

"A Historic Past"



"A Bright Future"

CITY OF DELAWARE CITY
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**MINUTES
CITY OF DELAWARE CITY
SPECIAL MEETING OF
MAYOR AND COUNCIL
Thursday, December 5, 2019 at 6:30 P.M.
CITY COUNCIL CHAMBER
DELAWARE CITY, DE 19706**

CALL TO ORDER

Mayor Johnson called the Special Meeting of Mayor & Council to order at 6:30 pm.

PLEDGE OF ALLEGIANCE

Mayor Johnson led the Pledge of Allegiance to the Flag

ROLL CALL

Present were Mayor Johnson, Vice Mayor Malinowski, Council Members Titus, Renoll and Konkus. Also attending was City Manager and Chief of Police Baylor, Finance Manager Graham and City Solicitor Walton.

Council Member Buchheit was not present.

City Secretary Loveland was not present.

PUBLIC HEARING- Regarding Sale of Water System

Mayor Johnson explained that in December 2018 a RFP was put out for the water system under previous administration. The RFP was to sell, lease or keep the water system the way it is now. In February 2019 the proposals came back from Artesian, Suez and Tide Water. From February to September nothing else took place with the proposals. In September we had a Public Hearing where we were notified Tide Water withdrew. September 2019 we had the Catastrophic Pump failure at well #5, that has since been rectified and we had to go to the State for \$50,000.00 to take care of that. Well #4 is in just as bad of shape as #5. It also went down in October 2019 in

the unit block of Washington Street. Now November 2019 it was on the Agenda to discuss narrowing it down to which we were going to negotiate with, Suez or Artesian. It was recommended that we hold another Public Hearing tonight to get feedback from the public and make sure everyone understands where we are. We will have further discussion on the path forward.

He opened the floor up for Public comment.

Herb Netsch-

He says there's a lot to think about before we say we want to keep it. He feels there's a lot of unknown. What repairs are needed immediately and what are those costs, what's the liability with the current system. He feels like the public needs more answers before they make a decision. He says the infrastructure was updated 25 years ago and it needs work. He said financially it can be a big hit for the town to make the improvements needed.

Tim Dilliplane- 118 Clinton-

A month ago Artesian came to his house for an issue and his service is only 10 years old. He's concerned about how many more episodes like that we will experience with the age of our system. If it's going to continue to cost us more money, we are going to have to make a decision.

Matina Starrett- 116 Clinton-

She asked does a decision have to be made tonight. She feels like we are trying to make a big decision but she doesn't feel like we enough facts. At the last meeting on this Tim Konkus rebuked the City for even assuming to get rid of the system due to is being such an asset to the City. She said we also have the option to get funding and funds from people who owe money. She feels like they need more time.

Tim Dilliplane- 118 Clinton-

He has heard people speak on the value of our system but with its age and the fact that it has not had much maintenance, with it sitting it's not worth anything until time and money is put into it.

Lynn Dilliplane 118 Clinton-

The day her water main broke, within 2 hours Artesian addressed the situation and their men worked in terrible weather conditions to fix the problem. She wants to commend Artesian for their performance with that and is in their favor.

Discussion & Vote on whether to Sell the Water System and To Whom to Negotiate with Artesian or Suez Water

Council Member Titus pointed out that the Consultant Report they were given was not done properly but there were things that were explained about the water system. It said the replacement value is 14 million. The replacement expenditure would be \$210,000 on average to keep up with and replace things that need to be updated routinely, to keep this we would need to get a loan to execute. We would have to retain the services of an Engineer firm along with hiring another person for office staff. We will still have to keep a contract for service and billing, or we

would have to create a billing dept. She said it also mentions that because there is instability with the switch of Council Members and City Managers, the water system needs to be constant. Immediate project's would need a loan of about 1.3 million in addition to an Annual Debt Service of \$87,000.00 There is a potential loan source with the Department of Agriculture and we could be approved but we would need long term stewardship and to hire more employees, which would be another expense.

She also pointed out that regardless of which decision is made; the Water Rates are going to increase. We don't really have an asset because of all the repairs needed.

Mayor Johnson pointed out that we currently have an outstanding debt on the water system and our Finance Manager stated we have Two General Obligation Loans one is \$127,000 and one for \$440,000. He says he feels the City cannot handle the cost of keeping the water system, especially after the time it's been neglected.

Herb Netsch-

He asked what the Bonds were for. Finance Manager Graham said one was for Well 5 and the other was for a Water Treatment Replacement.

Council Member Konkus said that none of them know anything about a water system but they are learning a lot through this process. She said she is not necessarily on board with needing to sell it because the information and quotes are coming from the two people bidding on it and the Consultant's Report which she doesn't feel was very good, so she feels were are getting information from 3 individuals who are not looking out for the City. She would like to get someone from the State to come in and give us a Third or Fourth opinion from someone who knows water systems.

Council Member Titus said that the City was able to handle the water system in the past before there were rules and regulations. The City also has not been charging for water what they should have been. We are not in the water business so we are always going to have to have a contract for repairs and there are only so many companies that do it so those costs could go up knowing there are only a few who do it.

Council Member Konkus asked Finance Manager Graham what we bring in each month gross for the water system. Finance Manager Graham said the water is billed quarterly. The revenue is \$324,100 for the year and that's what's billed. Our debt service is \$56,000 a year, that's for the Bonds we have out.

Council Member Titus asked how much the Water Fund contributes to the General Fund, Finance Manager Graham said the budgeted amount is \$71,741.00 for this Fiscal Year. She asked how much we pay a year for billing and maintenance from Artesian, Finance Manager Graham said \$60,000.00. She asked will we still have a balanced budget. Finance Manager Graham said the budget would need to be redone and taking out the Water Fund money to the General Fund. There are other administrative and salary costs that are attributed to the Water Fund now that will be moved to the General Fund.

City Manager Baylor said that this is a complex decision and he is trying to look at where we will be in 5 and 10 years down the road. We are 5 years behind in updating our Meter System. Our infrastructure has not been updated in years. Once winter sets in, we will start to have Water Main breaks. When he spoke with the repair crew that was here for the repair on Clinton Street, they said they are afraid of turning out valves in fear of breaking them. We also were told our water tower is in need of repair that will cost about 600-700 Thousand. So that's 600-700 Thousand on the tower repairs, the Smart Meter update is 200-300 Thousand and then our infrastructure, that's an investment of 4 Million dollars plus to bring our system up to speed. He said to be able to do that we will have to go out and get money from somewhere if we chose to keep it. He said going forward our wells Filter System will need replaced along with making sure our Water Quality system is up to standard. He says we are finding out now, how much we are in over our head. He pointed out that our Consultant said our Water system is worth nothing but that is not true. As long as there is demand, there is value to this system.

Council Member Titus said we were given a report from the AWWA Free Water Audit, it says that water supplied to us is \$46,748,000 a year and what is metered is \$37,441,000 We are losing somewhere 9 Million Gallons of water a year.

Kathy Clifton, the City Land Use Technician added that a lot of people are exempt, the meters are still read though, so that might be part of that 9 Million.

Council Member Renoll feels that it's a very complex decision and he feels a little pressured because of the deferred maintenance for years but he would like to reach out to another Consultant. He would like to have someone to talk to the community about the quality of both sources of water.

Ann Marie Kane-202 Adams-

She says she has had Artesian since she moved to Delaware or so she thought. She was unaware that Delaware City owned a water company. She agrees that another opinion would be beneficial, someone that's not in it for the money.

Council Member Titus said she is somewhat frustrated that Council has held multiple meetings on this topic and people are just now hearing about this. She is also frustrated with Council wanting to hold another meeting when they knew this meeting was coming, if they wanted another opinion, it should have been given at this meeting.

Council Member Konkus responded to Council Member Titus, She said she feels like they asked questions to the Consultant but he did not have any answers to their questions. She said she's been researching for weeks but found some more information today that she wants to consider.

Mayor Johnson said what we can consider tonight is authorizing him to create a Committee for negotiations made up of Residents, Business Owners and Two Members of Council. They can start negotiating; a lot of the concerns from tonight can be worked out through negotiations. He is not sold on getting another Consultant, as it cost too much money. He feels the decision should be based on Economics and what is the best decision for the City. The health concerns will be on whoever buys the system; not being in the water business relieves us of that liability. He said if

they are not prepared to make a decision tonight, he would like to at least get a Committee in place.

City Solicitor Walton said the Mayor already has the approval to Appoint that Committee from the last meeting. Item number 2 on the Agenda is to Appoint, not to approve creating a Committee.

Council Member Konkus agreed that creating a Committee would be the next step but would like to have someone reach out to the USDA to see if they will help out for free.

Mayor Johnson asked City Solicitor Walton since this Committee is not spelled out in the Charter, can he just appoint the Committee or does it need to be approved by Council. City Solicitor Walton said it would need to be approved by Council. Council Member Konkus asked him to bring forward the names at the December meeting.

Mayor Johnson said that anyone wanting to be considered to be on this Committee can let him know.

Jennie Sadot-228 Hamilton St-

She likes the idea of keeping with the water we are used to which is Artesian if the City is unable to do it themselves.

Approval for the Mayor to Appoint a Panel to Negotiate with Either Artesian or Suez Water on Water System Proposal

The Mayor will bring forward names to appoint at the December meeting.

ADJOURNMENT

Mayor Johnson asked for a motion to adjourn the meeting. Council Member Buchheit made the motion that was seconded by Vice Mayor Malinowski; *the meeting was adjourned at 7:14 p.m.*

Respectfully submitted,
Britney L. Loveland
City Secretary