

Minutes
DAGSBORO TOWN COUNCIL
Bethel Center
Monday, March 20, 2023

I. CALL MEETING TO ORDER

Meeting was called to order by Mayor Baull at 6:00 p.m.

In attendance were: Mayor Brian Baull, Vice-Mayor Theresa Ulrich, Councilman William Chandler, Councilman Norwood Truitt, Councilman William Labor, Town Administrator Cynthia Brought, Sgt. Nicholas Disciullo, and Engineering Consultant Kyle Gulbranson. See sign in sheet for others in attendance.

II. PUBLIC COMMENT

No public comment was made.

III. APPROVAL of MINUTES
February 20, 2023 Town Council Meeting Minutes
February 20, 2023 Executive Session

Councilman Chandler made a motion to approve the Town Council and the Executive Session Minutes. Councilman Labor seconded the motion. All were in favor.

IV. CONSENT AGENDA
a. Police Department Report

Sgt. Disciullo stated that the monthly stats were included in the packets and added that there were numerous tickets and arrests made in February.

Mayor Baull asked Sgt. Disciullo how their new officer was doing and if he was out patrolling yet. Sgt. Disciullo stated that Cpl. Wechtenhiser is doing very well and has been out patrolling. He also stated that he brought a lot of experience with him, which is great.

Councilman Chandler stated that last month he asked Chief Flood if he had any information on what the tanker cars of Norfolk Southern are carrying that go through Dagsboro and he said he did not know. He also stated that he followed up with it himself and contacted Senator Carper's Office and was told that first responders are entitled to know this information. He was told that there is an app called The Rail App that first responders can log into and find out exactly whether hazardous or combustibile materials are being transported through a jurisdiction. He wanted to know if the Police Department and/or the

Fire Department would be willing to find out what is going through their Town in those tanker cars. Sgt. Disciullo replied, "Absolutely, I will look into that."

- b. Treasurer's Report**
- c. Administrative Report**
- d. Building Official Report**
- e. Code Enforcement Report**
- f. Meeting Reports**
- g. Water Department Report**
- h. Prince George's Chapel Cemetery Report**
- i. Correspondence**

Town Administrator Brought stated that the tree in the park was taken down today that they had the issue with. Town Maintenance, Joe Quinn, would be checking to make sure it was taken care of correctly.

Councilman Chandler stated that they had agreed to change the water meter fee to the prevailing cost at the time that it is being installed. Town Administrator Brought stated that it was advertised but they need to wait 90 days since there is a change in the fees. Councilman Chandler asked, "What is the difference between what we are charging and what we have to pay for the meter?" Town Administrator Brought stated that they are charging \$270 to cover the cost of the meter, which is what it costs now. Councilman Chandler stated that we are not trying to make money on the meters, but they don't want to lose money either. Town Administrator Brought agreed.

Councilman Truitt made a motion to approve the consent agenda. Councilman Chandler seconded the motion. All were in favor.

V. NEW BUSINESS

a. WATER Study – SERCAP, Jean Holloway

Jean Holloway stated that the first three pages of the Rate Study Report is information on what needs to be in a Rate Study Report since not everyone has seen one before and she includes this information in all her packets. The next pages are the actual Analysis for the Town of Dagsboro. She also stated that SERCAP/ARCAP is the southeast partner and one of six individual non-profits that make up the rural community assistance partnership and serve areas from Delaware to Florida.

Jean Holloway shared that she has met several times with Town Administrator Brought and her staff and have gone over the figures. They knew something was incorrect with the first set of figures they came up with and after relooking at everything, they came up with the figures that she is presenting. She also stated that these are the Town's own figures from the financial statements. The last time she did a Rate Study, the projected costs were at 2.5-3% because of inflation at the time, and now since inflation is higher, she projected it at 5% for the cost but only using 2.5% to project revenues to be conservative

with the revenues and not over project. She added that she used a higher percentage for fuel, electricity, and insurance because they usually increase. She added that all the rate scenarios are meant to give you an idea of what to go by and can be used as a starting point for something to go by.

Jean Holloway stated that there are three things to consider before a rate change but since the Town is already doing great on all three sections, she doesn't have any concern. She explained that the Town doesn't have non-revenue water because they are paying what Artesian sells them, so they are not producing water that isn't being paid for. Looking at gallons included in any base charge, that can be a danger of giving away water, but the Town is not doing that and are starting with zero gallons which is what she recommends. The Town is collecting more than 95% of what they are billing.

Costs for the test year, which is based on the 2023 Budget, is \$331,108.00. Jean explained that the first 1000 gallons used always costs more than the last 1000 gallons. With the first 1000 gallons, there is the cost for staff, the plant, and the chemicals and each thousand gallons after that would cost a little less. She stated that she used an average cost for the illustration she prepared. **See attached illustration that Jean Holloway discussed. She also stated that 86% of the Town's customers use 10,000 gallons of water or less per month, but they use less than 70% of the water bought and the other 14% are using 1/3 of the water purchased. When considering a rate change, Jean explained that focusing on the residents on the low end of the scale is important because they are the homeowners, and they would be impacted the most.

**Please see the attached scenarios that Jean Holloway shared which are suggestions for a starting point for considering a rate change. She stated that any of the scenarios that she presented would give enough revenue to cover the Town's costs for at least the next 2 years, but costs should be analyzed each year.

Jean stated that reducing the base charge and rates per 1,000 gallons appears to be feasible, but consideration should be given to tracking purchase and billing for a full year to be sure. If the Town chooses to leave the rates as they are now, there would be enough revenue to go past the 2-year estimate and possibly as much as 5 years. She added that the financial picture for the Town has greatly improved under their new water source.

Councilman Labor asked for explanation on how the surplus switches on year 3 and 4. Jean Holloway stated that from the Test Year, the cost is projected out at 5% and revenues are projected out at 2.5% to be conservative and this illustration is with no growth added in.

Councilman Chandler stated, "What is your suggestion for accumulating a level of reserve for emergencies that is stated on Page 3 of the packet?" Jean Holloway replied that she uses what USDA requires which is 10% of your yearly debt service until you have accumulated the amount of one year's debt service, 2.5% for repair and replacement reserve to accumulate over time for when something needs to be replaced, and 12.5% of non-debt expenses which represents 6 weeks of expenses, in case something were to happen you could not sell any water. You would then have 6 weeks' worth of bills in

reserve for operation costs because some costs would still need to be paid even if you can't sell water. Councilman Chandler asked what their debt service is for a year. Jean Holloway stated that their debt service is \$103,000 for the year. She added that she only added in a contingency reserve of \$25,000 into their Rate Analysis Report, not all the percentages that she just stated.

Vice-Mayor Ulrich stated that they hope to be able to reduce the rates because they were hit with such high rates from the Town of Millsboro and then had to pass the rates on to the Town residents. Being able to lower the rates has been their objective but would they want to have to go through this process again in 3 or 4 years. She also stated that they need to decide what they are comfortable with, reducing the rates to. Councilman Chandler agreed with Vice-Mayor Ulrich that they would not want to reduce the rates and then turn around and increase them the following year. He added that he agreed with Jean when she suggested getting data for a full year, so they are confident what the numbers are. At that time, they can decide as to which scenario they would want to go with. Councilman Labor stated that it would be nice to see growth again, like the Town did last year. Vice-Mayor Ulrich stated that she agreed with Councilman Chandler and wait until fall when it would be a full year with Artesian and they can decide at that time based on the results they have.

b. Riverview/Layfield Concept – Residential Subdivision

Zac Crouch of Davis, Bowen and Friedel, Inc. stated that he and Greg Tobias, with Schell Brothers, wanted to get the Town Council's thoughts on the Concept Plan and see if this would be something that the Town would be interested in. He also stated that they are in the process of doing a Final Traffic Impact Study which originally included an out-of-town parcel but now they are just looking at the property that lies in town limits due to some issues with high-ground water and drainage and plan to develop that land later. He added that Engineering Consultant, Kyle Gulbranson has already completed a review of the Concept Plan and they are still working with DNREC and the Army Corps of Engineers regarding the wetlands because they will have to do some reduction to the tax ditch and have already spoken with DNREC Drainage Section.

Zac Crouch stated that one issue that was concerning is in reference to an additional entrance off Rt. 20. He stated that they have provided 2 connection points for when the northern point of the property is developed, and there would be a connection area as well as access to Rt. 20. At this time, their Scoping Meeting, Preliminary TIS, and Final TIS show one access point and DNREC approves of this, but they understand there may be a concern about this, which is why they added the second connection point to be used later on Rt. 20.

He also stated that the last time they approached the Town Council they discussed rates, etc. but now they just want to move forward with the project.

Councilman Chandler stated that a concern for a project of this size is that they have one access point and there is another project right next to this one that will have only one access going in and out plus a third project on the south-side of Clayton Street that will have only one access point. He added that all

the one-way entrances in and out would be on Clayton Street and that is why he is concerned. He asked since they have the other parcel behind this one that they would eventually use for traffic, would it be possible to use that from the start. Zac Crouch stated that DelDOT has requirements for frontage improvements. The property that faces Rt. 20 has such a long piece of frontage and making all the improvements that are required, including a multi-use path, turn lanes, shoulders and overlay, it would not be cost effective for them.

Councilman Chandler asked, "Is any of the frontage located on Rt.113?" Zac Crouch stated, "No, it is all along Rt. 20." Councilman Chandler stated that when they spoke last time, there was some discussion about annexing part of the property into Town limits and would that make a difference with these requirements? Mr. Crouch stated, "No," they would still have to make the improvements. Greg Tobias stated that they would have to make these improvements when they develop the section that is out-of-town but that could be 20-25 years because of the amount of dirt they would have to bring in due to drainage issues.

Councilman Chandler asked what their plan was for the tax ditches. Zac Crouch stated that when you develop land, you can reduce the tax ditches to at least 25 feet and DNREC likes to see that there is no sediment clogging the ditches. The tax ditches would not change at all, just the right-of-way would be reduced from 60 ft. on one side to 25ft. and that is DNREC's requirement. Councilman Chandler stated that he spoke with Brittany at DNREC and that is not what he was told so there is some miscommunication. Zac Crouch stated that he spoke with the head person that handles Tax Ditch information in Georgetown and would be happy to share contact information with him. Councilman Chandler stated that he would like to contact her because 25ft. isn't enough room for an excavator to access the ditch to keep the ditch moving but they will figure it out. Engineering Consultant Kyle Gulbranson stated that typically when DNREC reduces the right-of-way, they will reduce it on one side and possibly the other side would have a larger access area.

Councilman Chandler stated that the drawings show 2.22 units per acre and asked if that is calculated based on the gross total of 115 acres or based on the net available developable acreage. Zac Crouch stated that it is based on the Town Code and 25% was reduced for roads. Councilman Chandler asked, "Do you take out for wetlands?" Mr. Crouch stated, "No, we do not take out for wetlands." Engineering Consultant, Kyle Gulbranson stated, "Wetlands are not subtracted but roads are." Councilman Chandler stated, "The 2.22 units per acre is based on 115 acres less the road coverage," and added that they have already talked about the dead-end lots on 29-30, 32 and 36. He also stated that there is a long cul-de-sac on the western side of the development, which is not consistent with the Town Code. Engineering Consultant, Kyle Gulbranson stated that the Town Code states that a cul-de-sac should be no longer than 600ft, so the cul-de-sac that goes North-South on the Western side is more than 600ft. Zac Crouch stated that they would make it per Town Code.

Councilman Chandler stated that there are amenities shown on the plan that include a clubhouse and pool and will there be any other amenities that will be in that area. Zac Crouch stated that there would be some pocket parks, gazebos and walking trails because their thought is having the big ponds be more

of a feature instead of just Storm Water Management. Councilman Chandler stated that with a development of this size, you will want to have amenities to keep residents on site so they will have a reason to stay in the development. Greg Tobias stated, "Yes, that will be part of the selling proposition and they plan to include pickleball and a children's playground. We have also added bocce ball and shuffleboard at some other locations." He also added that they are trying to keep people there to enjoy the property. Councilman Chandler asked, "What is the price-point of these units?" Greg Tobias stated that based on discussions, he would estimate that townhomes would be priced in the mid \$300k and singles family homes starting in the low \$400k. Councilman Chandler asked if the units would be for sale or rent. Mr. Tobias stated that the units would be for sale. Councilman Chandler asked if Schell Brothers would be doing all the building or would they sell some lots to other builders. Mr. Tobias stated that they may not build the townhomes, but Schell Brothers would be building the single-family homes. Councilman Chandler asked why they decided on 97 single-family homes and 150+ townhomes when most residents prefer single family homes based on the Dagsboro Comprehensive Plan. Greg Tobias stated that they are looking to meet the market and the townhomes are designed for their most typical buyer, which is the older demographic.

Councilman Chandler stated that they just heard the water situation with the Town, and he wanted to discuss the sewer situation because the Piney Neck Regional Wastewater Facility is a spray irrigation facility that can handle up to 200,000 gallons a day and currently is slightly over 160,000 gallons a day. Taking 257 EDU's x 250 gallons would yield 64,250 gallons. (The number the County uses for planning purposes.) This is beyond the capacity and doesn't take into consideration the two big developments that the Town of Frankford has approved and Highlands of Pepper's Creek that Dagsboro is in the process of approving and wonders how those remaining gallons will be allocated. Zac Crouch stated that he has already talked to the County and first there is plenty of capacity and second, they sign an existing infra-structure agreement, which the County does on all projects, which gives them money to make upgrades, so that would not be an issue. Councilman Chandler stated that he knows they plan to close that facility and the concept is still a concept, but their plan is to close the sewer plant here which is the spray irrigation and pipe it all the way to South Coastal where it then goes into the Atlantic Ocean in the next 6-10 years. He asked, "What is your timeline on the project?" Greg Tobias stated that he would like to say 6-7 years, but it could be 10 years to be completed and sold out, but it would be broken down into phases probably 30-40 lots at a time. Zac Crouch stated that there is plenty of capacity in the sewer district and have built it into their model and a pump station may need to be installed but other than that there is no issue with the sewer.

Councilman Labor asked, "When Schell Brothers builds communities like this, how do they integrate the amenities into the community and are there any amenities for the community as well?" Greg Tobias stated that Schell Brothers would be there until the community is built and then after that, there is a HOA in control of the development that set their own rules. He also stated that the amenities are owned by the HOA and the residents of the community pay fees to maintain and use the amenities.

Councilman Labor stated that the field behind the proposed community sits empty and asked if it would remain that way. Greg Tobias stated they would most likely make some improvements to the property

such as a community garden on a portion of it and the majority will continue to be farmed just like it is now. Zac Crouch stated that the property would continue to be tilled because of the drainage issue.

Councilman Labor asked if studies have been done on infrastructure such as Mediacom. Zac Crouch stated that they would coordinate with the utility companies.

Vice-Mayor Ulrich asked for confirmation that they are proposing 4 units per townhouse with 2 parking spaces per unit. Zac Crouch stated, "Yes." Vice-Mayor Ulrich asked, "Will there be on-street parking available and of the two parking spaces that are allowed, would one of the spaces be in the garage and the second one in the driveway?" Zac Crouch stated that per Town Code, it states that one parking space can be counted as in the garage and the second space in the driveway, but they would like to provide one additional parking space in the driveway for each townhouse. Vice-Mayor Ulrich stated that her concern is if these townhouses are intended to be 'summer homes', then she doesn't think the parking spaces will be adequate for families and guests and asked what their plan is for that. Zac Crouch stated that they typically provide a section for overflow parking and realizes that it is not shown but this is a concept plan, and they plan to adjust it. Vice-Mayor Ulrich asked if the roadways would be wide enough for on-street parking. Greg Tobias stated that typically in their neighborhoods they have a mixture of seasonal second homeowners and full-time residents that are in the pre-retired or retired demographic and feel like their typical buyers (which are couples) are good with the parking spaces provided. He also added that the single-family homes will have two-car garages and most of the townhouses will also. Zac Crouch stated that when they come back with their updated plans, they will have some designated areas for additional parking.

Councilman Chandler stated that this project would consist of 257 units which would be $\frac{1}{4}$ of the Town as it now exists and added that his main concerns are having only one entrance/exit and the parking will be a problem. He added that he feels if more amenities were to be added, then that would give the residents more opportunities to stay in the community. Councilman Chandler stated that he feels switching the number of townhomes versus single-family homes would be more ideal for this community. Greg Tobias stated that they would look at the mix of townhomes/single-family homes but if the northern part of the property is ever developed, their idea is to have all single-family homes in that part but that would be when and if it happens. He added that they would look at flipping the number of townhouses with the single-family homes but that would significantly reduce the number of homes for the community. Zac Crouch stated that they want to have homes with the front of the property facing the ponds since that is what attracts buyers.

Zac Crouch stated that he has taken notes of what was discussed and asked if anyone saw any other issues, besides making everything code-compliant with the Town. Engineering Consultant Kyle Gulbranson stated that when he reviewed the plans, the only thing that wasn't code-compliant was the long cul-de-sac. He also stated that the Town Code does not require them to have a second entrance even though it would be nice to have it for various reasons. Zac Crouch stated that he knew that would be an issue for the Town but restated that whenever the other side of the property is developed, they have added 2 connection points.

c. Renewal of Contract – Town Administrator

Mayor Baull stated that he completed the Performance Appraisal System for Town Administrator Brought and she exceeds expectations in everything and does an outstanding job for the Town.

Councilman Chandler made a motion to renew Town Administrator Brought's contract for one-year. Vice-Mayor Ulrich seconded the motion. All were in favor.

d. Grass Cutting Bids for 2023 Season

Mayor Baull stated that they had one bid from David Gray/Gray's Creative Touch for the 2023 Season. Vice-Mayor Ulrich asked how his overall performance was last year because she didn't feel like he cut grass in her neighborhood as much as he should have. Town Administrator Brought stated that she had no complaints and The Woodland's seemed very happy with how he was taking care of Katie Helm Park. Mayor Baull stated that he hasn't heard any complaints from anyone at Prince George's Chapel either.

Vice-Mayor Ulrich made a motion to approve the proposed grass cutting bid from Gray's Creative Touch for the 2023 season. Councilman Labor seconded the motion. All were in favor.

**e. Planning & Zoning Appointment Carol Thompson, Resignation Ed Burton
Carol Thompson Resignation from Board of Adjustment**

Councilman Chandler stated that Carol Thompson is very willing and has led the Homeowner's Association at The Woodlands. He added that she has experience as an Administrator and shows an interest in the Town.

Councilman Chandler made a motion to approve the appointment of Carol Thompson to the Planning & Zoning Commission and accept the resignation of Carol Thompson from Board of Adjustment and Ed Burton from Planning & Zoning Commission. Commissioner Labor seconded the motion. All were in favor.

VI. OLD BUSINESS

a. Water Agreement DeIDOT

Town Administrator Brought stated that she was in contact with DeIDOT's attorney and put him in touch with Town Solicitor Greg Morris. The issue that DeIDOT had with the Agreement is the section about annexation. They did not see a requirement under the Delaware Code that they must annex into Town. She also stated that after looking at the Town Code, she couldn't find anything either. Councilman Chandler stated that he is fine with making the change in the Agreement since they can't force them to annex in. In the future, if they choose to annex in, then they would have to meet the Town's terms and conditions. Engineering Consultant Kyle Gulbranson stated that DeIDOT is a State Agency and a

government entity and feels that providing them with water without annexation is fine. Mayor Baull stated that DeIDOT would like for # 8-9 to be removed from the Agreement. Town Administrator Brought stated, "Yes, and they are happy with everything else."

Councilman Chandler made a motion to approve the amended Water Usage Agreement that will be submitted to DeIDOT to provide them with water service. Councilman Truitt seconded the motion. All were in favor.

VII. PUBLIC COMMENT

Lynda Hitchcock stated that she is the new President COA of The Woodlands. She also stated that she would like to know how she could get on the Town Council Agenda to speak about some financial issues with Fernmoor that her community is having. Town Administrator Brought stated that she would need to call Town Hall and let her know when she would like to come before the Town Council and the reason why.

VIII. ADJOURNMENT

Councilman Chandler made a motion to adjourn. Councilman Truitt seconded the motion. All were in favor.

Meeting adjourned at 7:28 p.m.

Respectfully Submitted,
Wendy Rayne, Finance Clerk