Weeks: I have one or two questions. When this housing boom comes, when we sold you the sewer plant, we sold it to you based on that contract. Part of that contract was that you would purchase 18 of the acres from us, to build a new plant. That you would pay us \$1 million some odd dollars. We're not going to get that money, because you have decided that you don't need a larger sewer plant, but yet you want us to increase this one to handle all these homes that may come on line, when part of your cost of buying that plant, from us, was that you would build another plant so this one could eventually be closed down and now you're not going to do that.

Jerry Esposito: Alright, well, this is... I don't want to make light of it. It's not a chicken and egg thing, but the way the contract reads, I don't have it in front of me, you do, was when or if the town took title to those 20 acres, we would purchase 18 of those acres. The town did not, therefore we are not obligated. It's a chicken and egg thing. If we did, we would probably be obligated... If you had done it, we would probably be obligated. If you had done it, we would probably be owing 18 acres of land that we probably wouldn't need to use right now, is the point. The point is that it may not have been the worst thing in the world to happen, because right now, unless there is a boom, there's no reason, right now. We would be irresponsible to build a wastewater treatment plant and buy property based on the demand that exists in this town, right now.

Ginny Weeks: But then you got the plant for \$1 million less than we were to be paid. It's the same thing.

Jerry Esposito: Look at it a different way. You haven't spent \$2 million to upgrade that plant to meet the permit limits.

Mayor Newlands: Excuse me, excuse me, Ms. Weeks.

Ginny Weeks: Neither did you.

Jerry Esposito: No we did not. No one knew it needed \$1.5 to \$2 million worth of improvements when we bought the plant.

Ginny Weeks: I remember that figure.

Mayor Newlands: Excuse me.

Jerry Esposito: Okay. That's our position. We presented it in front of the Public Service Commission and others and our plan is to first and foremost serve the town and we will do that and we will do it fairly. We do not think it would be responsible to buy land now to build a new plant now and when we need to do that, we think we can do it, with enough time. Because we are operating the plant efficiently. It's meeting permit limits. It's not something that one week it's meeting and the next week we're out of compliance. We see these things coming. We monitor every aspect of that plant and we know what we're doing, every week, every month, every year.

Councilwoman Jones: Mr. Esposito, you are, in my opinion, a very astute businessman and your company is quite large and successful. I cannot for the life of me understand how someone from your company, taking a look at that wastewater treatment plant could have missed the upgrades

that were needed in almost \$2 million worth of expenses. To me, it doesn't speak well of whoever you sent here, whoever your company sent here, to look at that building before you bought it. Can you explain that real quickly to me?

Jerry Esposito: I can. Without besmirching anybody's reputation, we based a lot of it on information that was given to us and it wasn't all quote "that building". You might realize that you have some pump station and some pipe issues in this town.

Councilwoman Jones: Infrastructure.

Jerry Esposito: Yes. A lot of that money went to solve some of those problems. The Mayor gets calls, I assume you get calls as a councilwoman, about over flows, pump stations and other things. We fixed those problems. We have more to fix, but we fixed those problems. No one, no one, anticipated those problems.

Councilwoman Jones: Thank you.

Mayor Newlands: Who else wants to speak and ask a question. Very quickly and that's the last question.

Denise Suthard, 309 Union Street: What if we were to sell the 18 acres that you didn't purchase to Artesian? Are we bound to have our sewer through you? I don't think so. And the infrastructure.

Mayor Newlands: They own the infrastructure, if I'm not mistaken.

Jerry Esposito: Going down your street.

Denise Suthard: You own all the infrastructure?

Mayor Newlands: Yes.

Denise Suthard: Way to go.

Jerry Esposito: It appears we need to continue to improve our relationship with your town and I'm happy to do that. It's hard to stand up here knowing that we have dedicated staff that worked hard to keep the rates as low as they were. I know you may not think that, but if you look at wastewater rates throughout the State, we did the best that we could to keep them low. We provide, I think, a quality product to your town and I gave the commitment to Seth and the Mayor that I want to make this relationship what it was a few years ago and I still stand by that, so if it means that I have to take more questions like this in a more open session, in a workshop, I'm happy to do that. We're in it for the long haul. The last thing I wanted to do is have you think you're not being served properly by our company, because I live 15 miles from here and I take this stuff pretty personally and I'm committed to making it better, if you think it's not good enough. So thanks for your time tonight and I'm happy to come back.

Councilman West: It ain't going to happen.

Mayor Newlands: Okay. Are you going to stick around when we discuss the rates?

Jerry Esposito: If you want me to, I will.

Mayor Newlands: We're going to try and move that up to 14 a and do that after our internal reports. Thank you.

2. **Public Participation**

- a) Gwendolyn Jones, 204 Atlantic Avenue: My question was regarding how much of the Water Department income is being taken from the Capital Improvement Funds and spent on the expanding police budget?

Mayor Newlands: Nothing. We do not commingle funds. Anything that's brought in from the Water Department stays within the Water Department.

Gwendolyn Jones: So why are we able to fund a capital improvements?

Mayor Newlands: We have money in our General Fund, which we can use for capital improvements and I don't know what capital improvements you're talking about for the Police Department.

Gwendolyn Jones: I'm talking about the water fund, because we're talking about floating a \$3.5 million bond to fund the Water Department, where is the extra funds coming from to go above and beyond what the current budget has been for the Police Department?

Mayor Newlands: For the Police Department?

Gwendolyn Jones: Yeah. We went over this the last budget.

Mayor Newlands: The Police Department and the Water Department have nothing to do with each other.

Gwendolyn Jones: My second question was regarding the Police Department budget and why is it going above and beyond to curve in the budget. We went through this with the financial workshop last week?

Mayor Newlands: I don't know what you mean going above the curve.

Gwendolyn Jones: It's going above the beyond, you know, exponentially. It's increasing exponentially...

Mayor Newlands: They have some increased costs, but other than that, I don't see what your issue is.

Gwendolyn Jones: Okay, well it's on paper and everybody can see it.

- b) Bob Howard, 217 Chandler Street: I'm the chairman of the Economic Development Committee and I have a couple of things to talk about tonight, but on behalf of the Economic Development Committee I apologize for sounding like a broken record, but I want to remind the Council again, that it's important to promote the town and in your budget considerations, we hope that you will make provisions to do a little bit more in promoting the town, then we've been doing in the past. We gave you some suggestions and we've had some little dialogue back and forth and we have the impression that you don't particularly like our suggestions, but if you don't like them and you would like to see something else from us, we would welcome a dialogue or a request or your suggestions of what other avenues we should be suggesting. But we think it's important to promote the town. Now speaking for myself, I would like to remind you all again that the Milton Speaks Organization had an event back in the spring and the number one issue that they identified in that event, was, again, it was about 80 people, I think, took part in that, was Economic Development. So there is, I think, an opinion in town, that we need to do more to promote the town. I mentioned the last time I was up here, and again, this is my opinion. I'm not necessarily speaking for the committee, but when you're working on the budget, the supply side, or the income side of your budget, the biggest thing that could be done to improve that, is to attract new homes and new businesses to town. Now I'm reminded that the conversation that just took place, says that if we attract too many people to town there may be a down side to that and maybe there needs to be a little more discussion about that, but, again, to increase the income in our budget, the only place that it's coming from are impact fees from new businesses and new homes and an increase in the tax base. We're competing with other towns in the area, in Sussex County, a lot of people are going to move to Sussex County; how many of them will move to Milton or move someplace else, is going to be influenced by what we do to promote ourselves. Again, if it's the opinion of the Council that we're growing fast enough without doing anything, then maybe we shouldn't be doing anything, and we

would welcome the advice from you that maybe we should work on something else. But, it's our opinion right now, and my opinion, that we need to be promoting the town to increase the rate of new homes and new businesses in town and one of the biggest impacts that we'll have is the increase in the income to the budget. That's all I really had to say. I just wanted to say one other thing. As a personal note, as a citizen of the town, I notice on the agenda for this evening, you're going to take up the consideration of renewal of the Town Manager's contract. I hope that that's an easy choice and that you do that without much problem. I think the new Town Manager has been the best thing that's happened to the town in the last year.

Mayor Newlands: In response, Mr. Howard, I agree with you. We need to spend money to make money. We were just asking for a more detailed budget from you guys and part of what I didn't like on the last budget, was that you wanted to piggy back and partner with some of the events that are already going on and being funded quite well by other groups, so I couldn't see spending money with other groups that are already doing okay on their projects.

Councilman Lester: Mr. Mayor, if I could follow up on that, that budget had no detail. I know over the last few weeks, the Mayor, especially, has taken some hits about failure for lack of detail in some items, such as the police budget, but Bob, you had no details in there, at all. Just saying \$1,000 for advertising doesn't mean a thing. The budget was absolutely not detailed and we had no usual assumptions in there.

Bob Howard: We will try to provide some detail Monday night.

Mayor Newlands: Okay, thank you.

c) John Collier, 301 Coulter Street: Thank you Mayor and Council for the opportunity to speak this evening. I would like to comment about the budgetary process. First let's be positive about this. I would like to commend all of you for the hours that you put in to this, thus far, but I do have some disappointing things. As I understand it, the Town Manager prepares a budget to present to Town Council and I was here the night that he tried to make the presentation and it wasn't a complete presentation. Anyhow, the Town Manager attempted to make a budget presentation that evening and there was quite a bit of information that was either missing or withheld or he was unable to get from department heads or whatever, so I never did see a complete Town Manager's recommended budget. That kind of disappointed me, seeing as how he's the guy charged with the day to day operations of this place, certainly his input is very important to me, as a citizen, because my taxes, ultimately help pay his salary. Sometimes it leads me to believe that I'm not sure if the man is given a fair opportunity to do his job. Sometimes from where I sit, it almost appears that he's being micro-managed and I think that that's a shame. Personally, I would like to see the budgetary process proceed in that manner. Councilman Lester brought up the comments about lack of detail. Well, the budget still lacks detail in some areas and of course, those are questions that will be asked at the proper time. Tonight is not the proper time, because this is not a budget hearing. But in all, for the most part, what I have to say is very positive and I do appreciate the amount of time and effort that you folks put in here sitting and discussing this thing, listening to comments when really, in a workshop you didn't have to. I've sat through workshops in the past, where you kept your mouth shut or you got asked to leave the room, so I'll give you credit for that, for at least being willing to take a little bit of input. Anyhow, thank you and I look forward to the budget next Monday night.

Mayor Newlands: Thank you.

- e) Jeff Dailey, 211 Gristmill Drive: Two quick comments on the budget and the budget process. I was at the budget workshop. I applaud Bob Howard and the Economic Development Committee. I believe a figure of \$5,000 to \$6,000 is what was being requested. I understand the Mayor's concern about piggybacking, however, when an organization puts forth its endeavors, the Town of Milton has to step up and comment on that event in Milton. Dogfish Head does a great job of promoting their events and lots of people come to the brewery, but where is the town promoting the fact that one of our crown jewels, is that brewery? So it's a hand in hand operation and it has to be funded, and \$5,000 to \$6,000 is a pittance and I hope they give you lots of details. I think if they give you details, they're probably going to be showing a need for a budget of about \$20,000, so I think we're getting off easy with people who are investing their time and energy, being creative, all towards the purpose of promoting our town and stabilizing our financial viability. The other question is a real simple one. This is the third Town Council meeting that I have asked for a figure on the town's total assets. Now, somebody must have gotten tired of hearing from me, because on my windshield not too long ago was a little card, it's attached right there, and it said, the town's assets - \$5,653,061.01. Now is that to be believed? What's the breakdown? Are these assets, are these buildings that we own, is this land that we own? What's in the municipal bonds, what's in the checking account? We're doing a budget process. I personally think it would be helpful to know what those amounts are as a backdrop for the budget process. Third time I've asked for it. First time, it wasn't available; second time, both Councilman Lester and the Mayor said, maybe those figures are at home; furnish the figures. Thank you.

Mayor Newlands: Please, enough with the outbursts.

Councilman Lester: You know, if somebody were to ask exactly, when they ask what the town assets were, the question that was asked today was what were the assets, equipment and fixtures. Councilwoman Jones did send me an email about a week ago and she was going to pass this number around and I gave her that number and I remember when I did that that it did end in a penny. If somebody wants to see what the assets are, to begin with, the most current thing is you look at that statement made by the Auditor of Accounts. It's on the State website. The assets listed there, being equipment and fixtures, are about the same. They haven't changed much. If somebody were to ask the question properly, I think we could answer it correctly.

Mayor Newlands: Excuse me, please.

Councilman Lester: Assets mean different things to different people and it has different meanings from an accounting purpose. Assets on the balance sheet can mean current assets, cash in the bank, which is something that Council gets every month. It could mean furniture and equipment. What are assets, well that could be anything. Excuse me, that's a dumb question.

Mayor Newlands: You said you passed an email back to Councilwoman Jones, was that passed back to Mr. Dailey?

Councilman Lester: Yes.

Councilwoman Jones: Yes, that number. I don't know whether that's my card, but I did give him that figure.

Mayor Newlands: So your question is not...

Jeff Dailey: It's not broken down, I don't know what it means.

Councilwoman Jones: And that was the question I asked, was total assets.

Mayor Newlands: Right, so we gave you total assets and now you want it broken down; so now you're asking for something different. You were given what you asked for and now you're asking for something different.

Jeff Dailey: No, I asked for all of the... Just make it readily available to the citizens, so we know when we look at these budgets for FY2010, FY2011; if we're going down; if we're losing money; you're in the process of working on a budget to balance it. If you have to dip into those funds, let us know what those funds are. Make it available. I am not an accountant, Councilman Lester, forgive me for asking the question the wrong way. I'm sorry. Tell me what's in municipal bonds, checking account, what the value of property is...

Councilman Lester: If you're going to yell at me, can you keep your tone down. You don't have to yell.

Jeff Dailey: I was trying to be articulate, I'm sorry.

Councilman Lester: No, you're not being very articulate, I don't think you know how.

Mayor Newlands: So now we understand. You want to know how much money is in the bank.

Jeff Dailey: Why not?

Mayor Newlands: That is a totally different question than what was asked. I'm sorry.

Councilman Lester: Absolutely.

Mayor Newlands: And everybody on Council is in agreement. That is a totally different question.

Seth Thompson: Everyone, if we could... Our transcriptionist is not going to be very happy. If we could try and speak one at a time it will make life easier for her.

Mayor Newlands: Thank you. Now that we know what he wants, we'll get it out.

- f) Mike Cote, 304 Gristmill Drive: First and my favorite subject to talk about is the Cannery Village streets. I have to say we're hearing good progress and we like progress and we want to keep going until we get the results. Next question is on the budget. Item 14, g – is vote on revisions to the proposed budget. Will that... Does that approve the budget, or just the parts that were being discussed at previous meetings? And how does that effect what happened? Is the budget all approved before the Public Hearing?

Mayor Newlands: No. We are required by Town Charter to take a vote tonight on the budget, so the compromise was to vote on just a couple of different changes we made, and then the budget, at some point after the Public Hearing, the budget will get adopted and approved by the Town Council.

Mike Cote: Thank you.

Councilman Booros: Excuse me. The compromise was to do what?

Mayor Newlands: We have to make a vote on the budget tonight.

Councilman Booros: Right, the one that's in front of us tonight?

Mayor Newlands: Right. And we can just vote on the revisions to the budget, right now, just to satisfy the Town Charter.

Councilman Booros: So who's compromise is this?

Mayor Newlands: I'm...

Councilman Booros: You used the word compromise. We decided...

Mayor Newlands: I meant compromise meaning as opposed to adopting the budget tonight.

Councilman Booros: I understand we have to take a vote, but it doesn't have to be approved. It could be a no vote.

Mayor Newlands: Yes.

Councilman Booros: But are we voting on exactly what's in front of me tonight, or are we voting on one or two little things within that budget?

Mayor Newlands: We only were going to vote on the couple of things with the revisions that we put in last month. That's all.

Councilman Booros: Okay. That's not the way I thought I read the Town Charter. I thought we voted on the budget that was before us.

Seth Thompson: You need to have your public comment section, obviously. The problem is that the Town Charter reflects that you also need to vote on it at the meeting after it's presented.

Councilman Booros: And we did not do that.

Seth Thompson: So, but that's why some action needs to be taken on it tonight.

Councilman Booros: I understand the action that should have been taken last month; that didn't get taken and we're taking it tonight, but I just thought it was on the whole budget that was in front of us, not one or two things within that budget. I'm sorry. I just had a question.

Mike Cote: That doesn't come out of my three minutes, though. I just wanted to kind of agree, in principle, with Mr. Howard. This town gets so much negative publicity. We can't possibly be that bad. We need to promote the positive side of Milton, whether we're jumping on board with some other events or we're creating new publicity somewhere, if you hear it twice, maybe it starts to be more true. So I think we really need to do something about promoting the town, putting our best foot forward; so whatever, I don't know, I think the amount was \$6,500 in that and I don't know if that's the right amount, but we need to consider something in there to promote ourselves from all the...

Mayor Newlands: We need to see the details of what comprises that \$6,500.

Mike Cote: Yeah, but, and maybe you'll approve it and then fill in the details afterwards, because, well...

Mayor Newlands: No.

Mike Cote: You need to do something to promote this town, because between the bad rap from the water referendum, which got knocked down 2 to 1; the audit report; and the Heritage Creek stuff that makes the paper; the Cannery Village stuff that makes the paper; and Chief, some of the police reports that make the paper; we don't always sound that great. We need to be more positive. I don't know if this is the right place for this question, maybe I'll just call Robin tomorrow.

Councilwoman Jones: Mr. Cote, before you sit down, I wanted you to know that a member of the Economic Development Committee has been doing some homework and getting some of those detailed figures. It's driven the cost up.

Mike Cote: Well.

Councilwoman Jones: I won't be making that presentation, the public will hear it, but I appreciate your encouragement.

Mike Cote: Well and maybe if it drove it up too far, maybe you don't get to do all of it, but you should get to do some of it. Thank you.

Mayor Newlands: Thank you.

- g) Ed Harris, 305 Behringer Ave: I love this town. I love seeing people come up here.

Anyway, a couple of positive things first. I want to thank the Lion's Club and John, before he leaves. I drive by, they really bust their butt out there to get that park and the train improved. You did a beautiful job, you really did.

John Collier: Thank you, one comment. 62% of the revenue for that train this season, came from people who reside outside of Milton.

Ed Harris: Which is totally tourism, which is the perfect segue. Good.

John Collier: These people don't see Milton as being flawed. It's the little tiny train...

Ed Harris: But you did a beautiful job on it. Second of all, speaking of a lot of positive things, the Garden Club. Again, I see these ladies out there, watering every single day, replacing the flowers, busting their butts. I mean it really is incredible, the job that they do; they volunteer. That's on a positive note. To follow through, there's just a couple of things I want to say...

Councilman West: Okay, while you're on a positive note, can I add one thing to what you just said, Ed?

Ed Harris: Sure.

Councilman West: A lot of you don't know, Mr. Collier has been working with a young boy to earn his Eagle Scout award this summer.

Ed Harris: Very good, thank you John. Okay to follow through, I'm really pleased and I've seen more and more people come to these meetings, because you all know one of my major gripes is that we get a bad rap and the public information that's out there, is that Milton's a negative place, rather than a positive place; and it's not. It's a beautiful little town and to follow through with what's been said, and I said it to you all numerous times whenever I come here, to be honest with you I get kind of discouraged and I go away for a month and I get angry and I come back, because nothing gets done; but I'll be honest, this is my 20th year anniversary this month. We bought 20 years ago up here. When we first came here, we fell in love with the town because it was a beautiful, historic little town. Things have changed. I think it's really the fabric of the town has grown, people have come in from all over, I think they've really added to the town and clearly tonight shows that we have a lot of new people that really are concerned. And they have a reason to be. Because, as I said, I'm going to talk to you like I'm going to talk at my dinner table, or in my house, okay? Perception right now of what's going on in this town; and I know you're aware of it. First of all, if I spit on the corner of Union Street, it's going to be at the other end of town by the end of the day; and whether issues take place in the meetings, in the committee meetings that you have, okay, or issues take place in this forum, it goes all over town and it leaves the town and it goes on out and let me explain and I have no personal agenda with you Mr. Mayor, but let me explain what the public perception is right now. Is that basically people come to the meetings and you're under complete control. If they have something that they want to voice, you either suppress it, okay, now I don't think _____ wrong, or you control that. That's number one. Then we hear that council members, your own council, and the gentleman that you pay a decent salary to run this town. I don't even know him. I shook his hand once when I came to the town office; from what I've seen, he's doing a good job, you know. The perception is that every time there's an issue, you tend to take it and shut up, we don't want to hear it, you know. This is no affront to you, this doesn't help the town's perception of what's taking place with the town and without being rude, it's rude. You don't treat people that way, you know. When people come here, we take our time to come to these meetings. We could be doing other things to express our opinions. We

have what three minutes. I'm taking more than three minutes, but give us a chance to speak up. If these people... I look at some of the council people, they're almost afraid to say anything, which is not a good thing. It's not a good thing. We're not that big of a town. We're a small town and that's what's lovely about this town, is that we're a small town. So, I don't know what needs to be done, or what's happening, or what needs to be brought to light, but I think you need to examine what's taking place up here and as far as this gentleman is concerned, you know, I don't know what took place in that meeting. As I said, you're looking to renew his contract. What is going to say to our community and to the other areas that you hired a gentleman who has been doing a good job and I don't even know you, Sir, I really don't; and then you're going to say we're not going to renew your contract. Well then why did you hire him in the first place? Okay? That's number one. As I said, I think when people come to you with answers, I think the only fair thing to do, the only human thing to do is to look at them square in the eyes and give them an answer. If you don't know the information, say look, I will be more than happy to get some of my staff; give me your number, I'll call you back. That's all we want. I mean, this is a beautiful town. We love the town, that's why we're here. Take a look at me and back on that legally – I want to say one other thing. A year ago, I stood here, the first time I came back after being away from things for quite awhile; a year ago; and I addressed issues with this downtown; the lot that had weeds up to here. Here I stand a year later, that lot, again, has weeds up to here; the sidewalks in the downtown – can't somebody get out there and power wash the sidewalks or spray the weeds and the sidewalks? They're so covered with algae. I mean, there's little things like that, that whether you see them personally, we see them; people that visit this town see them and that all builds on to the appeal of Milton; either they come here to buy; come here to shop; come here to visit; come here to fish. We love the town and we're fighting for our town; that's all we're doing when we come up here and address you. We just love the town. So, anyway, thank you.

Mayor Newlands: The one comment that I would like to make is we're an hour and fifteen minutes and we haven't started the meeting yet. So to get up there and say that I stifle people and don't let anybody talk, I'm sorry, but we're at an hour and fifteen minutes and we haven't even started our meeting yet and I don't cut off anybody on Council, and they know it. They're free to talk as much as they want up here. Go through the records. Go through the minutes. Find out where I've cut people off and told them they can't speak.

Ed Harris: Okay, let me just say one thing. Is my perception wrong or is it correct?

Unidentified Speakers: Correct.

Ed Harris: There's your answer. I'm not creating this, I'm just telling you.

Mayor Newlands: And about 60% of these people don't come to the meetings.

Audience: Boo.

Mayor Newlands: They don't come on a regular basis.

- h) John Oates, 115 Arch Street: I also would like to encourage the Council to renew Mr. Abbott's contract. I think his exception skill set is evident to everyone who comes to these meetings and he is an asset to this town and that's undeniable. That's it.

Mayor Newlands: Thank you.

- i) Kathryn Greig, 326 Union Street: I'm here to announce a couple of upcoming events as

those of you who come here often know that I'm like the free promoter of Milton, but there are two events coming up. One is for the Garden Club and I want to invite you to lunch or dinner on Wednesday, this week, the day after tomorrow. You'll have to pay for it yourself, but it's a Irish Eyes. They're giving us 10% of the money they take in from 11:00 in the morning until 10:00 that night, so I hope that many of you will come. Out in front of Irish Eyes will be a Garden Club member who will be a greeter and we will be selling raffle tickets and the raffle is a dessert a month. The first month we'll be drawing the winner right after Holly Fest, we'll be selling the raffle tickets from now until Holly Fest. The first Dessert of the Month will be the Month of December and we are giving twelve dozen cookies in a basket; that's a dozen of twelve different kinds and as I sent out to some of the people on my email list, you can really be a hit at your business, if you're still working and treat everyone; or maybe the neighborhood, or you can be a pig and eat them all yourself. But please come and support us. The next event is on Saturday. It's the Milton Historical Society September antique show. We have about 27 vendors. Irish Eyes will be there selling food, as will Myra Oates and Pat Greninger, with baked goods; so that is a \$3 admission that goes to the Historical Society. And two months ago, I was here at this meeting talking about the Garden Club. I guess I was begging for money, because someone went down to M&T Bank and deposited \$250 into our account and it was anonymous. We have no idea who it was, but if you're here in this room, thank you very much. The other thing that happened after that meeting; now I admit I get up here and I talk about how wonderful Milton is. I don't think it's perfect, but I think it's really a great place. I've lived here about 11 years. I'm happy to be here. I'm happy to have a business here. I'm happy to be involved in organizations and when I get up here I usually am very positive about it. Simply because for years I taught middle school and I've learned that... That taught me to be positive about a lot of stuff when you're not teaching middle school. But the thing of it is, the next day, I got a text message. I don't even have text message service. I had to sit for a long, long time to bring that message up and it said, and I'm quoting, not using the word, "F this town. Just F it." Now, if you don't like that I'm being positive, please come and talk to me personally, don't send me a text message, because I had to pay 20 cents for that. Thank you.

3. Call to Order – Mayor Newlands called the meeting to order at 7:48 p.m. and closed the Public Participation
4. Moment of Silence – Mayor Newlands
5. Pledge of Allegiance to the Flag
6. Roll Call – Mayor Newlands

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

7. Additions or Corrections to the Agenda
Mayor Newlands: Do we have any additions or corrections to the Agenda? I would like to move Item 15, a before 14, a, so that the Tidewater guys can leave after that. Are there any other additions or corrections to the agenda? Can we get somebody to approve the agenda with the change of 15, a.
8. Agenda Approval
Councilman West: I'll make a motion that we approve the Agenda with the change.
Councilman Lester: Second.
Mayor Newlands: We have a motion and a second to accept the agenda, with the change. All in favor say aye. Opposed. Motion carried.
9. Presentation and Approval of Minutes – August 6, 2012
Mayor Newlands: We have the minutes of the August 6, 2012 meeting. Does anybody have any changes or issues? Can we get approval of the minutes for August 6, 2012?
Councilwoman Patterson: I move we accept the minutes of August 6, 2012, as amended.
Councilman Lester: I second.
Mayor Newlands: We have a motion and a second to approve the minutes of August 6, 2012. All in favor say aye. Opposed. Motion is carried.
10. Discussion on Written Committee Reports
Mayor Newlands: We don't have any committee reports, but I know somebody is going to speak in a little while about the Cannery Village signage, so let's go on with the Town Manager's report.
11. Town Manager's Report
Win Abbott: Mr. Mayor and Council, you have before you a Town Manager report for August 2012. There were copies left out for a number of the citizens, as well. A couple of the main items that are listed here, for those persons who have been here, and are already quite aware of, however, it helps to serve the record. One thing that I made a point of with regard to the audit results reported is that there's a language that is used by auditors that needs to be explained. One of those items was a material weakness was found in the practices of the Town of Milton in that there was a comprehensive lack of controls. This is in paragraph two. A weakness in control does not necessarily mean that there was any misconduct on the part of those involved in the town finances. It simply means that policies and practices that would prevent fraud and ensure accuracy, should be adopted; and it was noted that the town has recently adopted some measures that were consistent with the goal of Government Accounting Standards and Practices and our continued efforts in addressing specific exceptions found in the audit, are expected. The next item that I note in the Town Manager's report was that the Water Facilities Master Plan revisited at the August 23rd, Steve McCabe of Pennoni Associates presented the findings of the review of the Town of Milton Water Facilities Plan. The Council also voted to make two different preliminary State Revolving Loan Fund applications. These two applications were completed today and were sent to the Office of Drinking Water for a preliminary review, just to make sure all the technical data is correct. The elements of both the CABA Associates 2008 report and the Pennoni Associates report that was delivered last month, along with some updated demographics with regard to population statistics and average daily use of water. In

workplace safety, we were able to go through an audit of our facilities that resulted in a 16% decrease in the rate of insurance for worker's compensation and you'll find also some events that are listed in the Town Manager's report. That's all I have, Sir.

Mayor Newlands: The 16% reduction in insurance, is that reflected in the budget anywhere, or are we just learning this now?

Win Abbott: It's just now becoming effective. It will be effective, I believe in September for the coming year.

Mayor Newlands: So is that reflected in the budget anywhere?

Win Abbott: No.

Mayor Newlands: Okay, so we have to go through and redo and what were all those numbers?

Win Abbott: Just one. That is the worker's compensation.

Mayor Newlands: But it's by department though, isn't it?

Win Abbott: Yes.

Mayor Newlands: Yes. Okay. Thank you.

12. Department Reports: Public Works, Project Coordinator, Code and Police

Mayor Newlands: Next we have the department reports. We have the Police report first, are there any questions?

Councilman Booros: I've got one little question and it's from last month, June. 24 juvenile detentions in one month? Are kids running amok in this town?

Chief Phillips: I don't have the exact paperwork in front of me to tell you what they were...

Councilman Booros: Was it a school bus gone wild, or something?

Chief Phillips: No I think there was a home invasion in Ellendale that we picked up some people on and they were also involved in some of our crimes here, but other than that, it's all...

Councilman Booros: When it said juvenile detentions, 24, it just seemed like an awful lot.

Mayor Newlands: I think that's the number of counts of arrests, meaning...

Councilman Booros: So it's the number of counts, not the number of kids.

Chief Phillips: Right.

Councilman Booros: Oh, okay, never mind. Thank you.

Councilwoman Jones: I have a question about the street lights reported. Chief, on this list, which dates back, you're giving us a year in review here because we also have one – I don't know whether that's a number mistake, the very first one that says January 3, 2011. I have a feeling it's 2012? The very first one.

Mayor Newlands: Yes, Lonnie wasn't here in January of 2011.

Councilwoman Jones: That's why I think that was a typo, but can there possibly be a way, instead of giving each month and your having to keep that just perhaps on a monthly basis let us know, or perhaps you don't know; perhaps that information comes from the town, Mr. Mayor, that it was actually corrected.

Chief Phillips: We have no way of knowing. All we know is that we turn it in and they'll tell us in 30 days or so they'll have it fixed; the only way we know is when we go back by and it doesn't show back up on the list that it got fixed. I guess. I'm not sure if they have a better system than that, but not that I know of.

Mayor Newlands: It still doesn't come through Town Hall, they go straight to the power company.

Councilwoman Jones: Okay and the other was, because I've been a couple of months talking about the lighting in town and how some lights are really quite brilliant and some are not. I don't know if this is the officer's attempt to kind of attempt to address that or not, but there are

three items on here. One of them is located out in front of my house. It says branches blocking light; homeowner's must trim trees. Now, I am aware of an ordinance in town that says it is the homeowner's responsibility on that public street to have those limbs trimmed to no less than eight feet above the road. I don't know what the officer's message here is. It's not reported as a street light out. If the officer had happened to go to the... If the idea was to look for lights that are not quite as effective as they should be, they would merely have to go to the end of Behringer at Atlantic and you can sit under that in your car and still be in the dark. Now mine is one of those very tall mercury colored, kind of coppery colored lights and for full grown trees shared by both myself and my neighbor, Mr. Bushey, I was out in the road today to make sure that those branches were in compliance. So homeowner's must trim trees. I'm not sure what that message means or whether that is the project that's been begun about surveying lights around town, because there are several that would be running on Atlantic Avenue, if that were the case and the officer would note that it shines hardly any light at all.

Chief Phillips: I would just be guessing, but I'm thinking that that's their opinion, if they were trimmed, light would be brighter. I do know in the past some people have complained about the lights being too bright and I believe DP&L's come out and actually blocked it off or fixed it so it didn't shine so much in their house and stuff like that. In the last few years we've had complaints like that.

Mayor Newlands: Have you called this light in to the DP&L?

Councilwoman Jones: Mine? My light's not out. That's not why it's on this list.

Mayor Newlands: Yes, but have you called in that it is dim?

Councilwoman Jones: No I've told the Council here for a couple of months that it's very dim and I believe either you or Mr. Abbott said that it would be a good idea to do a review of the lights in town for their effectiveness and there are several that are not. In my case, my light which falls closer to the Bay Avenue side is very bright, but as soon as you leave that halo, it's black as pitch; for the remainder of that street and that street happens to be a main walkway for the resident's on that side, on that Bay Avenue side; they come down Behringer, because it's a straight shot to the Park and especially in the summer, there's a lot of foot traffic. You can drive down that street at the lower end on Atlantic and your streetlights are just simply absorbed by the amount of blackness that's on the street.

Mayor Newlands: When you're standing there in a dark area, and you look up at the light, can you see the light?

Councilwoman Jones: You can see it's on.

Mayor Newlands: But what's in between you and the light, if the tree branch is there? That's one of the concerns.

Councilwoman Jones: My tree branches?

Mayor Newlands: Not particularly yours, but where you're saying it's dark on your street. If you look up at the light, if you're standing in the dark area and you look up at the light, are there tree branches between you and the light? If that's what's blocking it, they have to be trimmed.

Councilwoman Jones: No, that's not... I would not say that that effects that spot on the street. You're asking a homeowner to cut full growth trees in order to promote light and I can tell you unequivocally that was not my intention in asking you to look into the lighting. I'm talking about... You know, time is going to change real soon. You come out of Town Hall at 5:00, take a ride down Atlantic Avenue, is anybody else aware of this particular spot? Bay's pretty much the same, only because of the infrequency...

Mayor Newlands: Is it the tree? All I'm asking is is it the trees?

Councilwoman Jones: No, right there, it's right at the corner of Dry Zone, that one and there's

nothing around it and it's still...

Mayor Newlands: But there's a light there, so the light's just insufficient?

Chief Phillips: It's kind of dim, is what you're saying.

Councilwoman Jones: Very dim. Yes. And there are several of them, actually through town that have that case. There are actually several of them through town that suffer that. It's just either the type of; or as you've talked about globes need cleaning, or lights need replacing.

Councilman West: Mr. Mayor, we had a healthy discussion about this, if you remember I called you the next day after I checked into those bulbs.

Mayor Newlands: Right.

Councilman West: And some of these bulbs will put out more light than others. It depends on the type of bulb they put in there and I know what Councilwoman Jones is talking about, because some of them will put out a bright light within ten feet of each side and then after that they just fade out in the darkness and it depends on the type of bulbs that are in each of these lights.

Chief Phillips: Also the problem you have is in the electric company doesn't see that because they don't come out at night time, they just come out in the day time and if they test it and it's working then they're happy with it, basically.

Mayor Newlands: Maybe what we'll do is, can we have your guys look at some of these areas and just get an inventory and report them as dim and let's see what they do about it?

Chief Phillips: Certainly.

Councilwoman Jones: Well there's a light right there at I think it's called Luther Gardens on Bay, that just lights up everything and from my house, the back, which is quite dark, it just looks like there's a spotlight over there, or you have some emergency personnel or something over there. It is beautifully bright. I'm not saying it shouldn't be.

Mayor Newlands: Is that on their property? I'm wondering if that's one of their lights, as opposed to the... Because they have a big piece of property.

Councilwoman Jones: I would be lying if I tried to tell you which side of the street it was on.

Mayor Newlands: Okay, we'll have the officers take a look and we'll start reporting them as dim and see what kind of response we get.

Councilwoman Jones: Just dim. I think you'll find plenty of them.

Chief Phillips: Absolutely.

Councilman West: Actually...

Mayor Newlands: This was their first response here, is they thought it was the trees. They noted a couple of properties here.

Councilman West: Also, Chief, there's a light out here in the park on this walkway; it's not been reported on here, that I've seen; unless I missed it.

Mayor Newlands: Is that the one by the information booth? That's been reported a couple of times.

Councilman West: But it's still out.

Mayor Newlands: It's still out? Okay.

Councilman West: And also Mr. Mayor, we need to put another light back here as that walkway goes around the back of the those trees towards the playground equipment; because it's awful dark at night when people and kids are coming out of the concerts, here in the fall.

Chief Phillips: Definitely you should put motion lights out there on the...

Councilman West: On the gazebo.

Chief Phillips: Right, that would help when they're hanging out there all night. We're still working on that.

Mayor Newlands: Can you note where you think it's dark and give it to Allen and we'll take a look at it?

Councilman West: Yes, that's no problem.

Mayor Newlands: Okay, good, thank you.

Councilman West: Him and I can get together any time it suits him.

Councilwoman Jones: And the problem with that is they just come break the bulbs so that they're not seen.

Chief Phillips: That's why we want to put them high enough so they can't reach them.

Councilman West: What we were talking about, the Chief and I, Marion, was possibly put those lights that are all the way in the ceiling on a motion detector, so that with the lights being up high like they are, they do a fine job up in the there and it lights up that whole area good, and if we could get a motion sensor somewhere where people couldn't find it, that they would really look for it; then it would help the Chief out with his job with some of the stuff that has come to me this summer of different objects that are in that park that shouldn't be there.

Councilwoman Jones: Yes, I'm aware of those.

Mayor Newlands: Okay, we're done with lights, let's go on to the Code Department.

Councilman Booros: I have one question and one comment. Did we get 33 general and rental licenses this past month, or is that the yearly number? What is that?

Mayor Newlands: Month – it's business licenses.

Councilman Booros: 33 business licenses?

Robin Davis: Business and rentals.

Mayor Newlands: And rentals, okay.

Councilman Booros: Cool. And my comment is, for the first time since I've lived in this town, I was pleased to see all of these Code Enforcement issues listed over and over and over and over; there's like six pages of people. I wasn't one of the ones who was nailed for not cutting their grass and I probably should have been, but I've never met him, but he's apparently doing his job.

Mayor Newlands: Just to let you know, that's two months worth.

Councilman Booros: I understand. I saw that as July and August, page after page after page.

Mayor Newlands: Yes, he is.

Councilman Booros: But that's more than I've seen done... One of these pages is more codes than I've seen enforced in the last five years. So whoever the guy is, he's...

Mayor Newlands: Michael Trotta, he's our Code Enforcer.

Councilman Booros: Sounds like a descent man to me.

Councilwoman Jones: I have a comment and a comment. On Page 3 of the Project Coordinator's Report, when it says prepare Tidewater Invoices. Is the Town of Milton looking; or the residents, excuse me, are the residents of Milton looking for any kind of credit on their wastewater bills associated with the debacle of the switchover with Tidewater to the higher rate, that we didn't seem to know the date? Are we anticipating anything?

Mayor Newlands: Actually I've sent that off to Mr. Esposito, who sent it off to Middlesex. Have you gotten any answer from them?

Jerry Esposito: No answer yet.

Mayor Newlands: What happened – just to let the public know – what happened was Tidewater switched their billing cycle midstream; they were two months into a three month cycle, so they applied the rate to the third month and they applied it to a third of your usage; which really is not correct; because they really couldn't tell if you were here the whole month or not; so they really couldn't divide by three and just apply it to the third month, because they don't get meter

readings by the day, they get meter readings by the quarter. So it really was improperly done. It really should have been done at the end of the quarter.

Councilwoman Jones: I also want to say I was so very pleased to see Mr. Trotta's basically validation that there were so many code violations and if I may, make a recommendation that as we take a new employee like that on, Mr. Abbott, I know that we were told to welcome him. I wouldn't know him if he sat in this room tonight. So I would wonder if, as a new employee, such as that, who is definitely very exposed to the community, he might come in and be introduced to all of us, if that's feasible. It would be very nice.

Mayor Newlands: Sure. And actually we have a new accounting clerk who started today. You want to just announce who she is.

Win Abbott: Patricia Marney joined us today, for her first day, she's a new accounting clerk. She comes to us from Shawnee Country Club where she was the controller of all finances there. As most of you in the community know, Shawnee was bought out by the Club down here at the end of 16 on the way to Broadkill Beach and they didn't have a need for the redundant services, so her hours were drastically cut back. She's a very active in community affairs of the past twenty years in the Milford area. I think she's going to be a great fit for her and today was her first day.

Mayor Newlands: Thank you.

Councilman Lester: Mr. Mayor, just one quick comment on the rental licenses, because there was some controversy about asking people to sign that affidavit. That's how we got the 33 additional licenses.

Mayor Newlands: Yes, and also the form that we're asking people to sign is called a Declaration. The letter actually had the word Affidavit in it, the form doesn't have the word Affidavit on it. So it was just the letter that had the word Affidavit on it.

Councilman Lester: It worked.

Mayor Newlands: It worked and we're going to go through another iteration and another cycle of figuring out who hasn't signed it and who hasn't come in.

Councilwoman Jones: And isn't that the item under New Business? Yes, Ordinance to Amend...

Mayor Newlands: Yes. Well also it's an ongoing process to make sure that every resident has at least declared once what's going on there; because we want to make this an annual thing. I have just one question on the Code and I'll ask Robin. There are three permits for three homes, new homes, at \$350,000?

Robin Davis: The construction costs, yes.

Mayor Newlands: That's it, for three homes? Really? Okay.

Councilwoman Jones: I would also like to ask Robin is this the long awaited permit fee for the Brew House renovation that we were looking to get in this budget year?

Robin Davis: That's for the Brew House. The building permit for the warehouse will be on September's report. That will be totaling \$69,000.

Councilwoman Jones: So it will be received this year?

Robin Davis: Correct.

Councilwoman Jones: Great.

Mayor Newlands: Are the Fire Marshall's finished?

Robin Davis: Yes.

Mayor Newlands: Okay, onto Parks and Streets. There's one thing that Mr. Atkins is noting here that Wal-Mart Distribution Center in Smyrna they gave all the municipalities their left over street salt for the year. I guess they didn't sell anything this year, so they disbursed it out to all of the municipalities which was nice. We wound up getting 550 bags? Do we have a value to that at some point?

Allen Atkins: At Wal-Mart's cost they said it was \$6,000.

Mayor Newlands: That we got?

Allen Atkins: Yes.

Mayor Newlands: Wow, okay.

Councilwoman Jones: Did we send a thank you letter?

Allen Atkins: It's in the process. I'm getting the address to send it.

Councilman Booros: Mr. Mayor, I have one question on this thing and it's the very top thing, routine trash pick up in all parks and I don't want to elaborate, I just want to ask, who's responsibility is it to pick up the trash in the parks that's not in the cans? Is it the Garden Club's responsibility or is it our maintenance guys responsibility?

Allen Atkins: They do it when they go through and pick up the trash during the week.

Councilman Booros: Okay, I just wanted to know.

Councilwoman Jones: I'm sorry, Katherine wasn't here. I marked that as was it just cans or debris on the ground, which takes me back to the comment I made last time. Before we leave, well it's not really parks, but it's something I thought of before and it was in earlier summer when we talked about, I talked about, replacing the tree again in front of the Antique Shop at that "L" on Federal and it was too hot to do that, but I wanted to give you an observation and maybe a change up, if you will. I took a look there and I'm always looking to see if it's been replaced, but when you sit at the bottom right at that "L" and you look straight up, actually the line with the coffee shop is a beautiful, clear shot straight up the street, visually, it's really quite nice. The trees on the other side of the street have become quite woolly, almost as if they could stand some nice easy trimming and I wondered if, and I'm hoping, the tree perhaps has not been picked out and purchased. I did a little research about putting either a winter berry holly or a Nandina, which would create some really pretty color in the fall and the winter and could be well shaped to stay low so that it leaves that look up the street. It's really quite nice if you look at it and then trim the other side, which has the shade trees on it.

Mayor Newlands: So you're looking for a tree or a shrub?

Councilwoman Jones: It's shrubbed. It's a very nice, ornamental tree. I'll give you some names, if that's okay and was there a bench at that location, prior to the accident.

Mayor Newlands: He's shaking his head no.

Councilwoman Jones: There was not. Okay. Alright.

Mayor Newlands: The tree well it's fixed, is it installed? But it's not installed yet though, is it? Is it installed?

Councilwoman Jones: But if acceptable, it's just my opinion; it just gives such a pretty shot up the street, up Federal Street, without any tall trees being in that line, if you consider a bush instead. Might be a little bit cheaper.

Mayor Newlands: Well we got the money from the insurance company, so we have the money to pay for the tree.

Councilwoman Jones: Under the Water Department, my only question was the repaired water service on Atlantic Street damaged by the contractor, did you get reimbursed for that?

Allen Atkins: It wasn't that expensive, we were able to patch it.

Councilwoman Jones: Okay.

Mayor Newlands: And in the middle of the second page, on the water, just to let people know, the generator that we have as a back-up on the water system down on Chandler Street, it failed to come on one day, so we had a large generator repair and we had to... Did you actually bring another generator in or you just made arrangements for one?

Allen Atkins: They brought another generator in. The last Council meeting is when it happened

and they brought another generator in, just in case we needed a back-up while it was out.

Mayor Newlands: Right. Okay.

Councilman Booros: Mr. Atkins, you have on here that we installed new chemical feed lines in well five building. Isn't well five the one down by the sewerage treatment plant?

Allen Atkins: That's the one at the sewerage treatment plant, yes.

Councilman Booros: Is it usable?

Allen Atkins: We haven't used it yet, we're still waiting on a saturator part for the fluoride system. Once we get that, we're talking about putting it back on line and trying it.

Councilman Booros: Okay.

Councilwoman Jones: Is it also prudent to consider, since that is on now land that is occupied by Tidewater, can a small change in that fencing provide that that well treatment house be accessible always by the town; I mean just by changing a fence part; so that you don't have to enter onto the Tidewater property. Is it feasible?

Allen Atkins: It can be, but we have the code to get in to get to that well.

Councilwoman Jones: You have no issue. Okay.

Mayor Newlands: Councilman Booros if I'm not mistaken, someplace in these reports, Mr. Abbott wrote about the well number five; where was that?

Councilwoman Jones: It's being tested.

Councilman Booros: Well I knew it was being tested.

Mayor Newlands: Where was that? No, I know, but he has some other results in here; the odor is still an issue. Where is that report? I read it, I know that.

Councilwoman Patterson: I read it too.

Councilman Booros: He did a flood test.

Councilwoman Patterson: Oh, here it is, it's on the A Better Accounting of Water Use, September 10, 2012, on the back page; a nice summary.

Mayor Newlands: We haven't gotten to that yet, or we did? We didn't get to it yet. I knew I read it.

13. Finance Report and Revenue/Expenditures Report

Mayor Newlands: Okay, the next item is the monthly financial report from the Town Manager.

Win Abbott: Mayor and Council and members of the public, you have before you a Town Manager's Monthly Financial Report for the period ending 7/31/12. I want to take this opportunity to address something that's been brought up on a couple of different occasions from a few different people, because it's very timely. I go to quarterly meetings of the City Manager's Association of Delaware and one concern that has been ongoing and recently resolved is the fact that some municipalities have charged a certain amount for electricity, in terms of their rates, which has helped to subsidize their budget. About a year ago, Governor Markell found that that would be a detriment to economic development and entered into negotiations with towns that belong to the Delaware Municipal Electric Cooperative; towns like Seaford and Dover and Smyrna and they came to some agreement with regard to the rates that were charged, so that it was not an impediment to Economic Development and the view has been, amongst all the City Managers, that those who own utilities, like for example our water utility, that we be mindful of the matter in which we expend the dollars for that. The Mayor and Councilman Lester have been very conscientious in so far as creating allocations for the amount of time and effort, insurance costs, whatnot that can be allocated to the Water Department in our case and through various reasons, things like greater collections in the Code Department, for the amount of our engineering and legal fees that have been incurred, because of developers; you'll see in

the front page of the monthly financial report that the net change, year-to-date, for the period ending 7/31/12 is \$341,160.49 in our general fund. If you'll flip over to the back of the page, in the bottom, I referenced the proprietary fund and you'll see that because of cost allocations that there have been more expenses attributed to that department, not entirely, because we all know that we spent some money on some water system improvements and there's also been some reduction of revenue, because people have turned off some of their irrigation wells. The negative \$216,708 number, however, is significantly less than the positive \$341,160 in the general fund. Basically what this illustrates is that the Town of Milton is not using its Water Department to subsidize its general operations. I just thought that was a relative point, especially considering the news that the Governor and other towns that have electrical utilities have recently come to an agreement, we need to proceed in the same manner being conscientious about how we allocate our expenses. Thank you.

Mayor Newlands: Good. Thank you.

Councilwoman Jones: A complement and a question. Is this report available to the public? Did they get this?

Win Abbott: Yes I made 25 copies of everything. Obviously there's more than 25 people that show up.

Councilwoman Jones: Well for the folks who are here, I would bring your attention to the last paragraph on the first page, which is the recovery of professional fees in this year has brought in \$25,752, where at the same date last year, recovery was zero. That's very nicely done. Thank you. I do have a question about the comment on the top of the second page, Expenditure Highlights – control of administrative department expenditures has been impacted by the – and this is what I'm asking you, what does this mean – the need to satisfy insurance deductibles for employment practices claim; and that is putting us above \$8,900 over budget. What is that?

Win Abbott: There are various types of insurance that we carry. For example, you probably have auto insurance or homeowner's insurance and when you make a claim there are deductibles; things you have to pay out of pocket. The town has many different types of insurance. One of them is employment practices, liability insurance and because there were certain claims made, we've had to pay out deductibles. Furthermore, within that general category, the Town of Milton is self-insured for unemployment insurance, as opposed to most private employers where they pay a fraction of the payroll, every single payroll, into the State Unemployment Insurance Fund – the Town of Milton does not. They got in on a program many years ago, there were a select few, but we had some unemployment insurance claims during this past year that were paid out of that same bucket, if you will. So these were things that we could not necessarily control, but they are things that caused us to go over what our budgeted amount was for that cost category.

Councilwoman Jones: Thank you.

Mayor Newlands: And you can't join unemployment unless you do it with new employees only. So, in other words, Pat, who we brought on today, she could be the only employee that could have unemployment insurance. You can't back in all of your old...

Councilwoman Jones: As a new policy.

Mayor Newlands: If you're going to take out unemployment insurance with the State, it's only for new employees; they will not cover any of your existing employees, as of the time you take it out, because they're not going to insure – they're just going to assume that you're going to lay people off in six months, so they're just not going to do it.

Councilwoman Jones: Wow.

Mayor Newlands: They won't insure your existing employees, only new employees. They've

been in the game for a long time, so they must know how it's played.

Councilwoman Jones: Or got really burned somewhere.

Mayor Newlands: One or the other. Yes. Okay, Treasurer's Report.

Councilman Lester: Okay. As usual Ms. Rogers and I went through the statement and we're pretty much on track for most income and expenses; there are a few minor items that are plus or minus the budgeted amounts, but on the whole for the period to date, we're on track.

Councilman Booros: Can I ask a general question on your report, but I think it's probably more to either the Chief or you, Cliff. I was looking at the cellphone rates between the Police Department, Code, and the Water Department, kind of thing, and we wrote a check out for \$1,094 and a check out for \$871 for cellphone service to Verizon Wireless for the Police Department and the other codes are like \$38.50; do you all have something that's wireless, that's other than cellphones?

Chief Phillips: Yes we have air cards for the laptops that are in the cars.

Councilman Booros: A bridge for the laptops?

Chief Phillips: Yes.

Mayor Newlands: Yes, they're what, \$39 a month, \$49 a month.

Councilman Booros: My cellphone for \$10 bucks a month has a hot spot on it; you push it and it becomes a wireless...

Mayor Newlands: Yes, but this is each patrol car has to have...

Councilman Booros: Every cellphone, for \$10 a month, you can get a hot spot put on it so that when you're sitting in your car with your cellphone you have wireless service. I take my laptop in the car all the time and I took my wireless card, I was paying \$59 a month, back to Verizon and turned it in.

Mayor Newlands: Oh really?

Councilman Booros: \$10 a month on your cellphone, it becomes a hot spot.

Mayor Newlands: What kind of cellphones?

Councilman Booros: Mine's Verizon.

Mayor Newlands: We'll take a look at that.

Chief Phillips: Just to let you know, we've been in contact with Verizon about putting something on the water tower and for the last couple of weeks we've been testing our laptops because we've been losing signals here and there in different spots. So we may end up with something on the water tower that may help and boost everybody's cellphones, hopefully.

Councilman Booros: Good.

Mayor Newlands: Verizon was down for a day last week, so that was inconvenient.

Councilwoman Jones: I have a question for Councilman Lester. On Page 1 of the Revenue, better than half-way down is a line item for the National Nite Out donations and it looks to have in it \$1,738 and some change, but when it comes to the expenditures now on Page 6, the final pay-out for that event appears to have put them in the hole by \$1,117 and some change. Is it something I'm simply not seeing?

Councilman Lester: There's a balance in the account.

Councilwoman Jones: There is.

Councilman Lester: They have money in the bank.

Councilwoman Jones: But according to this expenditure sheet, they're in the hole. Is that correct? Am I reading it as of 7/24.

Mayor Newlands: Well it's not really looked at that way, because they're using some of last year's money. They have a bank account for the Nite Out, so they're spending some of last year's money and they haven't finished getting money in for this year, for next season's outing.

Councilwoman Jones: But this states that that's year-to-date revenue.

Mayor Newlands: Right.

Councilwoman Jones: And then if you applied year-to-date revenue for that account, year-to-date I'm assuming, is this calendar year, this budget year; it wouldn't leave you with a deficit, so please explain what I'm not seeing.

Mayor Newlands: There's money in the account from last year, that's not in this report. There's money we collected last fiscal year for the Nite Out, that went into their bank account and that's what he's spending.

Councilwoman Jones: Then why isn't that in here?

Mayor Newlands: We showed it as revenue last year. It's last year's revenue.

Councilwoman Jones: Previous year's revenue is where that would show up.

Mayor Newlands: No, it's in last year's report.

Councilwoman Jones: Okay.

Mayor Newlands: And if you look at...

Councilwoman Jones: Which brings me to, National Nite Out can carry their balance over, but we've been fussing that it appears that the Economic Development Committee cannot carry their money over. What's the difference?

Mayor Newlands: You can't carry budgeted money over, but if you collected money, like for the bake sale, correct me if I'm wrong, Win; you can carry that over, because that goes into the account, right? That's what I would think.

Win Abbott: It could be arranged so that you have a separate account just for that.

Councilman Booros: I thought that's the way it had been arranged, because when I was sitting there baking for three days, I had no idea it was going to pay for the Water Department to put a meter in somewhere.

Mayor Newlands: No it wouldn't pay for the Water Department, it's separate.

Councilman Booros: Oh, that's right, it would pay for a cellphone bill in another department.

Councilwoman Jones: I just want to be sure, we have expended at least \$1,000 which Council gave the Economic Development Committee and in addition, they had earned, on their own, \$570.

Mayor Newlands: That's correct.

Councilwoman Jones: That has not all been spent, but it's my understanding that come the new budget year, that's going to go back to only the amount that Council would give. If you're saying that's not correct, then the Economic Development Committee will actually carry it an amount, a balance, that was earned by the Economic Development Committee and be available this following year. I just want to confirm that, because we have a meeting on Thursday and I really think everybody needs to understand that.

Mayor Newlands: That gets tricky.

Councilwoman Jones: If you can do it for National Nite Out, you can do it – I'm guessing.

Mayor Newlands: For National Nite Out all of their funds are collected as donations. Part of your funds are town revenue.

Councilwoman Jones: Not anymore, we spent the town revenue part; we worked like sled dogs to make those bake sale dollars.

Mayor Newlands: The difference between what you're doing and what National Nite Out is, the town does not allocate any budget money for National Nite Out. Well if you put up a little sign on our bake table and said please donate to the Economic Development Committee, get a cupcake, that's a matter of semantics.

Mayor Newlands: I'm not disagreeing. No. Actually, I'm going to defer to Councilman Lester on

that, but I don't disagree with you with your \$570 that you shouldn't be able to keep it going forward. I do agree with you on that. I don't know how you do that.

Councilwoman Jones: I just want to be sure that we can.

Mayor Newlands: But it's not the same as how you.

Councilman Lester: Isn't this something we can discuss at a budget meeting.

Mayor Newlands: Yes.

Councilman Lester: This is taking up time for a long evening.

Mayor Newlands: Yes.

Councilwoman Jones: Well it's germane to what we're talking about. We're fighting for money on the Economic Development Committee; I'm sorry Councilman Lester, I think that's germane.

Mayor Newlands: Any other questions on the reports? And Mr. Abbott, we do need to move the \$155,000 from transfer tax over to the general account, I guess in the next week or two. The \$155,000 is what we budgeted to utilize from transfer tax, so we actually moved that money from the one account, into the other and I think – where are we at with the transfer tax? In the \$220,000 range now? That report came out today, it was \$32,000 we got for the month of August, so we're tracking around \$220,000 for transfer tax so far. Any other questions on these reports?

Councilwoman Jones: My only other question is on Page 16 and that is under Capital Expenditure, Water Facilities Plan project? It looks to be a \$5,000 negative. Is that the grant, Mr. Abbott? Isn't that the grant money we applied for for those water improvement consultation, or no?

Win Abbott: I'm sorry, Councilwoman Jones, I was making a note from the last thing that the Mayor told me to do.

Councilwoman Jones: There are two entries on Page 16 on the very bottom under Capital Expenditure, Water Facilities Plan project for Pennoni Associates. The account, which has an asterisk, weren't those paid for by the grant that we requested?

Win Abbott: There were three different bills that came from Pennoni Associates; they came during periods of time in which they had completed a fraction of the total job, so you'll see two of them on this report. As soon as the final bill was done, then a filing for reimbursement from the State Grant was filed. They have that now. They just received it within the past week. We should receive it by the end of this month, but it wouldn't be on this report and when you do see it, at least if things are handled consistently as I have advocated, then you won't see that expenditure go away, what you'll see is Revenue from grant go up.

Councilwoman Jones: Thank you.

Mayor Newlands: Okay. The Better Accounting for Water Use, is that for 14, a or is that – I don't want you to start it yet – but is that meant for 14, a?

Win Abbott: Yes, Sir, but I believe that you want to have another item now.

Mayor Newlands: Right. I just wanted to make sure that was for that area. Okay.

15. New Business – Discussion and possible vote on the following items:

- a. Discussion with Tidewater Environmental Services (TESI) to renegotiate the contract between (TESI) and the Town

Mayor Newlands: If Council could get out the spreadsheets that I created for Tidewater. Mr. Esposito, I just wanted to give you the handout that we're going to give out to Council, just so you're on the same page with us. What I detailed on this spreadsheet are the finances from the contract that the town entered into with Tidewater back in February of 2007 and the reason I put the page numbers in there, so it's easy for you to

find them within the contract, if you're looking at the contract. Basically, we sold the treatment plant for \$6.4 million; we gave Tidewater \$2,347,000 in sewer impact fees that went along with the plant. They in turn gave us a down payment of \$2.5 million for the plant, with the remainder of \$3.9 million; but now that we're not going to... So I just want Council to understand where we are. We have a total due to town of \$3.9 million; everybody on the same page? They've given us about \$270,000 and this is approximate, within a couple of houses, because I just did a rough estimate from the reports that are in the back that Robin provided for me, so subtracting the \$270,000 out from that and when I subtract out the \$1.5 million for the 18 acres that they no longer want; that leaves a balance due of \$2.13 million that's due us.

Councilman Booros: Can I ask a question? Do we own the 18 acres?

Mayor Newlands: No we do not.

Councilman Booros: It was never given to us. Sold to us for \$1, whatever.

Mayor Newlands: It was never given to us. No, what happened was they were about to deed it to us and the bank would not release it from the loans, because the loans encompass the entire 86 acres, so I think there's two loans outstanding on those properties and the bank would not separate that piece, until that loan was paid off. I think the hopes of having the Milton Green Project come along and pay them some money would have gotten that released, but that never all happened. So the contract really calls for us to get paid from Tidewater in increments of \$1,500 as a new home is built. Okay? And in today's world we're doing 20 homes, we get about \$30,000 from Tidewater, that's all we get. If you look at one of your other spreadsheets in the back and I'll tell you which one to go to – if you go to the third spreadsheet that says New Subdivision Statistics, that will show you that we have about 1,529 vacant lots within town. You divide that by 20 and it's going to take 77 years to pay that off. I don't mean to be snippy about it Mr. Esposito, but it was pretty much a no money down deal and zero interest for 77 years. So it's not a good deal. Now, granted what Mr. Esposito said earlier, we were doing approximately 100 homes, if you look at the last spreadsheet; we were doing 100 homes a year in 2006 and it dropped down to 62, then to 56, then to 29, so the estimates were there to do a decent amount of homes per year. So we're getting paid this money back at zero interest, so I have three different options that I put on the table here and one is that we get paid back the \$2.1 million in five years, in equal payments of \$426,000; the second option it would be a fifteen year mortgage, which would be \$191,000 a year, giving Town interest of \$743,000 over fifteen years; and the third option would be to have Tidewater pay us the \$8,000 impact fee they get from the developers every time a home is built, at a minimum of twenty homes a year. That would give us \$160,000 a year and if we didn't increase the number of homes that were built above twenty, we would get paid that money back in fourteen years. Still at no interest, by the way. So these are the finances that we're dealing with and this is what I'm trying to get a number above \$30,000 a year, because \$30,000 is going to literally take 77 years to get paid back at this billing rate. I think if you quadruple it, you're going to get paid back in 30 something years, or 20 years. Questions, comments?

Councilman Lester: I have a question maybe for Mr. Thompson. In the private world, the federal government requires that a loan be interest bearing and if it's not they impute interest; I've never looked into this on a municipal situation, but do you think the same sort of rules would exist?

Seth Thompson: Well the contract did not provide for interest and the course of

performance on the contract did not provide for interest, so I think that would be difficult.

Councilman Lester: But in the public world, if I entered into a contract with you and there was no interest, the IRS would impute interest; they don't care what we say; they would impute it. They say and they actually publish rates every quarter that are the required rates for short term loan term notes, etc., etc., so that might be something we could look into.

Seth Thompson: I can look into it. Is that more of a tax issue, though, based on the time value of the money?

Councilman Lester: No, I think if you base it on tax law, maybe the same set of rules would apply regardless; that you simply just can't have an interest free loan.

Seth Thompson: I'll be happy to explore it.

Councilman Lester: The only feature is rental on that piece of property. If they're going to be there long term, I do think that bears market rent; \$50/\$60 a square foot would be nice. That does warrant looking into for the rent piece.

Mayor Newlands: I mean, to me this is deemed an unfair contract; it's almost unattainable. I mean 77 years payback on a treatment plant that is going to have to get rebuilt soon, at some point, is an awful long period of time to get paid back.

Councilwoman Jones: And the payments in either option 1, 2 or 3 is simple income?

Mayor Newlands: No, one is simple income over five years; two is an actual mortgage; fifteen year mortgage at 4%.

Councilwoman Jones: Okay, aside from the percent, I mean as far as Milton receiving it is simple, unencumbered income; it is coming to us, into our coffers, we'll raise our balances by this much, no matter what plan...

Mayor Newlands: No, right now we're using \$30,000 a year of the revenue to...

Councilwoman Jones: Oh, I don't mean that one at all.

Mayor Newlands: No. No. I'm just saying, right now we need some of this to balance the budget and if we took the last option, option three, of the \$160,000 most of that would go into the bank; or a good portion would go into the bank. And we could use that for salary increases, for other capital improvements, whatever we needed to do around town.

Councilman Lester: Or replenish our rainy day fund.

Mayor Newlands: Yes.

Councilwoman Jones: Are you looking for suggestions?

Councilman Lester: No. All I was going to say is I know we've been beating up on Mr. Esposito, but it's not totally his fault. This town was poorly represented at the time this contract was written.

Councilwoman Jones: I would make the recommendation, you call the loan, get your pay out as fast as you can, even if you don't get the interest. \$426,000 a year for five years is going to build up your revenue somewhere.

Seth Thompson: We will have to talk with Tidewater in terms of and that then would prompt a rate increase application.

Councilman Booros: A rate increase for everybody in this room.

Councilwoman Jones: We went through that discussion right here. If we call that loan or we increased or requested an increase in the payback, would it effect the rates? Does anybody remember what the answer was? I believe it was no.

Councilman Lester: It was no.

Jerry Esposito: It was unclear.

Mayor Newlands: And my take on this is, and I've never bought a building like this, you would float a bond normally; companies float bonds to buy assets and that's what you would normally do with this is float a bond and pay the town off. Not town getting a bond, Tidewater getting a bond.

Councilwoman Jones: Tidewater getting a bond.

Unidentified Speaker: Contract lawyer.

Mayor Newlands: We will.

Councilwoman Jones: Well this information in front of us has our hands a little tied until we have the answer to that question definitively.

Mayor Newlands: Well it doesn't mean we can't entertain an answer back from Tidewater after they've looked at it, as far as the figures here.

Councilwoman Jones: I think that's what I just said.

Mayor Newlands: Because the bottom figure that I'm looking for is really a matter of them taking the money they get in for impact fees and just really turning it around and giving it back to us. That gives us a steady stream of income for fourteen years.

Councilwoman Jones: Somebody won from this deal and it wasn't Milton.

Mayor Newlands: I think we need to not get into that anymore. We beat that one up enough. We're not going to...

Councilman Lester: I don't think we can sit here and tell TESI what they're going to do. We have to somehow...

Mayor Newlands: I wanted to get Council on the same page. I wanted to get Tidewater on the same page. I wanted to get the public on the same page. I think we deserve an answer back from Tidewater at some point. We probably have to send them an official letter from our attorney, just to start the negotiation off.

Councilwoman Patterson: Mr. Mayor, I do appreciate your putting this information out there to get us all on the same page.

Mayor Newlands: The contract is a little difficult to read. I couldn't understand the contract without putting it into a spreadsheet, because some of the numbers go back and forth and there's a \$1,500 number that was repeated a second time for properties outside of town, in the growth area, which was legislated against, so it gets kind of confusing reading some of that stuff, that's why I detailed it out this way. Okay, we don't need to vote on anything right now. It's just a matter of getting this all out in the open, so when you hear things, you know what we're talking about. Does anybody have any questions? No. Okay. Mr. Esposito, thank you.

Jerry Esposito: You're welcome. Mr. Mayor, I just want to be clear, you're not asking me to respond to this until you send us a letter asking for a response. Is that correct?

Mayor Newlands: If you want to respond to it now, cold, go ahead.

Jerry Esposito: No. No. I mean you want a response in writing.

Mayor Newlands: Yes.

Jerry Esposito: I thought I heard you say you're going to send it to us formally and that would be the venue for us to respond in.

Mayor Newlands: Correct.

Jerry Esposito: I didn't want to miss any request that you made from us. Okay, so I'll wait for that letter.

Mayor Newlands: Thank you.

14. Old Business – Discussion and possible vote on the following items:

a. Water System Improvements monthly update

Mayor Newlands: Mr. Abbott, you probably cover everything that I have in here, so why don't you go through with your Better Accounting of Water Usage.

Win Abbott: Mr. Mayor I went back and double-checked the total number of meters that still need to be installed. This was written a week ago and we continue to work on things every day as the time is available. At that time 29 meters is all that remain to be installed in the entire town. At the August 6th Council Meeting there was a \$6,000 authorization for leak testing on 6.84 miles of water mains in town and we received help from the City of Milford, at no cost. They provided men and equipment to clean out the valve boxes, where we were able to isolate different sections of the main and once again, they did that for no cost. We're greatly indebted to them for that. Also, the representative of the Delaware Rural Water Association was able to provide another device that cannot pinpoint the exact place of a leak, like the Leak Corrolator we in mind to use for this job, but could tell if there was a leak happening in a section of the system. That cost us nothing and we were able to find out that we had no leaks in any of the sections in the 6.84 miles. Now that doesn't mean that leaks don't happen occasionally or that there couldn't be leaks in some laterals, that go from the mains to particular homes or businesses, but it does mean that that is not a source of us losing water. In the interim, we also took a closer look at how we're metering the water that comes out of the wells and found that the manner in which we detected the flow, was not as accurate as it could be, especially when the water is pushed backwards into the well, which causes us to count the water twice. So we are continuing to fine tune our flow meters; we're looking into installing new check valves, so that we can be absolutely certain that we're only counting the water once when we pump it out of the wells. In the Pennoni Associates report that we had last month, it was mentioned that there was a well, the well that is at the Tidewater facility, that had been used in the past; was shut down because of the odor of sulfur. A. C. Shulte's went in there, checked out the well and it is in pretty good working order. It would use a little bit of extra help, but in the meantime Mr. Atkins had the water tested; it's safe, but there is an odor situation going on there, so we continue to look at our options with regard to that. Thank you.

Mayor Newlands: Now, on the water that we were counting twice, we did do some tweaking with that on some of those meters?

Win Abbott: I'll let Mr. Atkins answer that.

Mayor Newlands: Okay.

Allen Atkins: We've had the water meters at the wells recalibrated again to a lower percentage; and the main well house also; and the biggest item we found there might be a couple of check valves that are leaking some water by them when the _____ are off with the fire pressure. That's another option that we're going to have change out and check that.

Mayor Newlands: Okay. And you're also looking at changing the meter types from the mag meters to what's the other type? Turbines?

Allen Atkins: No to the mashed meter, the ones like you put in the fire house and the other at Luther Gardens.

Mayor Newlands: They have a lot more accurate...

Allen Atkins: They're more accurate to the real load flow.

Councilman Booros: Mr. Atkins, the water back flowing back into the well and being

counted twice. How long will it take before we can get an actual accounting, if that's where the missing water truly was going? Six months? Three months?

Allen Atkins: We'll know in a couple of months by what the difference is since we had the meters calibrated better; but if we go ahead and change the meters out, within a month or so we can probably know for sure.

Councilman Booros: Okay, thanks.

Councilwoman Jones: And I have a question. I don't know whether it's for Mr. Atkins or Mr. Abbott, with Well Five still producing odor, it says the next step in this exploratory phase is to see if there's a system that can eliminate the sulfur odor. Is there any corrective measure that can be done by changing the depth of a well?

Allen Atkins: It possibly could, but we're not really sure whether it's the depth of the wells, the shallow wells actually have a higher sulfur content than the deeper wells. The thing is Well Five is not blended with the wells on Chandler Street; so it goes directly to the system, so that's the biggest problem. They can be treated for the odor, but we're exploring the cost on that also.

Councilman Booros: Well on that note, and I think I brought it up at last month's meeting, Dogfish Head in one of their reports to either Planning and Zoning or whatever it was, was talking about digging... Oh no, they came through here to dig the well deeper into the aquifer that we're using that smells like sulfur, because they would rather use that for their beer, then to use the water they had to treat with nitrates.

Allen Atkins: Right, yeah...

Councilman Booros: So it can be treated.

Allen Atkins: It can be treated, but there's a cost to it and that's the thing – we have to find out what the cost would be. Their main thing was they don't want the chlorinated water at Dogfish – they didn't want chlorinated water in the...

Councilman Booros: I understand that, but they also don't want the smell of sulfur in their beer either, so they're getting rid of the smell.

Councilman West: Yes, by charcoal filters.

Councilman Booros: Charcoal filters.

Allen Atkins: There's a difference in the distance of the wells too, so that's another thing.

Mayor Newlands: Because we're already in that aquifer now, right? In the wells on Chandler Street, aren't we?

Allen Atkins: Yes.

Mayor Newlands: Yes, so well five is in – what is it the Chesapeake?

Allen Atkins: Wells four and five are in the same aquifer.

Mayor Newlands: So wells four and five are in the same aquifer, but five is the one with the smell and four was fine.

Councilman Booros: So they can get rid of the smell, is what I'm saying is...

Mayor Newlands: Yes, we don't know what the cost is yet for that.

Councilwoman Jones: Just an education question for me. If two wells are pulling the same and one has the odor, why would one and not the other if they're pulling from the same aquifer? Is it a depth issue, that's just a question.

Allen Atkins: It could be a lot of different things; not only depth, but the formation of the rocks in the ground where the aquifer's at; there's a lot of different scenarios to it.

Councilman West: That's what the ground formation is.

Mayor Newlands: As a matter of fact, most of the towns pull from the Columbia Aquifer; almost every town in Sussex County pulls from the same aquifer. I remember

Georgetown had a similar problem two years ago, didn't they. They kept testing wells at I think \$12,000 a shot and they kept coming up with I think sulfur smells. Okay. I don't have anything to add to that on the water system improvements.

b. Water Tower Repair Update (Shipbuilder's tower)

Mayor Newlands: We had Becker Ingram, a contractor, come out with John Hayes Associates and they've excavated by the foundation and do we have the report yet? We don't have the physical report yet? We have a verbal from them, don't we?

Win Abbott: That's right, just a verbal report.

Mayor Newlands: Can you do that?

Win Abbott: The verbal report is that there was no material weakness in the foundation. It's purely cosmetic and can be repaired at relatively little expense.

Mayor Newlands: Okay, but it was the mix, wasn't it; the concrete mix?

Win Abbott: Yes.

Mayor Newlands: Okay.

c. Shipbuilder's Village general update (maintenance, paving, land ownership, clubhouse, HOA)

Mayor Newlands: We had this from the engineers came in last Friday, which were quite extensive and we have an agenda item to go through them tonight, which I don't think we're going to. We need to send out an RFQ for the paving. That can't get sent out until we have the engineering report, correct?

Win Abbott: Yes, Mr. Mayor, what you need to do is select your engineer that's going to manage their project and your engineer's responsibility will be to write the design and then to manage the bid process for us.

Mayor Newlands: Okay. And the next item on Shipbuilder's is Councilman West and Councilman Booros do you have anything to report on the clubhouse itself.

Councilman West: John and I have been discussing possibly talking with the Boys and Girls Club and trying to get them to think about going out there; and let the older kids come too. Right now as John says, they're geared to the elementary kids.

Councilman Booros: They're only geared up to the fifth grade.

Mayor Newlands: Oh, is that all they do?

Councilman Booros: Yeah.

Mayor Newlands: Okay.

Councilman Booros: The one here in town is only to the fifth grade.

Mayor Newlands: Is that because of the age of the kids in Brittingham?

Councilman Booros: No, they're over at Milton Elementary School, the basement of Milton Elementary School.

Mayor Newlands: Oh, are they, okay.

Councilman Booros: So I mean there's nothing for kids older than that, after school programs or anything like that, so we're checking to see if maybe they would be interested in running some sort of programs there. Maybe we could partner with them and still use the facility and they would use it for after school and maybe in the summertime for programs for the kids in the summer. Because they do run the Milton Elementary School year round.

Mayor Newlands: Would we lease it to them? How do they handle it with the school?

Councilman Booros: I'm not sure how they do it with the school.

Mayor Newlands: Okay. And have we gotten an engineer for that?

Win Abbott: Yes Mr. Mayor, I'll be meeting Frank Young, the same gentleman who did Shipbuilder's tower foundation study. I'll be meeting him at 4:00 on Wednesday.

Mayor Newlands: Okay, great.

d. Cannery Village signage issue – monthly update

Mayor Newlands: You had a report that you wanted to hand out.

Bob Frazier: Okay what Mr. Davis is passing out is an interim report that we certainly owe you because we have been in session for about four months now. Mainly it's just a reiteration of what we went through with you last month when you came over and we very much appreciated that you came over and did the walk through with us and I think you recognize now what our problem is and the main thing is the homes that do not face a street; they face a common area and the solution that we believe is the most viable is the installation of some signage at the end of those common areas, which we call pocket parks, on both sides of the sidewalk that just tells you what address and what street name each one of those houses rests on so that the emergency people can find the front door of the house. In that light, I think it was Councilwoman Jones that actually brought it up last time when you met us over there, that we should talk to Megan Nehrbas over at... And I was pretty sure that Mr. Weston had done that, but unfortunately he wasn't available for that meeting last month and so I'm just going to read real quickly, if you'll permit me, her comments on that recommendation of that signage. She says, "We strongly advise you to make street signs visible day and night to make all emergency access very apparent in said signage. Additionally, we advise you to create separate signage indicating emergency access for all streets of concern." And we believe that's what the solution will do if we put the signage at each end of those pocket parks. Since you haven't had a chance to review our written report, I know there's probably not going to be anything to discuss this evening, but maybe we can get this back on the agenda for next month and between now and next month I plan on scheduling another full committee meeting; hopefully Mr. Davis can join us, he's our liaison for you and of course, any of you are invited too and we'll certainly make the seven day announcement of the meeting. So between now and then we'll be asking for your input and next month we'll certainly hope that we get some approval to start this process to implement that solution.

Mayor Newlands: Now, has Ms. Nehrbas come out and talked to you guys at all, or are you just talking to her on the phone?

Bob Frazier: No, she hasn't been out to talk to us.

Mayor Newlands: Is there an issue, Mr. Abbott, about her talking to non-township employees? Somewhere along the line somebody had mentioned that.

Councilwoman Jones: I did.

Win Abbott: I'll give her a call.

Councilwoman Jones: It's usually the municipality that invites them to come in and kind of help out by taking a look at what the issue is and making a recommendation.

Mayor Newlands: But they're representing the municipality in this case and Mr. Davis could be at the meeting with them, so we have representation from town, so I don't see why she would object to coming. Okay. Besides just having her give an opinion, I would like to have her come out and see the situation.

Bob Frazier: Okay. If there are not any questions, that's all I've got and we'll hopefully

discuss this between now and then more and next month.

Mayor Newlands: I'm going to keep it on the agenda, because I keep the first four items on the agenda, just to give a monthly update to everybody for a while. Thank you Mr. Frazier.

Bob Frazier: Thank you.

e. Statement of Town Representative

Seth Thompson: Okay, Item 14, e, I'll read into the record. "In the summer of 2008 an employee of the Town of Milton reported to a town official that he had observed inappropriate activities taking place in the office of the Town Manager involving George Dickerson and Julie Powers. These allegations were subsequently repeated by the town's Chief of Police during a Public Hearing. Acting on behalf of the town, the personnel committee exhaustively investigated the report, conducting interviews of many persons with knowledge of the individuals and events involved. At no time did the town conclude that anything inappropriate had occurred. The town has long since completed it's review of this matter. The employee who initially raised this issue has since suggested that he may have misinterpreted what he saw and he has expressed regret for any resulting controversy. For it's part, the town sincerely regrets that the individuals involved may have experienced adverse consequences which were surely unintended."

Mayor Newlands: Thank you.

f. Personnel – Salary Adjustment

Mayor Newlands: The next item on the agenda is just to discuss salary adjustments for personnel and you have the budget in front of you with the cost of living and longevity amounts on them. I don't have anything formally written up for this. I just wanted to leave it open to see how people felt. The spreadsheet on the budget where we have the salaries for the 3% COLA and the 5% longevity. I just want to leave it open for discussion. These people have not had raises; employees haven't had raises in 5 or 6 years, so I think they need to have something and we don't need to vote, per se on it tonight, because it's in the budget, but we just need to see what opinion or discussion council members have.

Councilman Booros: I can tell you my opinion right up front, right now, that the Town Charter nor the Code has provisions for longevity anything and as a 37 year federal employee, I'm going to tell you some of the longest term people in my office were the deadest weight, so longevity never, ever, held weight in Federal Government like that. You just kept them around because it was easier to keep them until they left, then it was to try and get rid of them and pay them off to get rid of them. So to me, longevity means nothing. To the writers of the code and the Town Charter it apparently meant nothing. Okay? The second thing I have to say is the code is very specific that all raises are based on merit and that there are performance appraisals and I would like to know, because I made a call and asked to sit down and look at some of them, have all the employees in this town had an annual performance appraisal and signed them this fiscal year?

Mayor Newlands: Probably not.

Councilman Booros: Okay. So I challenge anyone to give anyone, anything, starting from the person at the top who didn't give the performance appraisal, because the division heads, or branch heads, or section heads, or whatever they are, are charged in this thing; there none of them are new; they've been here for years. We went through this

stuff with the police chief getting an outstanding performance appraisal and then turning around and trying to get rid of him the next week. It didn't hold water and he at least got one. These people didn't get them and you want us to give them raises? I personally have made complaints or had people call me or send me messages that I have taken to Town Hall and been told unless they come and file a formal complaint, it didn't happen. It does happen, Cliff. There are complaints. There are legitimate complaints about employees in this town and I'm not going to say them with the press in the room, but we've already alluded to who's responsibility is it to pick up trash in that park. I was appalled and I don't know if you heard what was in the park that day, but I saw it and it was appalling. The day of a festival. I wouldn't give one of them one extra penny, just based on what I saw that day.

Mayor Newlands: Was it what Collier emailed to me?

Councilwoman Jones: Yes.

Councilman Booros: There was more, trust me. When you have the President of your local Chamber of Commerce walking around the gazebo, picking up trash, there's an issue, okay, on the day of a festival. Then what did we do? Did we charge them to pick up trash after the festival? When they were picking up the trash during the festival, that we didn't pick up up front.

Mayor Newlands: No, we don't charge them for that.

Councilman Booros: We're giving people overtime to cut grass; our highest paid employee overtime to cut grass on a Saturday for five hours? It's appalling that anyone has the nerve to ask for one dime in this kind of an economy and I hope I'm not the only one at this table that feels this way. I see little smirks around the table, but I can't – not one dime.

Mayor Newlands: How many years have you ever gone without an increase?

Councilman Booros: More times than not. Let me tell you Mr. Mayor... on that note.0

Mayor Newlands: I just asked a question. I just asked how many years have you gone without an increase?

Councilman Booros: Many. Many.

Mayor Newlands: Three, four, five?

Councilman Booros: Easy. Back in the day, they would come back and leave our budget the same as it was last year, but all of our expenses went up and they said you've got to make due and instead of giving people a raise, they didn't even have award money to give for outstanding performance appraisals; they would give us an extra week off. They could give us like award leave off or something like that, because it didn't really relate to cash. It was cash off your bottom line. You're looking for...

Mayor Newlands: Excuse me, please. Enough.

Councilman Booros: I sat through last year. I've heard it this year. We need more revenue. We need more... We don't need more revenue. I sat through the Federal Government for years where there was not one more dime of revenue. They said you are working on last year's budget. People want raises. You've got to hire people to fill positions. You've got to make the cuts somewhere. And I'm sorry...

Mayor Newlands: Actually the budget right now is sitting almost balanced and the only increases you had would be...

Councilman Booros: You know what, balanced isn't enough – money in the bank for a rainy day, like a water tower or something else – you don't just...

Mayor Newlands: On the Revenue side we're not using all the revenue. The transfer

tax...

Councilman Booros: Let me tell you something, if we took a 30 minute recess could we go to any of these branch heads offices and pull out performance appraisals like this document says they have to have to get a raise? If we recessed right now could we walk down the street and pull out current performance appraisals for any employee in this town and this code says...

Mayor Newlands: He's saying yes, so there you go.

Councilman Booros: Did they pick up the trash the day before the stupid festival?

Councilwoman Jones: Well...

Mayor Newlands: What I'm trying to tell you on the revenue side, not every penny that we get in, are we using, because on transfer tax this particular year...

Councilman Booros: You asked for my opinion. That's all I'm telling you.

Mayor Newlands: I know. I know. Yeah.

Councilman Booros: Not a penny.

Councilwoman Jones: I'll only add something to that is I scoured too and the Code is clear that performance ratings shall be considered in determining salary advancements. If we're not following our own code and Town Charter, we're missing something and in addition, I'd like to make a comment about the proposed 5% longevity bonus. Why would any administration recommend a longevity bonus be added to a base pay when after this year, you'll be paying that rate and it just goes up and up. I brought a piece of code from the City of Rehoboth Beach, longevity bonuses are paid out in solid payouts. They have nothing to do. They do not affect your base salary and do not encumber funds, therefore, for years to come. These years of consecutive service also, and I haven't reviewed any other towns, five years. You're recommending that a longevity bonus be given at three years.

Mayor Newlands: No. No. No. Hold on.

Councilwoman Jones: You made the statement last month, at the last meeting.

Mayor Newlands: Only for two individuals. The rest of them were at 5%.

Councilwoman Jones: No. No. No. No. No. It's all or nothing to me and I'm just saying that I think three years and I haven't heard who those people are, so I'm blind to your judgment call, but I do not believe that longevity bonuses which we have no allowance for in the employee system, be paid out as lump sums; if that's what...

Mayor Newlands: Mr. Abbott do you want to chime in, this was his.

Win Abbott: Councilwoman Jones, Councilman Booros a couple of items. First of all, you are correct. I have not done performance evaluations on the people under my direct supervision. You're correct. Second of all, in the Town Manager's draft budget that category referred to as Longevity Bonus, was also accompanied by a spreadsheet which broke down the year by year Consumer Price Index changes where that extra 5% corresponded almost exactly to the change in the Consumer Price Index over the people who were here over the past five years. So, it could be a matter of terminology but nonetheless it all equates to bringing people back to par where they were with their earning potential five years ago, so whether you call it longevity or COLA or whatever the case might be, the last item I can add is this. The budget is a planning document, so an allocation for salary increases in the budget, but contingent upon those steps being taken is very much similar to a budget for engineering expenses where you don't have all those engineering expenses up front, but it gives you permission to move forward and do all the due diligence that is necessary in order to fulfill the programs detailed and the

expenses that come with that under the category Engineering Expenses, for example. So your criticisms are well founded and once I delivered the Town Manager's draft budget, it's up to you all to kick it around and accept or reject or modify anything that's in there, but if you should budget for salary increases at whatever level, I will indeed follow through with what is required in order to do that before anybody sees it show up in their paycheck.

Councilwoman Jones: Well in your defense, your proposed budget also cautioned that both COLA and longevity needed to be viewed as policy adaptation in order to continue the practice on in the future. I would like to correct only one thing. I don't present this as a criticism. I present this as a black and white document by which it guides us how to give salary advancement. That is it. I'm making no personal judgment or criticism of anybody who is making the recommendation, but I am asking how this document plays into that recommendation and that's why I bring it up here.

Councilman Booros: I have two questions for you Mr. Abbott. First one is what percentage of an employees health benefits do we pay in this town?

Win Abbott: We pay 70%.

Councilman Booros: 70%. Second question is how many applications or resumes did you get for that finance clerk's job in Town Hall this past month?

Win Abbott: 81.

Councilman Booros: Yeah, so if somebody doesn't like the fact that I'm paying 75% of your health insurance and some of them are pretty darn high, because I've seen them, there are 81 people waiting for your job, at least, sitting right out there. I'm sorry. I just don't see it.

Councilman Lester: Mr. Mayor, I'm sorry. I think that's the wrong attitude to take and I also get a little tired of frankly, with all due respect, Marion, hearing about what Rehoboth Beach does and what the Federal Government does. I deal with government people every day and I have a lot of people that are clients that work for the Federal Government and they do pretty darn well and especially once they are retired, they do even better than the general population, so we've had a group of people that are not highly paid to begin with and they've worked for at least five years now and their health insurance has gone up every single year. Their payroll taxes have gone up every single year. I think we have to take that into consideration and if you want to fire everybody, which I'm opposed to, then go ahead and then we can just post notices that we're looking for employees. But I think that's the wrong attitude to take.

Councilwoman Jones: Well at the other end of the spectrum is firing and that wasn't even in the discussion and whether or not you like that I bring Rehoboth Beach, it happens to be at my fingertips. If you add a 5% longevity bonus to a base pay, it then affects pension, it affects a number of other items; it doesn't just affect the base pay and it doesn't affect it just this year, it affects it all the years down the line.

Councilman Lester: I understand that, but you two guys are saying no to everything; you're coming down with a no... Yes they are. Yes they are. They're saying no to these people. Yes the are.

Councilwoman Patterson: So I'm going to have add my two cents too and I know everybody's worked hard and I understand what it's like to work five years and not get a pay raise, because I work in medicine and we've been cut six times out of the last seven years an so we've had to make changes at our office and we are in a time of austerity. I mean 81 resumes for a position just shows you people would really like to have a job

and it's hard. I understand it, but I run a business. One of the things I have to think about when I sit here on Council, is with these pay raises, are they sustainable? Like we had a good year this year. Dogfish Head is expanding and we've added several, many new homes, but what if next year's not the same. What happens the following year when the money isn't coming in and we've increased all these pay raises, then we might have to start thinking about more extreme measures and terminating a position here and there. So my concern is sustainability. Unfortunately, things are volatile. We're not quite sure what the following year is, so that weighs heavily on my mind. I would hate to have to give something and take it back and then I also worry about the townspeople. We don't want to raise taxes again, if we don't have to, so that's just where I stand.

Mayor Newlands: You can't use the fact that next year may not be as good as this year; not to give anybody an increase. None of us can project that and that's why we also... We got a lot of money from Dogfish this year. Excuse me, please. We got a lot of money from Dogfish this year. We are not counting that in the budget. We're not counting it and expecting that next year; the same as we're not counting all the transfer tax and expecting that next year. There's probably \$50,000 in transfer taxes that we're not looking at bringing on; or maybe \$75,000; I've lowered Mr. Abbott's number, he had \$185,000 in there for transfer taxes. I lowered it back to the same as this year, keeping it at \$155,000. We're bringing in, I think, about \$220,000 this year.

Councilwoman Patterson: And that's good. But we don't have...

Mayor Newlands: That's what I'm trying to get to. We're leaving that buffer there, so that we're not including that in the budget, so that we have room in case something does hiccup. We have room in case there are shortfalls in a couple of places. So we're trying to do that so we don't use every penny. We're trying to get some money in the bank and if there is a little bit of a hiccup somewhere along the line, we have coverage for that, so we're trying to do that in a number of cases.

Seth Thompson: Has there been any comparison in terms of comparable towns and I think the code even mentions the private sector.

Mayor Newlands: We do for police and we're the lowest paid Police Department in the state. Excuse me, please. We have the statistics and we could prove it to you in a second. Others, I don't know how they compare, but I do know some of these guys make \$30,000 a year, doing this stuff. It's not a lot of money. We pay quite a few of these people \$30,000 to \$35,000 a year.

Chief Phillips: Excuse me, Mr. Mayor, I believe there was a survey done that Mr. Abbott could talk about that he got from Ocean View and all the other departments in Sussex County, didn't he?

Mayor Newlands: Yes, we've published that, I think.

Win Abbott: Yes the Town Council has a copy of that. If any of you don't, I'll be glad to provide that to you. It gives a number of different positions.

Mayor Newlands: The accounting clerks, I don't what the new one makes, but they're making between \$32,000 and \$35,000. Public Works guys are making upper \$20,000's to mid \$30,000's. They're not making a lot of money and health insurance for some of these guys are \$12,000 a year, \$10,000 a year? That's a lot of money. That's a lot of money and that keeps going up.

Councilman Booros: And we're paying that \$12,000 a year for a couple of those employees.

Mayor Newlands: Not all of it, they pay some.

Councilman Booros: For a couple of those employees we are paying \$12,000 and \$13,000 a year for their health insurance.

Mayor Newlands: We are, but...

Councilman Booros: I'm not talking about... The town is.

Mayor Newlands: But they're paying a portion of that. I'm sorry, you're right.

Councilman Booros: I don't understand that. But yes we are.

Mayor Newlands: We're paying a third of that.

Councilman Booros: And that's on top of the raise and the \$30,000 a year and the take home car and the amount of gas for those take home cars. It all adds up Cliff. And that's why I think Councilwoman Jones asked for that list of what is it actually we're paying for each of those employees?

Mayor Newlands: And we gave that out to you?

Councilwoman Jones: You did.

Councilman Booros: With the overtime. I understand. It adds up.

Councilwoman Jones: I'm interested in knowing if you have a provision for performance ratings determining salary advancement, why we are fixed on a figure by which, if you have an outstanding performance evaluation, you may get the upper level of that figure; if you don't, that's a variable. Those who are better at what they do, yes, should be recognized. Those that are not, why aren't we using that formula in place, in our code, in compliance, with how we operate; why aren't we using that?

Councilman Booros: And if we don't want it to be something going on down the road and somebody got an outstanding performance appraisal this year, I would probably not object to a cash award or a time off award or a combination of both, a lower cap one time bonus for outstanding performance appraisal, instead of a big cash award, give them two weeks off... I don't object to that. What I object to is the fact that number one, we're not doing performance appraisals and if you wanted this changed, you've been here two years, we could have changed it by now. Don't spring longevity on me, when longevity doesn't exist. It's just not there.

Mayor Newlands: I don't know if that's the only thing we're allowed to do, or we can't add to it.

Seth Thompson: The way the code reads it's a factor, so it's not the be all and end all.

Mayor Newlands: Thank you.

Seth Thompson: But just like in Section 26-5, it talks about the fact that you are supposed to look at the prevailing rates of compensation for a similar positions; again there are a number of factors. I don't think anything has to be lock stepped or if you get an outstanding you then get a pay raise.

Mayor Newlands: Yes, the last salary chart we have is from Hal Godwin back in 2005, so we're supposed to upgrade that every five years, so that has to be upgraded.

Councilwoman Patterson: But that would give us a good metric.

Mayor Newlands: But we need to still put money, a pot of money, in the budget in order to do that, as well, so you still have to allocate money for that.

Councilman Booros: But Seth, it says all of the personnel records shall be considered in making an evaluation and recommendation for increases with a substantial emphasis placed on personnel evaluations.

Seth Thompson: Right.

Councilman Booros: There are no evaluations.

Mayor Newlands: He says he has them, the Water Department says they have them.

Councilman Lester: So what's the technical definition of COLA? Is COLA by virtue of the Town Charter just disregarded? I mean a cost of living adjustment. Is that a raise?

Seth Thompson: I think it's essentially indirectly in your code when you look at prevailing rates, because seemingly that might be where it shows up.

Councilwoman Jones: Outside of the town of Georgetown, has anybody done their homework as to who is still paying COLA, because I think the State hasn't paid COLA in decades.

Mayor Newlands: Mr. Abbott.

Councilman Lester: No, they did, they did a cash-out.

Mayor Newlands: Mr. Abbott.

Win Abbott: Yes, Mr. Mayor.

Mayor Newlands: Have you done any studies with the other towns as to what they're doing with COLA?

Win Abbott: Georgetown uses a COLA and it has been used by other Town Managers as a part of their overall rationale for asking for an increase. In my interactions with other city managers, towns larger and smaller than us, we talk about these things and oftentimes the Town Manager will say I've requested a 5% increase for all of my employees based upon this information that I have and the council decided to give them a 2-1/2% increase and that's just the way it was. So, in all these interactions that I've had with other city managers, they use COLA, they use the cost of insurance going up, they use the market rates that they've done a short study for, as all part of the evidence to support their request of Council and then the Council will take all that information and make their decision not necessarily tying it to a COLA, or this or that, but looking at their overall budget and saying okay, given the information that's provided, this is what we're going to give you.

Councilwoman Jones: This performance evaluation Mr. Atkins says his are finished.

Allen Atkins: Performance evaluation on my employees, is right.

Councilwoman Jones: Yes, that's what I indicated, just your department, that information would in my business mind have been... Those evaluations would have been sent out to those department heads a good long lead time before the budget preparation, so those evaluations could then be brought back to the Town Manager to be discussed and considered in arriving at a potential number to put in the budget for raises. If that system is not in place then we're hunting and pecking in the dark choosing these numbers. You're talking in the case of some employees, 8% raises this year. Now, I, unlike Councilman Lester and you and I are the only people who remain on this Council, who were here during this budget. We are one year removed, one year, from basically almost being down a rat hole last year with our funds and I'm still not hearing... I like balanced budget, compared to what we had last year, what are we putting in our savings? I keep asking.

Mayor Newlands: I just went over that.

Councilwoman Jones: A balanced budget. That's a wonderful thing. I think that you'll hear a lot of opinions during a Public Hearing on Monday from the citizens about certain items on this budget and I believe salary enhancement will most likely be a fairly big one.

Mayor Newlands: I've never worked for a company where we were able to tell the senior management of the company how much money we wanted for raises. They always said we're allocating X number of dollars for salary increases, work with it and that's how we

were always dealt with. We never went to them and said I need X number of dollars for my employees.

Councilwoman Jones: How do you know what to give any employee in any department if you don't know what they've done in the year before.

Mayor Newlands: That's a different issues from asking for a certain amount of money for each employee vs. being told here's what you have to spend, here's how you spend it. That's how I've always had increases. We've always been told it's X percent of the budget is being increased for salaries, to be allocated out, based on performance and that was it.

Councilman Booros: Based on performance.

Councilwoman Jones: Do we charge department heads in a timely manner before the budget to do performance evaluations so that a figure can be included in the budget?

Mayor Newlands: That's not what I just said. We don't do it based on the performance, it's based on a percentage of the salaries, that's how the pot is derived. Then that pot can get divvied up any which way you see.

Councilman Booros: That's not what you've asked for Mr. Mayor, quite honestly and that's the way pretty much I was given it when we had money; here's your pot and you would look at every performance evaluation and you would determine who's going to get what portion of that pot based on the supervisor, the manager, whatever it is in the pot of money and their performance. We have no performance evaluations except for Mr. Atkins, he says he's got them, and they've never been turned over to the Personnel Committee. They're supposed to be making the recommendation... Cliff, it's right there. The Personnel Committee gets them and makes them. The Personnel Committee makes the recommendation to this Council, not you, not him, the Personnel Committee. I think the Personnel Committee hasn't met in a year, so none of this is right. None of it's right. Seth, you can keep scouring through there, I've read it a hundred times, buddy.

Seth Thompson: I think one of the sources of confusion is that this section refers to the Personnel Officer and then defines that officer as the Chairman of the Personnel Committee.

Councilman Booros: He is the Personnel Officer.

Seth Thompson: And then in other sections of your code, it's defined as the Town Manager.

Councilman Booros: No, the Town Manager is the Personnel Officer according to the Town Charter.

Mayor Newlands: Actually I think you told me once that the Personnel Officer is in lower case, so it is not an actual defined position.

Seth Thompson: I think the problem, if you look at I saw it earlier, yes, 26-3, the Chairman of the Personnel Committee shall be the Personnel Officer of the Town. So I don't know if that's part of the problem, certainly that could be easily clarified.

Councilman Booros: Part of the problem is that the Personnel Committee has never met in the last couple of years, they've never met. Kristen's on it, Marion is on it.

Mayor Newlands: And there have been no issues come up that we've needed to meet.

Councilman Booros: This would be one of them.

Mayor Newlands: Excuse me please.

Councilwoman Jones: Mr. Thompson.

Seth Thompson: Yes.

Councilwoman Jones: Under the... It is confusing and you're right under 26-3 it says the

Chairman of the Personnel Committee shall be the Personnel Officer. Please correct me if I'm wrong, under the duties of the Town Manager it states that he or she shall serve as the Personnel Officer.

Seth Thompson: That's my point. You seemingly have conflicting information there.

Councilman Booros: Doesn't the Town Charter overrule this?

Seth Thompson: The Town Charter would override the code.

Councilman Booros: Then he's the Personnel Officer.

Seth Thompson: Again, it's something that really should be clarified. If that's why it slipped through the cracks, I don't know, but...

Councilwoman Jones: It is confusing.

Seth Thompson: Right.

Councilwoman Jones: If the Town Charter states that the Town Manager shall serve in that capacity, this only tends to me, to emphasize that the Chairman of the Personnel Committee shall be the Personnel Officer of the town. Is there anywhere else in the Town Charter that states that any other position, elected or otherwise, serves as a Personnel Officer? I believe it belongs only under the Town Manager's responsibility.

Seth Thompson: I think the best thing to do... I think it makes sense that the Town Manager be the one to handle those tasks. The bottom line is that is a big part of the administration of the town. So my suggestion would be to remove that sentence from the code, because again, I don't know if that's at least been part of the problem, in terms of why it hasn't happened; I just know it's a source of confusion when I looked at it today.

Mayor Newlands: Again, we don't need to decide anything tonight, we can go back and we're going to have another Town Council meeting this month anyway.

Councilman Booros: We can decide it tonight if you'd like to.

Mayor Newlands: No. Not with the attitude you have and I don't mean that an attitude like that.

Councilman Booros: I don't have an attitude. I have an opinion.

Mayor Newlands: Well, okay, not with the opinion you have. I used the wrong word, sorry. Do we have any other comments on salaries?

Councilman Booros: Do you want to furlough them each for one day a quarter or something to save some money. Isn't that what they did to the State employees and then the teachers, by the way, the teachers up at H. O. Brittingham didn't get a raise for five years.

Mayor Newlands: That's what these guys are at, five years. This will be the sixth year.

Councilman Booros: Guess what, they're the school teachers that teach our children; five years and they use their own money for supplies for the school.

Mayor Newlands: I know they do. I know they do.

Councilman Booros: Times are tough.

Mayor Newlands: Yes, and in Chicago they turned down a 14% raise/offer.

Councilman Booros: I don't blame them.

Mayor Newlands: No, the teachers turned it down, a 14% or 16% raise, they turned down.

Councilman Booros: I know, I understand.

Councilman West: I lost 2%.

Councilwoman Jones: Why?

Mayor Newlands: I have no idea, it's Chicago.

Councilman West: When Markell took over I lost 2%.

Mayor Newlands: It's Chicago. They went on strike because they turned down a 14% or 16% raise, they want more than that.

Councilwoman Patterson: It has something to do with their pension.

Mayor Newlands: It's been five years for these guys.

Councilman West: Okay, moving on.

Mayor Newlands: No more comments.

g. Vote on revisions to the proposed fiscal year 2013 Budget

Mayor Newlands: The only thing that Version 3 has in it is just solidifying the numbers that we put in there last month, last time we met.

Councilwoman Jones: Mr. Mayor on page 3 of the new one, I believe, now this is only in accordance to what I wrote down last month. I believe you have your EDIE and your SALLIE grants reversed.

Mayor Newlands: That's possible.

Councilwoman Jones: In value only, that's my only comment.

Mayor Newlands: That's possible. I'll check on those. And we still have more work to do on the budget, we still have Public Hearing next Monday night, so if you want to make yourself happy tonight Councilman Booros, you can vote this down if you like.

Councilman Booros: Has someone made the motion yet?

Mayor Newlands: You can make the motion if you like.

Councilman Booros: I thought the motion would have to be made to approve.

Mayor Newlands: No.

Seth Thompson: Just taking action.

Mayor Newlands: Well, taking action.

Councilman Booros: I make a motion that we turn down the current version of the FY2013 budget and we don't approve it.

Councilman West: I'll second that.

Mayor Newlands: We have a motion and a second to turn down the budget for FY2013, Version 3. Discussion.

Councilwoman Jones: Please. I was here tonight to understand we were just discussing and approving the revisions we did on the 30th. Is that correct?

Mayor Newlands: That's what we wrote on the agenda, but I think we can disapprove the entire thing if you want. That's what we did last year, we just disapproved the budget just to get us time.

Councilman Booros: Because the vote is because it's required.

Mayor Newlands: Right.

Councilman Booros: It doesn't matter what we're...

Mayor Newlands: It's more procedural than anything else. Quite frankly, the Town Charter should say at some point that it should be by the end of the fiscal year.

Seth Thompson: That's right. That would be better.

Mayor Newlands: Yes. Any other discussion? Can we take a roll call:

Councilman Booros	Yes
Councilman West	Yes
Councilman Lester	Yes
Councilwoman Jones	Yes
Councilwoman Patterson	Yes

Mayor Newlands

Yes

Mayor Newlands: Motion is carried.

15. New Business – Discussion and possible vote on the following items:

- b. Select Engineering firm to design and manage Shipbuilder's paving projecting
- Mayor Newlands: The next item on the agenda is going to be a handful and I'm going to leave some of this to Mr. Abbott, because he wrote up all of the stuff for these engineering firms. We got in bids from six firms, seven firms?
- Win Abbott: Yes, Mr. Mayor, I believe it was six different firms responded to our Request for Proposal and all these firms were provided with the parameters by which we will be grading them. Please keep in mind this is a subjective process of selection. I tried to put as many objective criteria in there as possible, however, you need to determine for yourselves, in my view, who is best qualified to do this job and then, secondarily, what the price point may be relative to that. I'm not on the selection committee. If you would prefer, I could go back and grade these things and provide you with my feedback; but what I did was to set up the framework, gathered the information and put it into your hands.
- Mayor Newlands: To be honest with you, unless you do that, seven of us are going to be spinning our wheels, trying to get that done in a meeting and it's not going to happen.
- Win Abbott: I'll be glad to do that. I could have that done before lunch tomorrow.
- Councilwoman Jones: It's going to take me a week to read them.
- Mayor Newlands: Yes, they are kind of lengthy. I did glance at them. You emailed them all to us on Friday, actually you emailed them on Saturday.
- Win Abbott: I know what I'm looking for.
- Mayor Newlands: They were a lot to digest, the stuff in there. Providing them to us tomorrow at noon is too fast for you to do it, number one; and number two, we can't act on them right away anyway. We could have a Council Meeting next Tuesday to discuss that and the budget, so if everybody's available. The Library is limited in the number of dates that are available, so we could have a Council Meeting next Tuesday to discuss this. I'd like to get these guys, the engineering firm on board as soon as possible, so we could get Shipbuilder's done before the winter.
- Seth Thompson: Seven days would be tomorrow.
- Mayor Newlands: Tomorrow.
- Seth Thompson: I guess you would have to post tomorrow.
- Mayor Newlands: I could do it from home tonight, but it's too late.
- Councilman West: Do you want to just table this until next Tuesday?
- Mayor Newlands: Yes, until the next Council Meeting. I don't know if Mr. Abbott has anything further to say, there was a lot of information that came out from these guys and there's quite a number of steps we have to go through. Go ahead.
- Win Abbott: Thank you. Mr. Mayor, Councilman West had the benefit of going through this whole process when we did the Water Committee's recommendations and I just want to say to you that it is not as difficult as it first appears and the reason why is this; whether you take a pen and check off parts of highlight certain parts, the best responses that you have are the ones that almost mirror exactly what the Request for Proposal was, so if it says we want for your proposal to have in it a Schedule of Rates for the different

types of personnel, you look in their proposal and say, ah, there it is and you get three points for that. Or then in addition to the Schedule of Rates, the Schedule of Rates doesn't give a range of rates for a class of employee within the total firm, whether it be the principle, or associate engineer, or tech, or secretary; that actually it gives a specific number, instead of a range for the rate, and you say they get four points for that one and just check it off. It really becomes easy when you say that if they divert far from what the Request for Proposal was specified, then it becomes less desirable, but if they follow it, it's just like here it is in the requirement, there it is in their proposal, check. It's that many points. So you can literally go through these by not getting diverted into all the different languages. Just check one thing to another and get each one done in about 15-20 minutes. It's designed that way and if they get too flowery and go off in a tangent, well that counts against them. That's all. Surely I can get it done before the end of day tomorrow and I can email out my recommendations to you and you all consider it next week.

Mayor Newlands: I would prefer to do that.

Councilwoman Jones: So you're going to send us the scores.

Win Abbott: Yes, Ma'am.

Mayor Newlands: He's already sent you the details.

Councilwoman Jones: I have it. I like the pictures.

Mayor Newlands: It was quite detailed and even these sheets you gave us tonight if I had to score all the stuff was quite detailed.

Councilman West: Mr. Mayor, I can speak on what we went through selecting the engineer for the Water Committee. Mr. Abbott made those simple and everybody on that committee could sit down and read it and do exactly like he said, word for word. And it made our job simple and I know anybody on this Council, after he gets done, you'll understand it 100%.

Mayor Newlands: Okay so we need to table this until...

Councilman West: Mr. Mayor I make a motion that we table this until next Tuesday night.

Councilman Booros: I second the motion.

Mayor Newlands: Okay, we have a motion and a second to table the selection of the engineer firm for Shipbuilder's paving until September 18th, which is next Tuesday night. All in favor say aye. Opposed. Motion is carried.

c. Update Fee Schedule

Mayor Newlands: The next one is to update the Fee Schedule. If we want to make any modifications to it, we can do it anytime during the year, but we generally do it at budget time. One thing that I think we need to change, about the tenth line down, the Freedom Of Information Act requests. We have standard copy fees applied, but there's new fees that the government gave us recently.

Seth Thompson: Right. They passed a bill that each town needs a FOIA Coordinator and that certain fees apply and they actually specified the rate, but the Senate amendment to that bill still allowed the town to preempt those rates.

Mayor Newlands: Oh, really.

Seth Thompson: So the problem is it has to be codified. I think that's the language in the code, so you can't do it just based on your Fee Schedule, you're going to have to adopt an ordinance and put it in your Town Code, in terms of what fees you're going to charge

for FOIA.

Mayor Newlands: Now, within our Town Code – our Town Code has always been referring now to the Fee Schedule because we don't want anything embedded in the Town Code, because it's too hard to change.

Seth Thompson: That's right. It normally is much easier if you have all your fees on one schedule and you go through it at budget time just as you do. That's normally the easiest way to do it.

Mayor Newlands: We got caught that way with the grass.

Seth Thompson: Unfortunately, because of the way they changed Title XXIX, it uses the word codified, so you have to put it in your Code, I would say.

Mayor Newlands: Can we put the Fee Schedule in the Code after we're finished with it?

Seth Thompson: You could. You certainly could. It's helpful for notice, I guess. Do we post the Fee Schedule on line though?

Mayor Newlands: It's on the website, yes.

Seth Thompson: Okay.

Mayor Newlands: That's just one issue. The trash is what \$60.50 now?

Win Abbott: Yes, Sir.

Mayor Newlands: So we have to change the trash fee is now \$60.50. We have to add a 10% handling fee for engineering and legal and consulting invoices. Trash is next to the last on the bottom, under Utility Rates. That's a quarterly rate. We talked during the budget meetings of adding a 10% handling fee for engineer, legal and consulting invoices. The pay for raises, actually I was going to suggest that we increase the rental licenses to \$150, as opposed to \$100. That will generate around \$20,000, because we have 400 rentals in town. So are we going to handle this FOIA thing?

Seth Thompson: I'll have to draft the ordinance, but I'll end up pulling out of the Fee Schedule the items that you refer to and then your Fee Schedule could say Freedom of Information Act requests, see Town Code.

Mayor Newlands: Right.

Seth Thompson: You could do it that way, as well. The main thing is to get it into the Town Code.

Mayor Newlands: Right. Okay. Alright so we have to add language just to say “See the Town Code” in Freedom of Information Act requests. I'm recommending that we increase by \$50, the rental licenses.

Seth Thompson: So that the residential, commercial...

Mayor Newlands: I just had residential, so the residential and commercial will be the same. How many commercials do we have?

Councilwoman Jones: 100 plus and 400 for...

Mayor Newlands: We definitely have 400, because that's how many rental licenses we got in so far and we're not finished collecting them yet. 408 now. So that will generate \$20,000 in income right there. And if we make the commercial to \$175, it adds another \$2,500 to it. The trash is a pass-through, we always slap \$10,000 on top of the trash just for admin fees. The 10% handling fee for engineering, legal and consulting, I would just leave that as a statement like that for the invoices, because the amount is put into the budget and I've already included 10% handling in the budget.

Councilwoman Jones: Say that again.

Mayor Newlands: For the Fee Schedule we only have to say that we're going to put 10% handling fee for engineering, legal and consulting invoices. We don't need to specify a

dollar amount because it's contingent on whatever they're spending and I've already put in the budget the 10%, based on what we expect to collect.

Councilwoman Jones: Mr. Mayor do you have any reasoning behind your willingness to raise the residential rental license by \$50, but a commercial license only by \$25? You did say \$175, didn't you?

Mayor Newlands: Yes I did.

Councilwoman Jones: What's your rationale for that difference?

Mayor Newlands: I don't remember, I did it a couple of nights ago, so I don't remember, to be honest with you.

Councilwoman Jones: Will we be able to revisit this again during the budget process or is this where...

Mayor Newlands: We'd be approving this tonight or we can defer it.

Councilwoman Jones: I'm interested in knowing what your notes say, that's all.

Mayor Newlands: I don't remember off hand.

Seth Thompson: Do the commercial rentals, Robin, do they require any additional work or just kind of as a general statement, is there more time involved?

Robin Davis: No. It's the same.

Seth Thompson: Okay. My difficulty there is typically license fees need to be tied to whatever manpower, whatever costs the town is incurring in regulating those, and servicing them.

Mayor Newlands: So what you're saying is we shouldn't increase commercial. We should bring residential in line with commercial, but not change commercial.

Seth Thompson: I would just want to be able to justify the difference and if there isn't a justification, then it makes sense, legally, to have them be the same.

Mayor Newlands: Okay. And on the back...

Councilman Lester: Can I just ask, excuse me. I would like to just ask a question of Council.

Mayor Newlands: On rental licenses you have to be careful, because there's a limit to...

Councilman Lester: I'm not going to ask about rental licenses, but you just say the time and effort by jurisdiction to manage. The town does not have any jurisdiction over my license or Dr. Patterson's license. We're licensed by the State. The State takes care of us, reprimands us if we err in our ways, as they do you too, so I've always felt from my standpoint... When I first moved here, the license was \$50 and then it jumped to \$250 and Vice Mayor Betts got it back to \$125. I pay licenses in my regard to DC, Maryland, Delaware and none of them are this high. District of Columbia, which provides me most of my income, only charges me \$80 a year for a license.

Seth Thompson: I can tell you I pay more then that for Delaware and New Jersey and Pennsylvania.

Councilman Lester: Yes, I pay more then that, I pay \$85 for Delaware.

Seth Thompson: I think the professional license is a little bit different, I would say, then the town's business license, business rental license. The thinking is that by renting out that unit there might be additional needs from the town. That's the thinking behind it.

Councilman Lester: I don't need anything from the town. Dr. Patterson doesn't. I think we should get a refund for all that, frankly. I know this is not going to happen, but, I thought I would just make my feelings known.

Mayor Newlands: One question I have on the bottom of the second page is Peddler's License. Do we charge peddler's at Bargains on the Broadkill and Horseshoe Crab

Festival \$35 apiece?

Robin Davis: No. That was only... That's been in there, I guess that's been in there for years in referenced to vendors that sell items at the parades.

Mayor Newlands: So it's only a peddler that's walking around selling things?

Robin Davis: Correct.

Councilman West: They've got to sell a mess of balloons Mr. Mayor to pay that \$35.

Mayor Newlands: Do we actually collect it; we actually collect money on this?

Robin Davis: Yes, there are actually several that do it. Probably three a year, maybe.

Councilwoman Jones: Is Milton in line for the yearly fee for a real estate agent at \$50 a year?

Robin Davis: I don't think it's been updated in years that I can remember.

Councilwoman Jones: It's just that seems very low for the cost of someone who's doing business here and potentially making a good profit; I'm just looking at places, not trying to jam up the real estate folks, but I just wondered if that was commensurate with what other towns were charging?

Robin Davis: If you would like, I can check and then I can look back at one of the other past Fee Schedules that we had and see when the increase was... I think it used to be \$25, then it went to \$50, but I do not know the exact year.

Seth Thompson: I take it the real estate office is the Brokerage; is that the broker?

Mayor Newlands: And we don't have that many offices in town; I think there's only a handful.

Robin Davis: Actually, the previous Town Manager when that was addressed years ago when George came on, his interpretation of an office was if Jack Lingo Realtor, for example, had a sign in town, that basically said they had an office and they were charged \$250.

Mayor Newlands: Really. A virtual office, okay, and we go after them now? Okay. And any agent that's got their name on the sign, we go after them as well? Good. Okay. That's fine.

Councilman Lester: Well and it's the boat dock rental, is that the schedule that was supposed to bring us in \$9,000?

Mayor Newlands: Oh, I forgot about that. Hold on. The boat dock's on the top.

Councilman Lester: Yes.

Mayor Newlands: The summer months is \$150, the winter months are \$100 a month and the full year was going to be \$1,200; that's what we currently have. I don't think we have anybody the full year except for the one person who doesn't pay us at all, who's there the full year. So...

Councilman West: I thought we had one Mr. Mayor.

Mayor Newlands: For the full year?

Councilman West: Yup.

Councilman Booros: But he doesn't pay.

Mayor Newlands: Jack Hudson?

Councilman West: Uh-huh.

Mayor Newlands: No, he pulls it out in the winter.

Councilman West: Does he? Okay.

Mayor Newlands: Yes, I just spoke to him about it, as a matter of fact. The full year was \$1,200 if it was paid in advance, January through December, and nobody pays that.

Councilman West: I feel it ought to stay the same.

Mayor Newlands: I think the \$150 for the in-season months is what it was before. The only difference we did with this was give it a \$1,200 fee if you paid it ahead of time, in January, I think that's pretty much it.

Councilman Lester: Oh, okay.

Councilman West: No, it was \$200 a month last year.

Mayor Newlands: Was it?

Councilman West: Yes and we got it reduced down so that people would start using it.

Mayor Newlands: And it is filled.

Councilman West: Yes.

Mayor Newlands: Yes, it is filled.

Councilman West: Because you would rather have a little piece of the pie, then nothing.

Mayor Newlands: It doesn't really generate that much money for six months at \$50 a piece it's not going to buy us much.

Councilwoman Jones: Question about building permits. It seems that any time you pick up a building permit it ought to have a fee attached to it. If you're doing work in town and it's excusable at \$0 to \$300, that's a fairly big margin in that then you get \$300 to \$3,000. Are there a lot of building permits issued for no money at all, Mr. Davis?

Robin Davis: There's a few. I think in the Town Manager's budget information he had broken that down. It's very few. There's not a lot.

Councilwoman Jones: Okay. Because it seems that once you've secured that permit and then you make a change and haven't come back and told anybody, you've pretty much got a license to do what you want. Is that not correct, within reason?

Robin Davis: That's true. The Code Enforcement Officer does go out on all the permits, even if it's for a \$0 amount, but there is time and effort that the Code Enforcement Officer has to run through the same process as he would somebody doing a \$3,000 job; so there is cost and time involved, even if it's a \$200 job.

Councilwoman Jones: Even if you made the low end very low end, but it is a processing fee for the work and then that record is then kept of that person.

Mayor Newlands: Well the records are always kept, regardless of whether there's a fee or not.

Councilwoman Jones: But I'm just saying there's documentation requirements, there's files...

Mayor Newlands: And there are visits to the site. What do other towns do, do you know?

Councilwoman Jones: I mean something very reasonable.

Mayor Newlands: I mean you could get a \$10 fee but it's not going to cover much. That's not even covering part of his hour.

Councilwoman Jones: Even if you moved the baseline for a building permit to \$30 and then you raised your other higher dollar projected jobs, but used that as a baseline... If the improvement becomes substantially more, Mr. Davis, does the permit process for processing it become substantially more?

Robin Davis: There could be more time involved in doing it. It's all according to the size of the job. If somebody's putting in a say \$3,000 shed, pre-fab shed, it's pretty simple; if somebody's doing a \$3,000 some sort of remodel, there is a little bit more involved.

Mayor Newlands: But also mathematically, you're going to wind up, if you do \$30, meaning make this \$0 to \$3,000 being \$30; anybody under \$300, they're going to wind up paying 10%.

Councilwoman Jones: \$0 to \$300. \$0 to \$300 becomes \$30.

Mayor Newlands: Right. That becomes 10%, as opposed to 1% for a large job. That's a big percentage.

Councilman Booros: 10% of a job is a lot of money.

Mayor Newlands: It's a lot of money. Yes, it's a lot of money. I mean, that is a lot of money. Granted we have to go out on site and it may take him two hours to do that, but...

Councilman Booros: Robin how many would you estimate there are between \$0 and \$300 in a year?

Win Abbott: Councilman Booros, as of May 23rd or whenever I put together the numbers for the Town Manager's draft budget, there were 41 flat rate permits for work valued at less than \$3,000; 143 total building permits.

Councilman Booros: 41 less than \$3,000?

Win Abbott: Yes.

Councilman Booros: How about less than \$300?

Win Abbott: I don't have that number in my figures here.

Councilman Booros: I mean, if you've got 20 then what are we beating up here for 20 permits? You can't charge them 10% of the job. You just can't do it.

Mayor Newlands: No. No. You can't.

Councilwoman Jones: What if you increased your \$0 to \$500.

Councilman Booros: You're talking \$200 totally, even if you charge them ten bucks apiece.

Mayor Newlands: It's not worth it.

Councilman Booros: People are... Let me tell you something, they're already not getting building permits if they can get away with it. Don't give them another reason.

Councilwoman Jones: I understand that.

Councilman West: Marion, I got one and all I got in the cost of the project is going down here to Ace and getting drywall screws, but Robin suggested that I get... I was talking to Robin and he suggested I get a permit.

Councilman Booros: God, I get drywall screws twice a week.

Councilman West: That way nobody can complain.

Councilman Booros: What the hell did you do with drywall screws?

Councilman West: Putting up _____ board. I mean the materials that I was using were free to me and all I had invested is going out and getting a box of 100 drywall screws.

Councilman Booros: Well I would be the one that was getting the box of screws and then going to pay you \$10; that's the short... That's not going to happen.

Councilwoman Jones: And your point's well taken. When someone makes an application for a building permit outside of Mr. Abbott's recommended that they present a list of, or an estimate for, to determine that baseline? Is it just as easy to come in and say I'm only going to add a \$20 plank, but the add a whole lot more. I'm guessing the building people don't come out and inspect, as soon as you put that permit in place.

Robin Davis: All the permits that are issued do have an inspection at the end of the job, whether it's somebody putting a plank in, or doing a set of steps for \$250; we do go out and look at it and do issue a C of O for that job and close out the permit.

Councilwoman Jones: Okay.

Mayor Newlands: Can we leave \$0 to \$300 free, please?

Councilman West: Mr. Mayor, I say leave it the same.

Mayor Newlands: Good.

Councilman Booros: I'll second that.

Mayor Newlands: Mr. Thompson, you're suggesting that the residential rental and commercial rental be the same?

Seth Thompson: If they involve the same amount of work on the part of the town, I think that makes sense.

Mayor Newlands: Okay. So therefore the residential will be \$150 and the commercial will have no change, it will just be \$150. Are we approving this tonight; waiting for the budget? Rental licenses alone will add \$20,000 revenue to town, because we have at least 400 rental units right now.

Councilwoman Jones: This statement at the top page, there will be no pro-rated business licenses; has that just been added or that is a fact.

Mayor Newlands: That's fact.

Councilwoman Jones: Didn't we just pro-rate a business license?

Mayor Newlands: Who?

Councilwoman Jones: I don't want to say it in public, but in the recapturing of those business licenses, somebody came in and hadn't paid a license in years; didn't we pro-rate that license?

Robin Davis: No they paid the full amount for this year, they just did not pay any back.

Mayor Newlands: Oh, yes, we didn't pro-rate. I know who you're talking about. We just didn't... It was our fault not to collect it, so we didn't burden the person with the two years prior. Right. I know who you're talking about.

Councilwoman Jones: With the past. Thank you.

Robin Davis: I'm not aware of any business license that has been pro-rated.

Councilman West: Mr. Mayor, I make a motion that we make both rental licenses, residential and commercial, the same, \$150.

Mayor Newlands: Now, we also have to add in the increase of trash to \$60.50 per quarter and the 10% handling fee for engineering, legal and consulting invoices.

Councilman West: I'll also add to that the increase in the trash to \$60.50 and the engineering, legal and consulting services.

Mayor Newlands: Is that okay with you?

Seth Thompson: Yes, that works. The only other thing...

Councilman Booros: I'll second that motion.

Mayor Newlands: We have a motion and a second to increase the rental licenses to \$150 per unit; to increase trash to \$60.50 per quarter; to add a 10% handling fee for engineering, legal and consulting invoices. And we also need to – it's procedural, more than anything else – just to have the Freedom of Information Act requests say “See the Town Code.” Go ahead.

Robin Davis: When does that become effective, with the budget?

Seth Thompson: Well you can pass... In other words, give an effective date, so as of October 1.

Councilman West: As of October 1.

Mayor Newlands: Okay.

Councilwoman Patterson: I can't vote, right, because I have rental licenses.

Mayor Newlands: Right. You and Councilman Lester can't vote.

Councilwoman Patterson: Thank you.

Mayor Newlands: You can give a half a vote. Let's just do a roll call on that:

Councilman Booros	Yes
Councilman West	Yes
Councilwoman Jones	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is carried. Thank you.

d. Ordinance to Amend Town Code Regarding Rental Licenses

Mayor Newlands: This is to ensure that... Do you want to go through this?

Seth Thompson: Sure. Basically, I noticed in your Rental License Chapter, it seems to be implicit that you need to apply for a rental license, but there isn't that express requirement, the way there is with your business licenses, so what I did was I mirrored much of the language that's in your chapter on business licenses, so that it's abundantly clear that no person and person is not just a natural person; the way it's defined in that chapter includes artificial entities, but so here it's abundantly clear that "No person shall engage in, carry on, aid or assist in the business, occupation, or activity of providing a rental unit or rental room without having first obtained an annual rental license." And then I added in the fact that "The Town could require somebody to verify the property is not a rental status on a Declaration of Property Status."

Councilman Booros: So you're not asking people to declare that they are a rental at the beginning of the year; you're asking the people that don't rent to declare.

Seth Thompson: Well the way it should really work is that the person should come in and apply for the rental license, because otherwise they're in violation of the Code.

Councilman Booros: I know how it should work.

Seth Thompson: You can cite them under Section B here. If the Town has it's suspicions that somebody is renting a property, then the Town can go to them and say, we'd like you to verify this on paper that you're not renting.

Councilman Booros: We've tried that two years in a row and I know, Cliff, we got lots of them that came forward; I just think that I threw mine in the garbage. I know a lot of other people that threw there's in the garbage. I know people that said try to prove – you're not looking at my income tax to see if I'm renting something. So all you're getting is the people that just happen to be honest, okay? That paid up.

Mayor Newlands: We got 33 in the last couple of weeks.

Councilman Booros: That paid up.

Mayor Newlands: Right. Right.

Councilman Booros: How many people said no, not me? This is asking you to say no I don't; this isn't asking you to pay for a license, it's asking you to say No, I don't. And what are the penalties in this portion of the Code if you say No, I don't; you lied to me.

Unidentified Speaker: \$300 a day.

Councilman Booros: \$300 a day. Have we ever enforced it?

Mayor Newlands: Well we haven't caught anybody, per se, other than...

Councilman Booros: Give me a break. The guy across the street from me for five years, every drug dealer in the County and you've never... Ha, ha, ha.

Unidentified Speaker: [unintelligible] at the end of the day if you don't respond.

Seth Thompson: Right, it's a violation. If the town went to somebody and said...

Councilman Booros: You didn't respond to this. You didn't send this back in the mail in

January, what's the penalty?

Seth Thompson: It would be a violation.

Councilman Booros: I'm not renting it. I just didn't respond.

Seth Thompson: Right. That's right.

Councilman Booros: You're going to charge me three hundred bucks for not filling out something that says I don't rent.

Unidentified Speaker: Every day.

Seth Thompson: It says between \$100, but no more than \$300; between \$100 and \$300.

Councilman Booros: There's no chance in hell.

Councilman West: But here's the best way to go about it, just say you're lodging.

Mayor Newlands: Well actually this ordinance is already in effect, this is just we're changing only A; B exists already.

Seth Thompson: B exists.

Mayor Newlands: B exists already.

Seth Thompson: It's not labeled B; that's why the letter "B" is underlined.

Councilman Booros: I understand where "B" exists, if you rent it, and you get caught because you weren't supposed to rent, you didn't have a license, you're going to pay the fine. I got that part. What's the penalty if I do not certify at the beginning of the year that I do or don't rent my property? I ignore your letter and throw it in the garbage like I did this year and last year. What is the penalty; because you're putting it in the Code requiring me to do this? What is the penalty?

Seth Thompson: Right. It's the same penalty...

Councilman Booros: It's the same as if I had cheated and rented my property?

Seth Thompson: If you want to separate it out and have a separate penalty, that's fine, I can draft it that way.

Councilman Booros: Well you've just added a separate offense. The offense is now not certifying on a document at the beginning of the year that I don't rent my property.

Seth Thompson: Right.

Councilman Booros: That fine applies to the people who rent their property and didn't get a license. That's how that part of the Code's written.

Seth Thompson: That's right, the way it currently reads if somebody doesn't get a license, then they're subject to that \$100 to \$300 fine.

Councilman Booros: But now you're telling me that I'm also subject to it if I don't send you that paper back in January that you send me?

Seth Thompson: That would be a separate violation in the way the proposed language works. I mean, if you guys want to put a different number on it, we can, but frankly, I think you need that enforcement mechanism, otherwise...

Mayor Newlands: I agree. I agree.

Unidentified Speaker: Does a business license require a...

Mayor Newlands: Excuse me. Excuse me. Excuse me.

Seth Thompson: I can check, but...

Unidentified Speaker: If someone has a business in his house, you don't pursue them either.

Councilman Booros: No, I don't have a business in my house.

Councilwoman Jones: The question is still from last year when we talked about this and I think we talked about Gross Rental Receipts Tax, which is the declaration of renting your property. What mechanism in a year's time do we have? How do we enforce this?

What do we look for if you've had it declared no, how do you check that? What is...

Mayor Newlands: We check. If we have suspicion, we'll check the water records to see if the water records are excessive; we'll send the Code Enforcer out just to see if we can verify how many occupants are in there.

Councilman Booros: But that's not what this change is about, Cliff.

Mayor Newlands: I know, but she's asking a different question.

Councilwoman Jones: I'm asking...

Councilman Booros: But this is what's on the table, right here, Marion; and right here says that if I didn't get a license and I didn't return this piece of paper to you... So if I don't have a license and I didn't return the piece of paper, you're automatically coming after me for \$300 a day; because I didn't mail back a piece of paper on time. That's what this is about. It has nothing to do with... There's nobody in the house. I'm not renting the house. I just didn't fill out the piece of paper for you. So you go through your file and you say well, he doesn't have a rental license on file, he didn't fill out the piece of paper; we're going to start charging him \$300 a day.

Mayor Newlands: And we do go back and ask them a second time; we're on a second iteration and we're going to go on a third...

Councilman Booros: I threw that one away too. Okay?

Mayor Newlands: Excuse me, please. Can we stop with the comments from the audience?

Councilman Booros: It's none of your business. If I want a rental license, I'll go get a rental license. I don't need somebody to ask me. She asked, Cliff.

Mayor Newlands: I know. I'm trying to tell her not to.

Councilman Booros: Bang the gavel.

Mayor Newlands: I already told her to be quiet.

Councilman West: I wouldn't want to be in your shoes or your socks in a minute.

Mayor Newlands: Right now we're building a database with all of the people who have returned these and who have actually filled out rental licenses and like we said before, it's generated 33 rental licenses in the last couple of weeks. We've had a couple of people who have multiple houses; we have some people who have two houses in town and they'll tell us I'm not renting the second house and we'll go out and we'll take a look at the records and we'll find the water meter shut off and they're not renting it, because there's no water.

Councilman Booros: Oh no, don't get me wrong.

Mayor Newlands: So we go back and do verify it.

Councilman Booros: I think it's great that you send out the letter and people come forward and get it. I think that if we sent out a letter in the tax bill at the first of the year, that says remember guys if you have a rental property, if we catch you, it's going to cost you \$300 a day; people will come forward and pay it. I have a problem with the fact that you're talking about the people who don't fill out the paper, charging them \$300.

Mayor Newlands: Well they're not automatically going to get billed. I mean, Mr. Abbott got \$1 in the mail from somebody, as a rental license, because that's what...

Councilman Booros: I think it's poorly written; there's no penalty; I don't think the penalty for not filling out a piece of paper should be the same penalty as having drug dealers renting a house from you and not getting a license for \$150 bucks.

Seth Thompson: It's within your discretion, if you want to have a different penalty; if you want to put in language that says that at least one reminder letter needs to be sent.

I'm not wedded to this language, so...

Mayor Newlands: This is the first reading of this anyway. So let's come back next month with some...

Councilman Booros: For another first reading.

Mayor Newlands: With some different language.

Seth Thompson: So I'm looking for some input from Council that...

Councilman Booros: I'll give you my input. My input is I don't think you should ask anyone to certify that they don't do something. I think you should ask people to get the stupid license and let them know what the penalty is for not getting that license. I got those letters in the mail. I don't think I ever saw on there that there was a \$300 a day penalty if you don't get that license. That should scare anyone into running down and getting the stupid license for \$150 bucks.

Mayor Newlands: I think the problem is that the Declaration doesn't have the penalty on it; not having a rental license has the penalty on it, so that's where the problem lies.

Councilman Booros: That's the problem with this piece of paper lies, absolutely.

Mayor Newlands: Yes, so if we add the penalty to the Declaration.

Councilman Booros: You can't enforce it Cliff, because I'm still going to tear it up and throw it in the garbage and I'm not giving you \$300 or anything else. I'll be the first one to tell you. I shouldn't be penalized for not renting my property.

Mayor Newlands: You're just making a Declaration so we know who's who.

Unidentified Speaker: [unintelligible].

Mayor Newlands: Can you please? It's enough.

Seth Thompson: The alternative... It's fine, if you don't want that language in there, I think on a practical level, the result is anybody you suspect of renting a property is going to get a citation.

Councilman Booros: That's what they should do.

Councilwoman Jones: You wanted to hear from us. I want to know if it is as easy as changing on line four "Any property owner who does rent any unit or room, in conjunction with, shall be required..."

Councilman Booros: That works for me.

Councilwoman Jones: And it takes it out of the negative. I don't know if that works.

Seth Thompson: So, obviously, take out the non hyphen in the next line, the property's rental status.

Councilwoman Jones: Non-rental status – yes, but I don't know if that gets what you want, because isn't that already in place? If you rent your home, it is your obligation to come and get that license; but this attaches it if you do rent your home, then you have to make that Declaration or you get this penalty.

Mayor Newlands: What you're saying is, it's no different than sending every homeowner a rental license and say please fill this out, if applicable.

Seth Thompson: The thinking behind it was that people would be less willing to lie on a piece of paper, that they're then going to turn into town. Some people are, I guess, potentially more willing to just ignore...

Councilwoman Jones: But if you sent this out in the positive, as opposed to saying who does rent; as opposed to who does not rent; you're still giving every member of the community, every homeowner, the responsibility to answer and get this license. Those who do not rent, do not have to take action, but it gives you the leverage that you notified them, if we catch you now, this is your penalty; and it's rather stiff.

Councilman Booros: This is pretty much all you've got to send them.

Councilwoman Jones: Right. So I'm just saying if you take that negative out, do you capture what Councilman Booros is talking about.

Seth Thompson: It seems to put a thirty day delay on it, that would be the only... In other words, if you eliminated the second sentence in sub-section a, the town would still be in a position that they could just send a letter and say we believe that you're renting your property. Please come in and apply for a license.

Councilwoman Jones: But I'm not opposed to a town-wide notification that if you're doing this, you must declare it and you must get a license. I'm not opposed to that, but you may be capturing... maybe you'll capture more people if it's put in the affirmative, rather than the negative. You don't think so?

Mayor Newlands: No.

Seth Thompson: The only down side from the legal perspective is you would then have to wait the thirty days for them to return the form before you would cite them.

Councilwoman Jones: Well, but you're waiting thirty days for somebody to declare they're not renting their property, too, right?

Councilman Booros: We've never cited anybody. Okay?

Seth Thompson: Right.

Councilwoman Jones: So if you did that say coming into December, where well we start in October, I'm sorry. Do our licenses run the same?

Mayor Newlands: No they're on the calendar year.

Seth Thompson: They're yearly.

Councilwoman Jones: They run calendar year, so you would give that notification maybe in the third week of November and they have until January 1.

Mayor Newlands: We actually send this out with the tax bills.

Councilwoman Jones: When is that?

Mayor Newlands: They go out in January sometime. And rental licenses have gone out in November.

Councilwoman Jones: How about your quarterly coming into the end of the calendar year, is that a possibility?

Mayor Newlands: Quarterly, what?

Councilman Booros: Water bill.

Councilwoman Jones: Your quarterly utility bills, as opposed to your tax bill. October.

Robin Davis: The first of October with the utility bills.

Mayor Newlands: Right, well we send out rental license renewals in November; we try and get those back, they're due in January and then in January we send out the taxes and we send the Declaration out, because that's when you're getting your tax bill.

Councilwoman Jones: But I agree with Mr. Thompson, they then get a thirty day. Do you retroactively bill them to January 1?

Councilman Booros: It's an annual fee.

Mayor Newlands: It's an annual fee, so there's no... It doesn't make any difference.

Councilman Booros: What difference does it make?

Mayor Newlands: I don't have a problem giving them thirty days to comply with it.

Councilwoman Jones: No, I don't either, that's not the point I'm trying to make.

Mayor Newlands: Right now we're just trying to get the revenue and build a database up of who has rentals. So that we're more accurate every year in sending something back.

Seth Thompson: I think I missed the word "to" after required. It should be "shall be

required to verify...”

Mayor Newlands: Right. So you're going to change this to be the more affirmative and see how that reads?

Seth Thompson: Correct. So it will say “Any property owner who rents any unit or room, shall be required to verify the property's rental status.”

Mayor Newlands: Okay. First reading is done.

16. Executive Session: Discuss Personnel matter in which the names, competency and abilities of individual employees are discussed, unless requested to be discussed in open meeting by the employee

Mayor Newlands: Can we get a motion to go into Executive Session?

Councilman Lester: I move that we go into Executive Session.

Councilman Booros: I second.

Mayor Newlands: We have a motion and a second to go into Executive Session. All in favor say aye. Opposed. Motion is carried.

17. Additional New Business: discussion and possible vote on renewal and approval of the Town Manager's contract

Councilman West: Mr. Mayor, I make a motion that we come out of Executive Session at 10:51 p.m.

Councilman Booros: Second.

Mayor Newlands: We have a motion and a second to come out of Executive Session. All in favor say aye. Opposed. Motion is carried.

Councilman West: I would like to make a motion to renew Mr. Abbott's contract, as drafted.

Councilman Lester: I'll second that.

Mayor Newlands: We have a motion and a second to renew Mr. Abbott's contract, as drafted. Let's do a roll call:

Councilman Lester	Yes
Councilwoman Jones	Yes
Councilwoman Patterson	Yes
Councilman Booros	Yes
Councilman West	Yes
Mayor Newlands	Yes

Mayor Newlands: Motion is carried.

18. Adjournment

Councilwoman Jones: I make a motion that we adjourn at 10:52 p.m.

Councilman West: Second.

Mayor Newlands: We have a motion and a second to adjourn. All in favor say aye. Opposed. Motion carried. Have a good night.