



CITY OF DELAWARE CITY
407 Clinton Street - P.O. Box 4159
Delaware City, Delaware 19706
302-834-4573

MINUTES
REGULAR MEETING OF THE PLANNING COMMISSION
CITY OF DELAWARE CITY
Monday, November 5, 2018 – 6:30 p.m.
City Council Chamber
407 Clinton Street

CALL TO ORDER

Commissioner Snow called to order the regular meeting of the Planning Commission (PC) at 6:30 p.m. Commissioners Dilliplane, Smith, Starrett and Renoll were in attendance. Also present were City Manager Houck and City Secretary Hanna.

ACTION ON THE PREVIOUS MINUTES

Commissioner Dilliplane made the motion to accept the minutes from the October 1, 2018 meeting as written. Commissioner Smith seconded the motion. A vote was taken, all ayes, minutes were accepted.

RECAP OF OCTOBER'S DISCUSSION

To backtrack a bit, City Manager Houck tells PC the modifications that were suggested to the Historic Preservation portion of the Comp Plan will be addressed at the next night's meeting of the HPC. If there are no substantive changes/suggestions we will move forward with them as written. If there are changes/suggestions they will come back to you the following month.

City Manager Houck also shares the results of the Community Outreach at the Fire Company's Open House. Approximately 152 people (children and families) participated. They left understanding what the Comp Plan is and took part in an interactive demonstration to voice their opinions about what is most needed in Delaware City. The results were: property maintenance received 65 votes;

conditions of sidewalks received 38 votes and variety of businesses in town received 48 votes. Residents also were made aware of the remainder of the meeting dates for PC and the topics to be discussed. The City News will also have the meeting dates posted. This outreach along with the survey meets the requirements of the outreach portion of the Comp Plan.

Also included in the City News will be information about the repaving project along Clinton & Washington Streets. Commissioner Dilliplane asked how it will be done. City Manager Houck explains the process along Clinton Street will be a 2-inch tapered mill, curbing and restriped. All the problem areas will be addressed. On Washington Street it will be a 2-inch mill curb to curb and the gravel will be gone. Notices to all businesses and residences will go out as soon as a date is set.

City Manager Houck showed the Commissioners the mapping for land use the IPA provided. She asked if Commissioners Dilliplane and Starrett were still available to walk the area. Discussion followed on guidelines for the work; identification for them, etc. They agreed on sections of the mapping to fit in a notebook with a legend of symbols of what they are to be looking for and space to write remarks.

DISCUSSION & PRESENTATION OF COMPREHENSIVE PLAN UPDATE 2-7 Water, Wastewater, and Stormwater Management

City Manager Houck opens the discussion on this section. Commissioner Dilliplane asked what is the amount of debt currently carried on the water. The answer is \$450,000 (maybe less now) and an additional \$800,000 needed for upgrading.

City Manager Houck explains that Mayor & Council gave up the rights to the water utility at Fort DuPont after the evaluation was done on what the cost of upgrading the system would be. In turn Fort DuPont sold the water rights to Artesian. Rates cannot go up without the Public Service Commission's approval. They will make sure Delaware City is paying a fair share with no other entity supplementing it. Rates will go up to meet what other Artesian customers are paying. Artesian is interested in Delaware City's water utility.

City Manager Houck said the RFP (Request for Proposals) will be going out within a month to solicit everything, evaluate it and go back to Council. Commissioner Snow asked about the range of increase from 40% to 100%. City Manager answered that is based on our current rates and what other utilities' rates who would be interested.

Commissioner Dilliplane asked if Mayor & Council are leaning towards a solution. City Manager Houck replied Mayor & Council has all the information on the condition of the system and the need to be more proactive in maintaining it,

hence the 15% increase. They asked for information and figures along with her recommendation then they can make the decision they feel is best for Delaware City.

City Manager Houck explains Delaware City does not have a lot of revenue diversification therefore relies on a margin transfer from the water utility even though rates are low but this has to change. National average is 5% to 7% transfer from utility to General Fund which covers items that are necessary for general administration.

This budget year we were forced to have a 15% margin to the General Fund to fund everything else we do. Selling the water utility even though the 15% is too much would be problematic to the General Fund going forward.

Commissioner Dilliplane asked about the \$800,000 that's needed for projected repairs how far can that be spread out over a period of time. City Manager Houck said she hesitates to say, perhaps 20 but may be less. We are at our borrowing limit. The question and likely recommendation to Council would be about adding on more debt one way or the other.

Commissioner Snow asked if Fort DuPont found it to be cost effective to sell the water rights. The Fort was paid a million dollars for it. Their rates are whatever they are paying now but in a few years the Public Service Commission will be sure the rates are on par with everyone else.

City Manager Houck went on to add that Artesian is our operator and not involved in rate setting. That is the responsibility of Mayor & Council. Delaware City pays them to operate the day to day. They will provide information on maintaining the system and if something breaks we pay as we go for the repairs.

Commissioner Snow asked if Fort DuPont felt the water system was so deteriorated that selling was warranted. City Manager Houck replied Artesian did a study on the current infrastructure keeping in mind the new going in. There's only a 1-time value to selling.

Commissioner Dilliplane asked what are the pros and cons of leasing. City Manager Houck said that is rarely done but the consultant is looking into it. Commissioner Dilliplane said as a taxpayer he would be in favor of whichever plan is most cost effective to the city and has less impact on him as a taxpayer. City Manager said everything will be evaluated once the RFP comes in, public hearings held, etc. Commissioner Dilliplane believes the PC cannot make any recommendations until then. City Manager Houck understands and added we can however continue with the process and update this portion prior to sending the Comp Plan to the State.

WELL HEADS

Commissioner Snow brought up the discussion on the well heads. Commissioner Dilliplane asked where they are located. City Manager Houck said one is located at the Cutting Edge Maintenance Yard and the second is at Fourth & Washington Streets.

Discussion followed about the safety of the well heads. City Manager Houck adds we need to be pro-active now but as the population grows we will need to have a well head protection plan in effect. Currently the protection area is 150-feet. Some municipalities are changing the protection area to 300-feet. It's good to add this in Comp Plan that we are working on a protection plan now. It is population based and we are reaching the 2,000 mark then it will be required.

Commissioner Dilliplane explained wells at 800-feet deep can still get chemical intrusion from sites far away and describes how water travels through the Potomac Aquafer and if there are breaks in the rocks the water can pick up contamination.

Mention of Fort DuPont's wells being above ground also brought on the discussion of the importance of tank maintenance both inside and out. HPC's Commissioner Turley mentioned some discussions had come up about having interconnections of the water supplies between Delaware City and the Fort to add redundancy for both sides. City Manager said no conversations have occurred to date but it is a good to have a backup.

As the Commissioners continued working through the Comp Plan, City Manager Houck said she added to and/or tweaked some of the goals and strategies that she felt were still pertinent according to her knowledge now from the Source Water Protection Ordinance and such.

SMART METERS

Commissioner Dilliplane thought smart meters were already installed. City Manager Houck said it's likely some residents have them if there had been a problem or if it's new construction. She continued saying when she arrived here the grant from the Revolving Loan from the State had been approved but because of the Washington Street Flood Mitigation Project the funds were applied there which took us to our debt limit. We have been told it is likely if and when we want to or need to we would be approved again because it has merit. The RFP will deal with it as well.

The reason to replace with smart meters is because water meters lose their accuracies the older they get; making, treating and delivering water but not recouping the funds for the amount of water delivered. They also provide the opportunity to go month to month billing instead of quarterly; can detect leaks sooner and give an alert that something is going on and is most cost effective for

homeowners. Commissioner Starrett asked if it's cost effective to replace with smart meters. City Manager Houck replied from everything thing she has seen says it is. They are more efficient in billing and labor saving in meter reading.

Commissioner Dilliplane still believes he needs to see numbers first. City Manager Houck replied that what is needed here is to show we are studying the issue. We are not in the decision making process. That will be the responsibility of Mayor & Council to decide whether it's in the best interest of the city to be in the water utility business. If so, then you have to plan and save for it. If not, we should get out. The RFP responses will provide all the information for Mayor & Council. Here we are looking for recommendations and a path forward, not about keeping or selling the utility.

The water evaluation information is a revised edition because it was out of Executive Session and is privileged information.

Commissioner Snow said Artesian offers insurance for in-house and outside insurance from meter pit inward and is very a reasonable cost.

GOALS

1. Maintain a safe and reliable supply of drinking water. We are required by the State to send out an annual water quality report to all residents every July 1st. There have been no issues with the quality of our water.
2. Develop a Source Water Protection Ordinance for populations of over 2,000 to have measures to protect the public drinking water. City Manager Houck believes it is important to make provisions.

Commissioner Starrett asked if the 2,000 includes Fort DuPont. City Manager Houck answered, we believe its residents that will be counted not two (2) utilities. She asked the Office of Drinking Water for clarification. One report suggested we should already have it based on a higher resident rate than we have. So are they basing this on expectations?

City Manager explains the challenge of operating one set of residents with two (2) water utilities and with different rates. This is a challenge. Commissioner Dilliplane believes if Delaware City does sell the utility then one of the codicils of that is the rates should be the same across the board. City Manager Houck said it will be a slow ramp up but within two (2) years it should all be the same. She also added that Fort DuPont is subject to the Public Service Commission where Delaware City is not.

City Manager Houck said Delaware City's water rates are one of the lowest in New Castle County. Commissioner Dilliplane asked are the other towns with Artesian. No, Newark is private. Typically unincorporated areas are Artesian. City Manager is pro maintaining your own utilities.

The Commissioners continued the discussion on the balancing act of owning utility or not. Commissioner Snow asked if Artesian maintains the chlorine, etc. and the testing of water quality. City Manager said there will not be a lessening of requirements but more. Commissioner Snow asked if the water in the Potomac Aquifer changed over the years especially with the pollution through the years. City Manager Houck said it may be advantageous to bring Kash in to discuss this.

Discussion took place about polluted water being mixed to make it safe for drinking water happening in some developments in the area and corrections that had to be made is good reasons to have well head protection plans in effect

SEWAGE TREATMENT

The capacity of the sewage plant is 500,000 gallons per day, Commissioner Dilliplane asked how close are we to capacity and how will the development of Fort DuPont impact it? HPC Commissioner Turley said Fort DuPont had a plan but found it would be too costly. The possibility of moving the plant to another site has been considered. The Commissioners continued to question the 500,000 capacity is what we are currently using or is it the design capacity?

- Rate study should be done every 5-years and this is industry standard for water and electric utilities. This plays into planning and capital improvement studies. They are very detailed but necessary to make sure you are charging properly to maintain the utility.
- Implement the approved course of action following completion of Water Utility Review efforts of 2017 – 2019 following recommendations to Mayor & Council. The decision will probably be made in 2019.
- Improve storm water drainage and identify problem areas. Working on the largest one now and later identify downtown and in the park to understand where the storm water drainage issues are. (more of a sluice gate problem with debris)

STRATEGIES

- Complete the water utility review and RFP process
- Establish capital funding reserve for planned out year maintenance of the water system.
- Review our sewer agreement with New Castle County that accommodates the long-terms needs of the city.
- Coordinate with New Castle County for the timely completion of proposed improvements.
- Engage with State for our first Source Water Protection Plan in advance of it being required.

Rate setting:

15% increase recently made. If we keep the utility increase rates will occur to pay for the maintenance. Ultimately the final decision is Mayor & Council's. Delaware City does not have a water related staff so problems come to City Manager's attention. City Manager Houck explains the issue of concern with the Refinery last year and the installation of smart meters for more accurate readings and redefine the agreement with them for their usage.

The Finance Manager can do the research and handle much of this work now. City Manager doesn't feel she has the time now to be able to do the oversight on the utility but increased engagement with the administration or with outsource person is necessary. We are fortunate to have a representative from Artesian that is a phone call away to help with issues that come up. This representative helped with prioritizing the needs last year.

Are there consequences for not planning ahead? Yes

- Well head protection area maintained to not put our water supply in danger.
- Failing infrastructure
- Continuing to address our rates and aligning them with an investment plan per capital program.

Options:

- Maintaining our current utility's ownership and outsource the operation
 - Can happen and can be improved
- Sale of the utility to private utility
 - One time cash flow and no control over utility
 - Public Service Commission would have control
- Long term lease to private utility
 - Not sure, but perhaps an initial cash benefit to the City and regular cash payments to the City while we maintain ownership
 - Typically they would have more input in timing of improvements but we would not be able to dictate when.

Commissioner Dilliplane added a private utility would have more knowledge as to when the work should be done. Artesian's staff has the skilled employees, equipment and training to handle the issues. RFP could ascertain what kind of rates Artesian is charging others. City Manager Houck she can get that information.

CONCLUSION

Commissioner Dilliplane asked City Manager Houck if they could have a meeting to brainstorm how to proceed with the mapping project. They discussed timing and availability as well.

Ms. Diane Whary, 203 Cleaver Road sat in on the PC meeting. As she left, she said she did have some questions. City Manager Houck told her to call and she would answer her questions.

City Manager explained Appendix A is the power point on the Water Utility Evaluation Report and Appendix B is the most recent water quality report that goes out in July and will be included in the Comp Plan.

Commissioner Snow asked if City Manager Houck was pleased with how the Comp Plan was coming along. City Manager answered that all the input she has had from outside sources assisting in the Plan's completion has been very complimentary on the process. The goal is to have something good to present to the State.

HPC Commissioner Turley told the PC Commissioners that he is planning on inviting the members of CHAD to a meeting to discuss what is going on in historical preservation and hopefully turn into a public meeting where residents can come, receive information and have an opportunity to ask questions.

City Manager Houck wanted to explain the misunderstanding that happened regarding when the new water rates begins and when it would be reflected in the billing. The rate increase was presented to Mayor & Council in June and approved in July for the rates to become effective the following quarter. Since at time of approval we were already in a quarter, the new rate is in effect but won't be billed until the last quarter of this year. The new rate will be in the December billing.

Commissioner Snow complimented City Manager Houck that she has made working through the Comp Plan very easy for the PC. City Manager Houck replied much of the background was done by the short-term intern Danielle Metcalf.

Commissioner Dilliplane commented that according to the timeline they will be finished by February. City Manager Houck reminded him it had to go to Mayor & Council, perhaps some Public Hearings before going to the State in November. In addition they have to go back and work on Chapters 1.1 to 2.1 which will be filled in with the results of the work done so far.

Before adjourning, City Manager Houck tells the PC that work is being done to contact the owners of all vacant properties in the City including the historic homes. She explains the process that is being taken and to especially work with the banks who own many of the historic homes. A fee of \$100 will be charged to the owners per year for vacant homes.

Discussion on the banks taking so long took place. It was suggested an ordinance be put in place that puts limits on how long a bank can hold onto a property. HPC Commissioner Turley suggested a \$20,000 penalty which may

never be received but it would be enough of an annoyance that the banks would sell the property.

ADJOURNMENT

Commissioner Dilliplane made a motion to adjourn the meeting. Commissioner Smith seconded the motion. A vote was taken, all ayes. Meeting adjourned at 8:00 pm.

Respectfully submitted,

Bonnie Lynn Hanna

City Secretary