CITY OF NEWARK
DELAWARE

PLANNING COMMISSION
MEETING MINUTES

MICROSOFT TEAMS
MEETING CONDUCTED IN PERSON

OCTOBER 17, 2023
7:00 P.M.

Present at the 7:00 P.M. meeting:

Commissioners Present:
Chairman: Willard Hurd, AIA
Vice Chair: Alan Silverman
Secretary: Karl Kadar
Scott Bradley
Kazy Tauginas
Chris Williamson
N. Alexine Cloonan *(Staff note: as Ms. Cloonan was not provided materials in advance of the meeting, she elected to attend as an audience member only.)*

Staff Present:
Tom Coleman, City Manager
Renee Bensley, Director of Planning and Development
Jessica Ramos-Velazquez, Deputy Director of Planning and Development
David Del Grande, Director of Finance
Bhadresh Patel, Director of Electric
Tim Filasky, Director of Public Works and Water Resources
Ethan Robinson, Deputy Director of Public Works and Water Resources
Joe Spadafino, Director of Parks and Recreation
Katie Dinsmore, Administrative Professional I

Chair Hurd called the meeting to order at 7:00 P.M.

Chair Hurd: Yeah, can we put that in the CIP? Yeah, when he took the gavel, I think he took the block too. I'll bring my own. Alright, welcome everyone to the October 17th, 2023 Planning Commission meeting to review the 2024-2028 Capital Improvement Plan. Just a reminder that this is the only item on the agenda, and so that will be the only thing we're considering tonight. And so, we will begin Tom, I believe, with you and David's lovely presentation.

City Manager Coleman: Thank you. Thank you for hosting us this evening. Dave and I are happy to be here tonight to share highlights of our recommended 2024 through 2028 Capital Improvement program. Our departments have worked to identify the needs of our community and feel that the 5-year capital program presented this evening meets those needs while balancing the fiscal constraints on the city. The plan you will see tonight attempts to find a balance between spending varying sources of grant and outside funding while reserving our own cash to be used as leverage for potential grants from the state or feds. To the extent possible, this CIP will serve as our guide for the next five years. Each of our department directors who have a project in the CIP budget should be online this evening to answer project specific questions, should you have any. If they're not on, I'll do my best to answer them. If anyone has questions on a slide I cover quickly, please don't hesitate to ask..

So, this slide details the charge of the Planning Commission with respect to the capital budget with the pertinent sections bolded. Ultimately, the Planning Commission has the responsibility to review the recommended CIP, then advise Council on expenditures for capital projects that refer to a matter covered by the comp plan or the official map of the City which is pretty much everything. In developing the capital program, our departments begin by reviewing projects that were previously approved or are underway from earlier programs. We confirm completion levels and discuss modifications to projects that may have become necessary as we progress further into projects.

In developing the capital program our departments begin by reviewing projects that were previously approved or are underway from earlier programs. We confirm completion levels and discuss modifications to projects that may have become necessary as we progress further into them. Likewise, staff have an eye towards the out-year projects, identifying new needs and confirming the continued need along with incorporating Council and community feedback. These efforts are completed with a focus on how each project supports the provision of services today or moves the City's vision forward for tomorrow.

The capital program presented in the 2024-2028 CIP aligns with the vision elements noted here on these slides. The City's belief that a healthy, active, sustainable, and inclusive community resonates with all who are committed to Newark's continued success. The Capital program is the backbone of the City's work as a local government. This year's CIP again keeps us primarily focused on our infrastructure, maintaining our utilities and ensuring that all who reside or work in Newark are receiving the electric, water, stormwater, and sewer service that they require. It also includes funding from the American Rescue Plan and other grant sources to help us complete some projects that have been delayed due to funding challenges or would benefit from being accelerated and brought forward to an earlier year in the budget. Lastly, we must safeguard the financial strength of the City via prudent investments and decision making. Newark's utilities and parking funds make up around 3/4ths of the City's revenue so properly maintaining our assets is critical to the long-term financial strength of the City.

So, a successful referendum in 2018 along with a recent update to our charter, have paved the way for the incorporation of the State Revolving Loan funding into our capital plan. Now, with federal and state support, these have been the keys to the City's ability to meet our capital spending requirements.

In past years, we would primarily use our reserves and current revenue to fund long-term projects. All our projects were competing for the same dollar, which resulted in the delay of many projects, especially large projects, repeatedly pushing them out into future years. Deferring maintenance on our facilities and utility infrastructure often results in higher future expenses as the infrastructure continues to deteriorate. It can also lead to lower levels of service for our customers due to more frequent service interruptions.

A lack of resources resulted in five-year capital plans that changed frequently beyond the first year, as it was uncertain how the projects would be funded. Since the City only has a limited amount of cash available each year, projects that were over a million dollars stood almost no chance of being completed unless they were the only project in the budget after paying for equipment and street paving.

Now, the City has a more secure funding mechanism for much-needed projects which has enabled us to stick to our out-year capital plans. In addition, with the state revolving loan program as a part of our capital portfolio, we can now secure new state grants and principal forgiveness which we previously were not eligible for. Great examples of this are the more than $600,000 in principal forgiveness received for the water tank rehabilitation project and most recently, we acquired another $1.6 million or so we received for carbon treatment at the South Well Field water treatment plant. Having these additional funding resources enables us to effectively plan and accomplish the projects we set out to do, in the timeframe that was intended. In addition, the use of ARPA has allowed us the ability to hold off on a second referendum until after the funding runs out in 2024, delaying the additional debt service payments and saving our residents money. With that, I'll hand it over to Dave.

Director Del Grande: Thanks Tom, good evening, Planning Commission. This slide represents the proposed 2024 through 2028 Capital Improvement Program which has been presented to the Council in our departmental hearings over the last two months.

When we look at the CIP program over the five-year period, our capital plan totals $112.5 million, with 2/3rds of our projected spending coming in 2024 and 2025. This high concentration in the next two years is coming from utility infrastructure projects, as $64.4 million of the $75.1 million requested to be authorized are for the City's utilities.

So, we utilize a variety of sources to fund capital projects. For 2024, $3.2 million, or 10% of the CIP will be funded via City funds. Over the five-year plan, $22.4 million, or 20% will be funded via City funds. And when I say City funds, I mean current resources coming from taxes and fees in the budget.

Our reliance on the State Revolving Loan Program, the American Rescue Plan Act and other grant funding helps us fund our much-needed capital needs, which keeps the burden on our residents as low as possible year over year. As we head into our last year of ARPA funding, we plan on appropriating $7 million of the remaining $18.1 we were awarded. Just a reminder that APRA funding must be fully encumbered or used, by the end of 2024. If it is encumbered, we have until 2026 to spend it to zero.

So, this slide represents sixteen of our largest projects and almost 80% of our 2024 CIP, which collectively total $25.2 million. 90% of the funding for our largest projects are coming from grants, the state revolving loan program, the American Rescue Plan Act, state funding, or conduit financing with only 10% or $2.4 million coming out of the City's capital reserves or current resources in 2024.

Not included in 2024 but will impact our future years' budgets are the final funding for the new electric substation, PFAS project at the Curtis Water Treatment Plant, and our annual street program. So, looking at all our 2024 projects, 79% of the funding for the Capital Improvement Program is coming from non-City resources, which totals $25.1 million out of our $31.9 million request.

We usually fund electric projects using City funds, but due to the size of the substation project, we will be securing financing to pay for this project, which is the reason that 82% of Electric's capital program is funded via non-City dollars.

Due to our success in the State's revolving loan program, which finances large water, sewer, and stormwater projects at low interest rates, including loan forgiveness in some cases, over 94% of our water and sewer projects are intended to be funded via non-City resources. So, this is a visual representation of our 2024 funding sources, and it summarizes what we saw on the last slide.

This chart illustrates that we have many tools to fund our capital projects as they become larger and more complex in nature. Obtaining the use of these funding sources requires some years of work with our council, our local and federal legislators, and the education of our residents and customers on the importance of these projects and how they impact them individually.

Most years, our utilities drive our capital spending and this year's no different; 87%, or $28.1 million of the gross capital spending for 2024, is earmarked for water, sewer, stormwater, streets, and electric projects.

These projects aren't glamorous nor pretty to most, but they are the backbone of the City, and often go unnoticed until an issue arises. The infrastructure projects in our CIP keep most unforeseen surprises from occurring, making our utilities reliable and efficient for our customers. Tom.

City Manager Coleman: Thanks Dave. So each of you were provided a copy of the detailed CIP with detail on each project, so I will move through them relatively quickly. We will be happy to answer project specific questions at the end of the presentation.

The projects listed on this table represent those that have been identified as priority one projects by their respective department directors. By definition, priority one projects are currently under way or have significant grant funding. The individual CIP Sheets will provide further detail as to the funding sources of each project.

Funding for all priority one projects totals $6.5 million in 2024. Just over $3.7 million of that is going towards our water and sewer main rehabilitation projects, which makes sense since those are two of our largest infrastructure asset categories city-wide. We were successful in lobbying the state for $3 million this past July. Of this amount, $655,000 is going towards the Master Plan for the Historic Train Station – as many of you are aware it is in need of significant repairs.

This slide summarizes all equipment sinking fund spending across each separate fund. As you can see, we have 13 separate sinking fund accounts where we track spending.

We are proposing to replace equipment valued at just under $165,000 in 2024. The lion's share of this is in the electric fund where we continue to see dramatic cost increases for vehicles. In the past two years, the City has been proactive with equipment replacements, accelerating orders just to maintain our service levels due to long lead times for vehicles.

This is a good time to remind the Commission of how the equipment sinking fund works. Each piece of equipment in the sinking fund is tracked separately, with an amount of money deposited over the expected life of the asset equal to its purchase price. What this means is that when the equipment needs to be replaced, there is not enough funding in the sinking fund to cover the replacement due to rising equipment costs. To make up for the difference we use current resources or capital reserves from the fund within which the vehicle exists. When we push out a vehicle from the year it was originally set to be replaced, we save money in the near term by avoiding one year's depreciation expense, but it results in a larger differential between what was saved for replacement and the final replacement cost.

In order to make it into the current year for replacement, each piece of equipment is evaluated by our mechanics, with a report provided to the Public Works Director for review with the respective department directors. Vehicles that can be retained for another year are generally only pushed one-year in the CIP. Staff are also evaluating the ability to replace equipment with an EV as part of this process, which in some cases does add to the cost of the replacement vehicle.

The recent move towards using a lease/purchase program, especially for larger vehicles, provides us with another budgeting tool to incorporate these vehicles into future budgets, smoothing out the cost of the vehicle over several years. Vehicles purchased with lease financing will not exist in the sinking fund, to pay the lease back. Next slide.

Priority two projects are the highest priority among projects that are new this year, have not been started, or don't have grant funding. Funding for all priority two projects totals $19 million in 2024. Many of these projects would normally have fallen victim of being bumped in previous years but were able to stay in the budget this year due to the state revolving loan program or ARPA funding. We have two particularly large projects at this priority level, one new and one old. E2002, the new electric substation, has $16M in financing in 2024 and 2025, with the total project budgeted at $28M. The new project is W2401 which will address emerging contaminants known as forever chemicals at the Curtis Water Treatment Plant.

The Curtis project is another $16 million and will also have significant impacts on the City’s water rates. This treatment is a federal mandate, however, so the costs are generally unavoidable. We anticipate treatment costs for forever chemicals will cause our water rates to increase around 25% starting in 2025 on top of other increases necessary to meet inflationary pressures. So, it’s a very expensive regulation that we would have to deal with.

Alright, priority 3 projects are a medium-high priority where the department director has determined the city would be taking a calculated risk in deferral of the project. We have $3.6 million of priority 3 projects in this year's budget. The Electric Warehouse project (E2202) includes $1 million in grant funding from the state. In addition, the city received a grant from Energize Delaware for charging stations, EV charging stations for the amount of $663,000.

Priority 4 projects are considered needs, but they are projects where there is not considerable risk of deferring the project. We have $2.6 million as priority for 4 projects in this year's budget.

The largest project on this list, K2207 – it’s the Olan Thomas and Kershaw Park Improvements, includes $1 million in grant funding from the TAP program, which stands for “Transportation Alternatives Program.” These funds came a bit late, so we will be adjusting this priority up on our list, we missed it before this evening, it shouldn’t be a priority 4 project any longer.

Also, included on this list is a $400,000 project for a potential project to replace the trail phones along the Pomeroy and Hall Trails. This figure is a placeholder and only covers the materials needed to update the system if the Council desires to do so. The equipment is going be obsolete soon, so have to decide whether we want to upgrade to a cellular system or take the system out altogether, but it will be relatively pricy to keep what we have now.

And priority 5 projects are projects that can start in year 2 or later in the CIP safely. We have $100,000 in priority 5 projects in this year's budget so not much. And with that, that is all of our presentation this evening and we’re happy to answer any questions you have on any specific projects, process, or funding sources and the like. Thank you.

Chair Hurd: Thank you. I will begin with Commissioner Bradley.

Commissioner Bradley: Thanks man, putting me on the spot first. Good work on this, lot of stuff goes into it, and I appreciate the hard effort from everybody. I’m going to bounce around as usual. I see that you want to replace the trailer, a 3-wheel trailer, what’s wrong with it? 2204 what’s wrong with this trailer.

Director Patel: This is Bhadresh Patel, Electric Director, actually that has already been replaced.

Commissioner Bradley: I’m just kidding.

City Manager Coleman: We don’t want to replace it anymore.

Commissioner Bradley: The Villa Belmont project, E2206, I only have a question about this because I own property there. Is this completed now, this project?

Director Patel: Yes, it’s fully completed.

Commissioner Bradley: So, is this in here only to show us the remaining funds are being moved out? Ok. And they injected those lines with some type of gel that made them, are you familiar with what they did over there?

Director Patel: Yes, so what they did is they have a cable, so basically the cable is spliced, you can’t do it. So, we investigated the cable, how many holes we have, and once they find out they inject the glue. Once the glue is injected it fills up all the holes or cracks that the cable has. And then basically it’s giving another forty years of life on the cable.

Commissioner Bradley: That was going to be my next question, so 40 years?

Director Patel: Yes.

Commissioner Bradley: If one of the issues they have over there is the limited amount of power to each unit, each unit only has a 60-amp box. If they ever wanted to increase that, would those lines probably need to be replaced?

Director Patel: Yes, at that point we would have to replace the cable.

Commissioner Bradley: Ok, thank you. Let’s see, the booster station, W2102 on West Chestnut Hill Road, is that the one that’s right there that’s hard to get to from West Chestnut Hill?

Director Filasky: This is Director Filasky from Public Works, so yes generally it’s actually, it’s in the road just past the Arbour Park entrance so it’s a very difficult thing for us to do any type of maintenance on. We do actually have a couple of ideas about how to operate or how to change the location and even do away with the booster station by putting it on a separate pressure zone, but we’re going to have to look at some easements and things from some neighboring properties so we haven’t necessarily gotten started on that yet but that’s pretty high up on the list.

Commissioner Bradley: Your idea of another location leads into what I was going to suggest, and I know it’s highly impossible to do, but since Wawa’s not going at Boston Market maybe the City could buy that property and put the booster station there, it would give you plenty of room. And it’s right down the road.

Director Filasky: Not an ideal location and not a bad idea but that location certainly wouldn’t work with that use.

Commissioner Bradley: Ok, the Dickey Park Community Garden, K2208, is that I’m not familiar with community gardens in the City of Newark, is that just for the surrounding community of Dickey Park or just for the community that surrounds Dickey Park or is that open to anyone in the City?

Director Del Grande: It’s open to anyone in the city.

Commissioner Bradley: Ok, are there other community gardens in the City?

Director Del Grande: Yes, there’s one near Fairfield Park.

City Manager Coleman: Yes, Fairfield has one.

Commissioner Bradley: Oh ok, great. And does that operate the same way this does with the financing?

City Manager Coleman: So, that one we did get a grant to pay for part of that. We build it, then people pay a small amount to rent a plot and we use that money for the operating costs more so than the capital cost.

Commissioner Bradley: Do you find that the plots get used up?

City Manager Coleman: They do. Joe, do you know what the, I want to say they all got rented or almost all of them.

Director Spadafino: Yes, every plot was rented at Fairfield Park, that was 56 plots and then also at Dickey Park which has 20 or so. So, 75 plots were rented this year.

Commissioner Bradley: Wow, great.

City Manager Coleman: We do have a grant program that can cover low-income applicants.

Director Spadafino: We do have a scholarship program for low-income applicants for that.

Commissioner Bradley: Great. I1801 the citywide fiber. That one kind of shocked me that there's nothing south of the train bridge on South College Avenue for fibers and cameras and stuff like that?

City Manager Coleman: Yeah, we rent basically a Comcast or Verizon account and get a modem there.

Commissioner Bradley: Oh, so there are cameras and stuff down there, it's just not citywide.

City Manager Coleman: Yes, it's not on our infrastructure; it's a little more limited what we can do, and there's an expense. And Bhadresh just reminded me that we have some that are on cellular as well.

Commissioner Bradley: I don't know if this falls in with this, but the energy saving project N2203, the solar installations, any way of putting better fencing around some of those?

City Manager Coleman: Yes.

Commissioner Bradley: It's just a comment.

City Manager Coleman: I'm assuming you've seen the one on Old Papermill Road.

Commissioner Bradley: Is that the one by the reservoir? I drove by it today. Yes. Are there any volunteer spots open at the historic Newark Train Station?

Director Del Grande: Don't look at me.

City Manager Coleman: Always.

Commissioner Bradley: And is that through the City?

City Manager Coleman: No, we lease the train station to the Newark Historical Society for zero dollars.

Commissioner Bradley: Ok, just a couple more. Non sinking funds for equipment. Is that an accounting thing?

Director Del Grande: Yes. So, historically the city would, let's take a truck for example. We would buy a truck for 50,000 dollars and would depreciate that truck over 5 years, 7 years, and then that incremental amount would go back into a sinking fund, and then to create another 50,000 dollars that we would then use to purchase the next vehicle. But as you all know the price of things hasn't quite been what they were 5 years ago let alone 15 years ago since we tend to keep things longer than we really should. So, we've moved into a lease to own financing methodology over the last two years on our large equipment purchases. So that sinking fund is going down in size but as Tom had mentioned earlier the money that we were using to pay ourselves into a sinking fund is now going to a lease payment for the vehicle.

Commissioner Bradley: And is that kind of covering the lease payment? And I guess the downpayment on the next vehicle?

Director Del Grande: Correct. Since it is special lease financing, we do own the vehicle at the end of its period, 6 or 7 years which we generally lease for, some are 5. And we're able to keep those vehicles another year or two or use them to sell and put them towards the next.

Commissioner Bradley: So, is the idea to get away from the non-sinking fund?

Director Del Grande: Not completely, but our threshold has been any group purchase, for example we just ordered 15 police cars, if we were ordering one, we would probably pay cash for it, but since we're ordering 15 in order to help our budget smooth things out a little bit it's easier to finance all 15 versus buy all 15 at a one year.

Commissioner Bradley: Do any of the grants include any of the new federal infrastructure money, is that out yet or available yet?

City Manager Coleman: So, earlier I think I said it was Energize Delaware, but I want to say the 616, the large EV charging infrastructure grant is a different one, so I think that is one that is through the infrastructure law or whatever they're calling it now. The grants, it was a different grant program but that was through that and then on the Public Works side there's funding through that law for lead service line replacement and if we find any lead service lines, I think we would likely go after that funding source as well. But otherwise, we haven't applied for and have been successful with any of the larger grant funding sources.

Commissioner Bradley: Is there an intention to do that or just not a need for it?

City Manager Coleman: If we find a project that fits, we will absolutely. It's a lot of those federal grant programs are better for larger things. But I will say the Safe Streets for All program might have been through that as well and we did, Tim worked with WILMAPCO before you could apply for a grant on that you had to have a safety plan and so we worked with WILMAPCO, and they put one together for the entire county. And then now that that plan will be done everyone can apply in the next round.

Commissioner Bradley: And the last question is, what was the biggest item that was left out of the budget that you guys wanted to do but couldn't because of the budget, anything?

City Manager Coleman: Probably people.

Commissioner Bradley: That's, you know what, good answer. Ok, thank you, I appreciate it.

Chair Hurd: Thank you. Commissioner Kadar?

Commissioner Kadar: There we go. As usual, an excellent job, it gets better every year and the format's working great. Keep it up. I don't know how you keep track of all that but there must be millions of spreadsheets behind each item.

Director Del Grande: We have great people back in the accounting staff that help us with this.

Commissioner Kadar: Just a few comments, I had a question about W2401, the Curtis Water Treatment Plant. I notice that is not on tap to be done until 2025. So, my question there is we're talking about the quality of the drinking water, we're delaying it a year, is it because there's no technology available yet, or is it not perfect, or the equipment supply chain distribution issues are a concern?

City Manager Coleman: It's a little of everything, so the project, we're doing the same project at the South Well Field and if you look at the concentrations, let me step back to the regulation itself.

So, the compounds that we're talking about are polyfluorinated compounds, PFOS, PFOA, different forever compounds and there's very limited methodologies available to take it out of the water. So, when EPA set the regulation, current testing, you can't detect anything less than 4 parts per trillion and that's minimum protection, anything less than that comes back as a zero. They set the regulation at 4 parts per trillion so, basically if you can detect it you have to put in this super expensive treatment to take it out. But if you can't detect it, you don't know how close you are to detecting it so you have no idea when the surprise is going to spring on you because you can't tell if you're getting close. So, at South Well we have some numbers, the previous limit was 70 and it wasn't a "regulation" but if you exceeded it you were told to turn it off, so it was basically a regulation. We were nowhere near 70 I think our numbers were in the 15 to 20 range, Tim would have to tell us specifically, but the regulation isn't in effect yet so at Curtis we get 0 sometimes when we test, we get 5 or 6 sometimes when we test, then we'll get zero again so like it's right on the limit of effectively not existing but it's too much to not have to spend 16 million dollars to treat it and then worse yet the treatment technology available right now is either granular activated carbon, or ion exchange or some combination thereof. So, at South Well Field we're doing a combination of activated carbon and resin ion exchange. At Curtis we have a different water source, it's coming from the creek and it's a lot more variable, there's more organic carbon and things so we're not sure which is going to be the best treatment methodology, but we know it's going to foul more often and we're going to have to replace the medium more frequently.

Commissioner Kadar: So, this has nothing, because I can't imagine what they would have used, PFOAs in the Curtis Paper Mill so the contamination is actually coming from the creek from God knows where.

City Manager Coleman: So, this stuff doesn't break down in the environment.

Commissioner Kadar: Yeah, I know.

City Manager Coleman: It's coming down in snow in Antarctica, rain, it's in your bloodstream, it's everywhere you can't avoid it.

Commissioner Kadar: This reminds me a whole lot of the MTVE situation after the federal government said lead is bad, take it out, it ruins the air we've got a compound that works really great for you, and everybody went and loaded MTVE into the gasoline and now it’s leeching out of tanks oh, well deal with it, it’s not our problem it’s your problem.

City Manager Coleman: Yeah, but in this case, they’re not even telling them to stop putting it in the environment.

Director Filasky: This is Tim again, if I could just add one thing to Tom’s analysis, that was spot on. We appreciate that, but we wanted to be realistic with our funding as well, I believe you’ll see there’s some funding in 2024 that we hope to use to generate a plan again like Tom said this isn’t a plug and play operation there’s a lot of analysis that needs to go into it so we’re just being realistic, the chances of us getting the plan together and having a contract ready in 2024 is very optimistic. So, that’s…

Commissioner Kadar: I notice though that it’s listed as a priority two project. I would move that to a priority one, regardless of the fact that all of us probably have the compounds in our bodies anyway. Alright. Next, and this is a comment that I made last year when we reviewed this, and I still see it, having worked in industry I cringe every time I go through a Capital Improvement Program and forecast and see the word “repair” that’s because repair is not a capital improvement. So, on Q2201 and S0904 there’s a total of about I want to say 1.2 million dollars in 2024 that’s listed as “something repair” it would be more appropriate that instead of the word repair you use something like “significantly extends the life of whatever you’re talking about” then it’s a capital improvement and it’s not a repair. Repairs need to go on your normal annual budget and not on a capital improvement project. Unless you have any comments then I can move on to the next one.

City Manager Coleman: What were the two projects again? Sorry.

Commissioner Kadar: The last one, Q2201 for $166,400 in 2024 and S0904 for $1,061,000 in 2024.

Director Filasky: Sorry, you moved on, did you want a quick response on that?

Commissioner Kadar: I’d love it.

Director Filasky: So, it sounds like we’ve had this discussion before, and I certainly agree from our perspective on why we consider it a capital cost. Mostly due to the amounts but then we also look at, realistically what we’re doing with these, we’re not sure if we’re actually repairing the pipe in most cases in storm and sanitary sewer we’re actually planning on installing a new pipe within the pipe be it an enter or spray in liner or something to that effect and in that aspect we are replacing the pipe per say but we call it a repair, maybe rehabilitation is probably a better word but I agree from a repair and capital project standpoint I certainly understand that, it’s just a sizable amount of money as Tom said in a capital plan versus a regular budget that would.

Commissioner Kadar: Don’t get me wrong, I’m not suggesting there’s anything nefarious going on, I mean I’m just saying that if someone were reviewing these things and they saw the word repair that tax man’s ears would pop up.

Director Del Grande: I’m going to blame accounting for this. Hold on a sec Tim. No, I can answer 2201 rather easily, the reason we have it in the CIP versus the budget is because we’re using American Rescue Plan Act funds for this, and it helps us in accounting track the use of that spending when we report to the feds quarterly for this. So that’s the primary reason for this one and we’ve been using ARPA funds for this throughout for the last couple of years.

Commissioner Kadar: Alright.

Director Filasky: And just one more thing, we do get the occasional funding from the folks that are providing the funding through the SRF program on, you know, they’ve just disqualified a couple of projects because they were considered maintenance and not.

Commissioner Kadar: Ok, funding, that leads me to my next question. The state revolving loan program essentially what a credit card with the state as the bank?

City Manager Coleman: So basically, how it works is the federal government gives what’s called a capitalization grant to the states and I think the latest number pre-stimulus was about 13 million dollars a year, 13 million for water and 13 million for clean water which is stormwater and sewer. And the state will then make loans using that money and charge interest and most recently it’s been 2% and they take 1% of that interest and they pay their own administration fees, and they take 1% of that interest that goes back into the fund to help develop it. And as you pay the loan off the state gets that money back and the corpus grows, and they can use that money to make additional loans and they can do principal. Usually, the feds will say if we give you 13 million you must give away so much in principal forgiveness too, you know they start with places that have economic challenges. You know, disadvantaged communities and the like, and then once they exhaust the funds that's when we start to get principal forgiveness.

Commissioner Kadar: And we pay that back how?

City Manager Coleman: So, we pay that back out of our rates, so in the sewer fund specifically since we did the referendum in 2018 all of the debt service is now on a fixed customer charge on water and sewer accounts so if we needed to bring in say 1 million dollars, we'd take a million dollars and divide it across all of our customer accounts.

Commissioner Kadar: Well, I know we're making a significant jump next year, we're going from 6% to 22% coming out of the revolving credit?

City Manager Coleman: Oh, you mean how much of our projects are being funded by it. And I think that's just a factor of the projects we did last year versus this year.

Commissioner Kadar: Ok, so I shouldn't concern myself that the debt service is going up up up?

City Manager Coleman: No, so we, it is going up but it's not going up that dramatically.

Commissioner Kadar: Ok, once again a fine job, I've got no more comments. I appreciate it – thanks very much.

City Manager Coleman: And I believe, correct me if I'm wrong, but when we did the 2018 referendum we included as part of our presentation, estimates for how much we expected the debt service payments would be when we're done and we're currently projecting that at the completion of this project our debt service payments will actually be less than what we had originally predicted in 2018 due to lower interest rates.

Commissioner Kadar: Thank you.

Chair Hurd: Thank you, Commissioner Silverman?

Commissioner Silverman: The format and the presentation of the program, particularly the usage of aerial photographs, well one picture's worth one thousand words. It really ties down where a particular project's going to be. With respect to one of the earlier maps and photographs and it may be in the binder, there are blinds line over an aerial photograph with different colors, but there's no key telling me what the colors are. There's a notation on the page that says it's printed horizontally for showing the picture, and I assume that's for people who are used to an aerial photograph pointing north, that's what that reference was for.

City Manager Coleman: Do you recall what utility it was in?

Commissioner Silverman: No, I don't. It just kind of popped back into my head here when you were going through. No, this was an overlay over, oh I'm sorry it wasn't an aerial photograph, it was a key on an unnumbered page.

Chair Hurd: What's the project number?

Commissioner Silverman: Yeah, it's under project…

Commissioner Kadar: 2302, spacer cable replacement.

Commissioner Silverman: Yes.

Director Patel: I can answer that, so basically what we are assuming is where do have a spacer cable in our system throughout the city and different colors identify each phase, we want to do it. So, that's why we just color code it and right now we're working on Barksdale from Apple to Casho Mill Road, that's our first phase of replacing the spacer cable, once that's completed, we'll come here and take a look at what the next segment is that we want to work on. So, that's what it means, different colors in different locations.

Commissioner Silverman: But on your graphic can you add a key, this color is phase one, this color is phase two, this color is phase three?

Director Patel: Sure.

Commissioner Silverman: It just makes it a little easier to read. I would like to suggest and like Commissioner Bradley I'm going to jump all over here. This booklet has matured, it's very easy to read, I would like to see the department and the City refer this to the International City Managers Association and see if you can compete in a national award for the formatting and the use by the public.

Director Del Grande: Our secret will be out.

Commissioner Silverman: It could be a revenue stream.

Director Del Grande: A revenue stream, yes thank you.

Commissioner Silverman: Ok, on page 3 you list the goals of the CIP and there's one very important goal that's used in comprehensive planning, but it's always spoken of in a low whisper, and that's to maintain the property base for the community, the property tax base. If your electric system isn't up to snuff, if your sewer system isn't functioning, if your water system isn't functioning, it literally affects the dollar value of the community so having an active CIP and a proactive program like you do have it's important to get that in there, I mean one of the goals is to maintain the property tax base. And real estate values within the City and that's something that might be reflected in your statements. You've answered about the percent on the state revolving fund of two percent which in this day and age is a very wise strategy that I know you recommended in years past. And the Council followed your recommendations and it's definitely paying off now. I take it that the forever chemical issue that's being dealt with is another unfunded federal mandate.

City Manager Coleman: That would be a correct assumption.

Commissioner Silverman: Ok so, that's something that the voters and taxpayers could take to their federal representatives. Because as you say it's extremely expensive.

City Manager Coleman: It is, and I'm not a public health expert so it's not my role to say what the correct rate would be or concentration, but it does seem like there would have been better options to roll this out. You know one of the issues that we've experienced is there's very few manufacturers and equipment that you need to treat this chemical, and I can't remember the exact number, but I want to say it's over 50% of Americans live with a water system that has it in it at a level that needs to be treated. And all of them, regardless of how concentrated it is, will have to put in the treatment on the same timeline. So, you'll have people like us, at Curtis who are borderline anything at all competing with someone who might have it at 100 parts per trillion or 200 parts per trillion. I want to say some might pick it up in the thousands, so it doesn't make sense to do them all at once and then everyone's going to be fighting over the same equipment and prices are going to go through the roof. Like it would have made sense to me to phase it in and you know year one we're going to do this, and year two we're going to bring it down and slowly drop the level down to where you want to get to. But it's not the rule we have, so.

Commissioner Silverman: And I didn't catch the reference in the discussion to the replacement of the call boxes along the Hall Trail?

City Manager Colemen: Yes, so they are copper wire telephone, I think all of them are actually, and Verizon is ending that service so regardless of whether we want them or not they're going to be dead soon, probably in the next year or two. So, then we have to look at either running our own wire to them or switching them to cellular.

Commissioner Silverman: Has anyone considered, for the same reason that you can't find a pay telephone box anymore…

City Manager Coleman: We very much have that position, so our police department has done an analysis on the phones, and their usage rates, it's basically nothing.

Commissioner Silverman: I was going to suggest that, so maybe something with Council's permission, that with the number of cell phones that are available that it's a system that should simply be abandoned.

City Manager Coleman: That's going to be our recommendation. And it's a recommendation that's coming out of the police department as well.

Commissioner Silverman: Ok. So, see the other thing that happens with cell phones, the emergency services can coach individuals to give longitude and latitude coordinates right off their own cell phones which makes finding someone very easy.

City Manager Coleman: And another issue that we've run into also is these blue light phones are very easy to hit as you drive or walk by and then we have to roll two police officers out because it could be an emergency, and most, well almost exclusively it's not and there's nobody there.

Commissioner Silverman: And two more comments. With respect to the Fairfield Crest Wellfield, it's going to be interesting to see when that comes back online whether it reduces some of the hydraulic water that's in the community I live in that's flowing fairly constantly into people's basements and I believe the city had to put in some kind of french drain system behind some of its curbs just to preserve the street surfaces.

City Manager Coleman: Yeah, unfortunately the well, and Tim you can jump in here if I get off pace. The well that's closest to Fairfield Crest is actually along the connector trail, that one was actually flowing Artesian, and we had to cap it because it would just run constantly. But it's not going to be able to be reused, Tim that's correct right?

Director Filasky: You are correct, because of the contaminants that we would have to remove there most likely, and for the use that we get from the well it's not going to be worth our while to add that to the project. So, at the current time we do not plan to reply that well.

Commissioner Silverman: Ok.

City Manager Coleman: So, the other ones are further down in the stream valley itself and those are much higher production, probably not going to have an effect.

Commissioner Silverman: We could hope. And finally just kind of a general thing and I don't know if whether you've compiled the stats on this, but the programs that are in the notebook cover a wide range of activities and I wonder if you have any idea what percentage of the dollars being spent are going to the continuous maintenance programs, bringing resources back online such as the Laird Tract which is a whole lot cheaper than trying to explore and drill for new water. How much of the capital projects we're seeing today are for growth and expansion, I think the STAR Campus may be an example of that and others. And I'm going to use the term "upgrades" rather than replacement.

Commissioner Kadar: That works.

Commissioner Silverman: Ok, to increase capacity and extend the life of existing infrastructure.

City Manager Coleman: Yeah, and I think the lion's share and unfortunately, I don't have the exact numbers in front of me but the lion's share of the money in here is rehabilitation the existing, extending the useful life so the water main projects, the sewer main projects, the storm sewer, almost everything in the storm sewer utility, is rehabilitating something to extend the useful life. The electric substation is the only project that I can think of that is purely growth related and even then it's not purely growth related because we only have one connection to the transmission system so this will create a second connection so we'll have redundancy so if something were to happen to the one, we could move over so at the baseline there's a benefit to every citizen of Newark but we'll also address capacity issues with the growing construction at STAR Campus and elsewhere in town. I think our capacity study said we'll be good through 2026 at the current build rate at STAR Campus so we have time but not a lot of time on that substation and that works as long as what is built is what we were told is built and we don't get any surprises to the good or bad. So we are pushing pretty hard to get that going, UD has given us, we had an old refuse transfer station on the farm and we're going to reuse that location for the substation, I think we need a little extra land but UD's been agreeable to letting us square it off so we can fit the substation properly and then also build a smaller distribution substation on STAR Campus itself. And that will allow us to run higher voltage wires from the new substation into STAR Campus to help reduce line losses and get more capacity to STAR Campus to future proof STAR Campus.

So, that's the only pure growth, and then you know the nice to haves tend to fall on the Parks department and fortunately Joe and his team have been very successful in getting grant funding for a lot of that stuff either directly through the transportation alternatives program, through the Outdoor Recreation Parks and Trails program or through ARPA funding.

Commissioner Silverman: And to conclude then, in my mind this capital program very clearly demonstrates that the monies being spent are clearly being reinvested into the community for the people who are here rather than someone who wants to come here.

City Manager Coleman: Yeah, and that's a good point, one thing that I didn't mention earlier, two things I'll say, we've contracted with a consultant to develop capital recovery fees for new construction for water and sewer already and once we're done those we'll do electric with intention that new construction as it comes in should pay us back for the expansion portion of the new substation at STAR Campus and then similarly new construction that comes in will buy into our existing system on the water and sewer side to help pay for some of the stuff that everyone else paid for up until now.

Commissioner Silverman: Well, that needs to be right up front as one of your major accomplishments. Thank you very much.

City Manager Coleman: Yeah, we cut the purchase order to utility financial services I think last week so it's fresh but it's coming. And then on the electric side Bhadresh has received grant funding through Energize Delaware to do a capacity study at the feeder level so going all the way down to wires to see how much additional capacity we have on each year for electric vehicles, electrification, and distributed energy resources. So, once we get that analysis done Bhadresh can start to target, like oh this one's starting to near capacity I should put this as a higher priority, and we'll upgrade that transformer to increase capacity on that line. We've got to replace two older lines to get more power there. But generally, yeah.

Chair Hurd: Alright, thank you. Commissioner Tauginas?

Commissioner Tauginas: Oh my god, I got it the first time. No. this was very self-explanatory, I got through it all it, was easy to read and I understood what I was reading, so I don't have any questions or comments, thank you.

City Manager Coleman: Thank you.

Chair Hurd: Ok, Commissioner Williamson?

Commissioner Williamson: Good evening – let's see, I have four general questions and one indulgence. The first general question is if I read your summary page correctly, for 2024 it's 28.7 million in reserves and other funding, and 3.2 million out of what I would call the general fund, is that accurate what I'm saying?

Director Del Grande: Yes. The 3.2 million in current funding that's coming from current fees, water, sewer, electric fees.

Commissioner Williamson: That's also fee derived?

Director Del Grande: Yes.

Commissioner Williamson: Ok, and I'm just familiar with the general fund, police department and so forth, so that's not the general fund, or it is?

Director Del Grande: It's a combined fund you can call it, so that 3.2 million dollars is coming from all the funds that we have, and they feed the capital projects related, say police for example, if it's a police capital plan, if it's being funded through current resources then that's coming from tax dollars. If it's an electric project being funded through current resources, then that's coming from the electric revenue we bring in the current year.

City Manager Coleman: Yeah, if you look at the 3.2 million dollars so on slide 5 there's the center columns that are under 2024 so the right column there under current funding so you can see 1.271 million is electric fund so that's being derived from electric rates, if you scroll down the first one is public works, so that would be general fund coming from taxes or you know, taxes. And police below that again that's taxes. Parks and Rec is taxes, the parking fund would be through the parking rates, and then the maintenance fund, that's a little bit of everything right?

Director Del Grande: Right.

City Manager Coleman: The maintenance fund is funded proportionally by all the other funds, so you know we charge the expense of maintaining this building against the electric utility, the water utility, basically everyone who exists in this building pays some portion of that.

Commissioner Williamson: What I was trying to get at, which I didn't express very well, I was trying to get a sense of what percent of the, well there's the entire city budget, and the 3 million is some percent of that. But if you eliminate all the funding for reserves, reserve generated, just kind of your basic tax dollars.

Director Del Grande: So, the 3.2 million dollars is part of our 115-million-dollar operating budget request. So less than 3% is coming from the operating side. It funds the capital plan.

Commissioner Williamson: So, the conclusion is that the capital program largely funds itself with grants and so forth?

City Manager Coleman: Grants, loans, and services.

Commissioner Williamson: So, it's working. Good news, ok that leads to question two on a scale of 1 to 10, with 1 being not so good, 10 being really good, how would you grade the city in its capital program? And by all means if it's 10 say 10.

City Manager Coleman: I think since the referendum we're doing much better. I think we are still not hitting where we probably should with line replacement, so water line replacement specifically. Street paving, I know we're under what our consultant says we should be doing to maintain our road infrastructure at kind of an average of what it is today. Tim was that the last update that I saw it was a little over 2 million is what we should be spending each year?

Director Filasky: Yes, because we've fallen short over the past couple of years and certainly by missing a year with the pandemic and things, that kind of pushed us back so in order to maintain the status quo we're probably looking at close to 2 million dollars and then that also says that our unit prices are remain missing because obviously we haven't seen that over the past few years and we're hoping that stabilizes but generally (inaudible).

City Manager Coleman: Yeah, when we first really started pushing on infrastructure in 2014 or 2015 around there, it cost us a million dollars to replace a mile of 6-inch water main. It's probably close to 2 million dollars a mile now. So, the financial targets we had then, which been kind of what everyone still keeps in the back of their minds, are a lot lower than they probably need to be now. So, you know long term, I know Tim is working on some additional slides for the Council presentation to compare you know here's where we were in 2018 when we were making the sales pitch for the capital referendum, here's all the work we did and here's where we are now. Because while we were doing all that work everything else continued to get older. So, you know it's great we did something, but we still probably didn't do enough to still not be worse off than we were 5 years ago. And that's more of a function of just when things were built and the distribution of when they were built. So, if you look back at our water lines for example, most of the city was built during a rapid expansion after World War II. We did a lot of annexation in the 1950s and built a town on the western side of town specifically. And all those pipes went in at once and it just so happened to be the time period where the worst pipe material of the last hundred years was in circulation so it's all kind of coming and failing all at once. So, we've got a wave we have to get through then it'll be better in the future.

Director Del Grande: If I could just add, if you asked this question 10 years ago, we might not have been able to answer that question because now we have GIS and we have technology to tell us what's good, what's bad, and what's going bad and how to plan based on that. So, we've come a long way in a short period for sure.

City Manager Coleman: Yeah, when I started with the city, we thought we had a hundred miles of water main, and we now know that we have over 140 miles of water main. So, there were 40 miles of pipe out there that no one had accounted for so that was 2011 so we really have come a long way in recognizing the assets that are under our control.

Commissioner Williamson: So, we'll give you a 9?

City Manager Coleman: We're going in the right direction; the challenge is going to be the facility side. It's paid for in general fund money, we are bumping up against capacity in this building, police department's bumping up against capacity in that building. They're not in here yet, but probably our biggest asks to the state as part of the funding next year, electric substation will be one, because it's economic development for the state and the other one is going to be trying to fix these problems we keep finding in these buildings. You know as part of the project to do the parking lot next door; we found a bunch of issues in our foundation on the police department side that we now have to deal with and that was on top of issues we already knew we had down there. So, I think the facilities we're still digging out of, we went a long time without spending much money on this building. But we're definitely heading in the right direction, I want to say 7 or 8, we're going in the right direction.

Commissioner Williamson: Well, that's good, as someone, I swear I left an axle and several tires in Baltimore City streets so no complaining about the streets in Newark. I forgot my other two questions, but my last one, was an indulgence which I don't mean to take up a lot of time here, maybe it's something to bring up somehow in the future and I just have this continuing interest in underground and utilities which has come up numerous times I'm sure and the capital program just prompted the idea of comparing for the long term you know with many utilities that are underground now for 50, 60, 70 years is it better to put them underground for the long term or even though on the short term you've got all that expense compared to all the repairs and things that I see, you have repairs underground too so it's just an education thing. And it continues.

Director Patel: Yes, so for us, any new development project that comes in should be going underground compared to the past and now. In past when we buried the underground cable it was directly buried so when that cable ages it takes a lot of time to replace it because now it's not in a conduit you have to dig it out, you have to spend a lot of time and money to replace that cable, so what we have decided is that every single cable that goes into the ground needs to be in a conduit so down the road, we can easily pull the cable out and pull the new cable with the new conduit. So that's the approach we're going with underground.

City Manager Coleman: The challenge comes when existing, like Main Street, we have looked at doing underground cabling on Main Street, but it was a long time ago, probably over 20 years ago now, and I want to say at the time it was 17 or 18 million dollars to do that so it would be tremendously expensive to do now.

Director Patel: And we got into the Main Street, if we have any new development going along Main Street, we try to feed those developments through the back instead of feeding from the Main Street so that way we reduce any overhead crossing on Main Street for all new development projects.

City Manager Coleman: I personally would love to get it underground. I think we missed an opportunity with South Main Street, when that was redone. And as we've learned more recently about the overhead wires, now that buildings are being taller, and we want those buildings towards the front of the property it's creating a situation where fire access can't get to the front of the building through the wires. So long term it might be something where our hand is forced and we kind of have to start doing something else in our downtown area specifically but it's on our radar.

Commissioner Williamson: Thank you, I have no other comments thank you.

Chair Hurd: Alright, thank you and I'll just add sort of to the underground cable conversation because I've had this with others. It does also make it easier to do things like plant street trees, change travel lanes, and put bike paths, things that you can't always do when you're constrained by poles, wires, and lines. I will echo everyone's comments. This is always a great presentation, always a great pile of information. I want to give just a shout out to the Parks department because I think they do a lot of good work. I think it's an important part of this city and I think, you know, I'm glad that they get the money and the time to do the work they do to make an environment for the residents. Back to the question about the Capital Improvement Plan's reach and such. Is some of the restraint due to how much funding you feel you can ask for in the budget or is some of it based on how much personal resources you have to do the work? Like if we gave you 6 million dollars and said go for it, could you actually pave more streets or are you more limited?

City Manager Coleman: So, I would say it's a little of both, so we're testing that theory right now with ARPA, if you look at and we had a slide in the presentation…

Director Del Grande: You can see Tim smiling on the screen.

City Manager Coleman: So, we had a slide in our budget presentation to Council that showed the growth of the capital budget over the last 15 years, and then the growth of the personnel managing the capital budget and the people managing it have actually gone down by one and the capital budget has gone from like 4 million to 36 million dollars. I think Tim has over 30 projects himself so at a certain point we're running into you know, no mas. We need more people or consultants….

Chair Hurd: Right and then you run into the problem that this building can't hold more people. And you're yeah.

City Manager Coleman: So, we're leveraging consultants when we can, some projects scale better than others. Some of the projects we have right now are more one off and once we're done them we won't have to do them again, like the water treatment plant projects, they're a heavy lift and it takes a ton of time to do a carbon design and construction project because we have to keep the plant up and running the whole time because we don't have to buy water because that gets super expensive. So, there's a lot of kinds of operations and planning that goes into that. So, those projects are a heavy lift, paving, not so heavy lift, water main replacement, those scale really easily. So, hopefully we get these one-off specialty projects out of the way, and it can allow us to dive more into them.

Chair Hurd: Ok, I had some more general comments just on the materials. Page 5 and this is something I brought to light in another organization I'm in that does the capital plan. I would appreciate sort of seeing the 2023 budget you know last year's numbers; it would really help me if I saw another column of what was approved to see sort of the deltas. Because we know that over the year like some of the money didn't get spent or say we got extra stuff from someone else, it's just to say how did we track, basically to what we said we were going to do, you know we say we're going to do 319 next year, well next year it would be lovely to come back and say how close were we to that, how good were our estimates, how well did we spend the money and just keep that historic information going. Page 7, you'll need to, the title on the last column should be "total non-city funds" like on page 8.

Director Del Grande: Oh, sorry. That was one of the easter eggs we put into the presentation, you found one, second one you've found.

Chair Hurd: You get a gift card or something for that?

Director Del Grande: Yep.

Chair Hurd: Oh, and in the, I think it had there let me just make sure, in the book itself and I recognize that what I think is valuable for me going through this is seeing sort of the history of projects in the little comments section. It got confusing though because there's some here that says you know some other project number was closed, not related, so like E2202 the electric warehouse, down at the bottom it says E2305 project closed. Well, what is project E2305? I'm curious sort of why the closure of that project moves money into this account or is that just a general note that like when a project closes, we redistribute the money? Like E2204 the trailer, it just says project closed, it doesn't say you know project completed, we have a new trailer the project was closed because it was completed. Because sometimes it looks like it got closed because I don't know.

Director Del Grande: Historically if the project was closed, it would just disappear from the CIP plan. In these particular cases where projects were closed and there were funds left over, we wanted to show to the Council and Planning Commission that we used those funds towards another project, that they didn't just get used for something else.

Chair Hurd: Ok, so if I kept digging, I'd find E2305 and it would tell me what it was.

Director Del Grande: It would be in a 23 CIP I can pull that up.

Chair Hurd: Ok.

City Manager Coleman: It should have been in there, 2305 should have been in there. It is missing.

Chair Hurd: Ok, even if it's just to say, include the project title in there just so I can have sort of a point of reference to go oh, ok that was the thing that was done.

Director Del Grande: Ok, so 2305 was the Tropos project and what that is, it initially started as a million-dollar project that we were going to use ARPA funds for, that we then adjusted between using electric, water, sewer and ARPA funds. And what the Tropos mesh is, is the whole system that all of our meters, 13,000 electric meters and 10,000 water meters read to that then give us that we can bill for. So that whole system reached its useful like this year with a 15-year life. And with the help of some great IT people take that million dollar project and maybe knock it down to 100,000 dollars tops using a cellular network versus going to the old fiber and Tropos system and that would give us the information that we would need in a manageable way where we can take care of ourselves without having a vendor maintain it for us, so that's what that project was and my apologies for that.

Chair Hurd: Ok, and that's, I think part of this is that this is a historic document and so it's useful to have that explanation to go, it was a million now it was 100 because of these efforts and here's 900,000 dollars going to other things, and yeah, it's good to know about. But yeah, otherwise I don't have an issue you know I think you're doing good work and I appreciate the understanding that the bulk of this work is really rehabilitation and expansion of life span which is what it's going to be. And it's not just buying shiny new stuff just because we want shiny new stuff. So, I do appreciate the work and effort going into this. Is there any public comment submitted?

Commissioner Bradley: Chair can I ask a couple more questions?

Chair Hurd: Sure.

Commissioner Bradley: I just have two follow ups from some of the things I've heard. You said debt service right now is about 2%?

Director Del Grande: We're about, 3% of our budget is debt service.

City Manager Coleman: Do you mean the interest rate?

Commissioner Bradley: Interest rate, yes.

Director Del Grande: Yes, interest rates been running on the state revolving loan program's current we're about 2%. Some of our older ones are either 2% or almost 3%.

Commissioner Bradley: Do you anticipate with current interest rates and bonds; do you anticipate that number going up dramatically and how soon?

Director Del Grande: Well, on the electric side if we're unable to achieve any type of grant funding, from either the state or federal sources we would have to finance the majority of that 28 million and that would be conduit financing through DMEC probably around 5%. So, when we were looking at this 2 years ago it wasn't 5%. Anything that's water, sewer, or stormwater related we would definitely go through the state revolving loan program first and I don't see us not having anything going through to the bond market otherwise so they're the main targets we're looking at on our immediate horizon.

Commissioner Bradley: Is the revolving, is that a variable rate or is that locked in per?

Director Del Grande: It's based on an index so right now it's set at 2% and mainly because they have an influx of federal funding coming in that they have to use through the program. So, I think for the time being probably through 2024 we're probably good in the 2-3% range. Beyond that it may level itself out as the federal funds start to deplete going through the state.

City Manager Coleman: I think it's indexed at a 10-year bond; I can't remember which index they use.

Commissioner Bradley: And just curiosity, the addition to this treatment to the water plants, would that reduce the flow or reduce the amount of water you're able to produce? With the new filtration systems?

City Manager Coleman: No, so we'll size it to be able to run our plant full out. That, for what it's worth and I don't know if any of you guys followed towards the end of the summer we were getting taste and odor complaints on the reservoir and that was a special issue related to the reservoir but for those that live right at the boundary between the South Well Field and the water that comes from Curtis, the water from South Well Field does taste better no doubt about it, but if you're drinking it every day you don't notice but then students come and that line moves, then people that were on South Well Field are now getting water from Curtis, and usually they'll complain because it tastes earthy and it's got a different flavor. So, when we put this in and it's essentially running the entire water system through a Brita. So, coming out of the other side of it it's going to be very nice water. So, and it will provide us, and I complain it's very expensive for one contaminant, it will future proof us to a certain degree for a lot of other contaminants. Activated carbon takes it all out. There's not much left when it comes out the other side, so we will be future proofed and the water will taste better, but it's going to be expensive.

Commissioner Bradley: Thank you. I appreciate it, thank you.

Chair Hurd: I don't see anyone from the public online. Are there any final comments or questions from the Commissioner before we move to the final vote?

Commissioner Kadar: Do you want a motion?

Chair Hurd: We will need that. She is too new, not prepared. Ok we can move on to the motion, Secretary Kadar please.

Commissioner Kadar: **I move that the Planning Commission recommend that the City Council approve the Capital Improvement Plan for 2024-2028 as presented to us on October 17, 2023, with the consideration of the comments generated during that presentation**.

Chair Hurd: Thank you, do I have a second?

Commissioner Bradley: Second.

Chair Hurd: Thank you, any discussion to the motion? Alright, we're all here so all in favor say aye.

All Planning Commissioners: Aye.

Chair Hurd: Opposed say nay. Alright, thank you gentlemen. And having concluded the agenda the meeting is adjourned.

The meeting was adjourned at 8:21 P.M.

Respectfully submitted,

Karl Kadar, Secretary
As transcribed by Katie Dinsmore
Planning and Development Department Administrative Professional I