



State of Delaware  
Water Infrastructure Advisory Council  
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**Minutes of the 132nd Meeting**

**June 15, 2016**

The Water Infrastructure Advisory Council held a public meeting on Wednesday, June 15, 2016 at 9:00 a.m., at Del Tech, Terry Campus, Corporate Training Center, Room 400A&B, 100 Campus Drive, Dover, Delaware.

**MEMBERS PRESENT:**

Jeffrey Bross, Chairman-Left Meeting at 10:47am  
Hans Medlarz, Vice-Chair-Left Meeting at 11:35am  
Jeffrey Flynn  
Richard Duncan  
Charles Anderson  
David Baker Arrived 9:25am-Left Meeting at 11:35am  
Jen Adkins  
Bruce W. Jones  
Andy Burger  
Michael Harmer-Left Meeting at 11:35am  
Lt. Col Douglas D. Riley

**MEMBERS ABSENT:**

Eugene Dvornick

**OTHERS PRESENT WERE:**

Terry Deputy, Environmental Finance  
Greg Pope, Environmental Finance  
Laura Rafferty, Environmental Finance  
Davison Mwale, Environmental Finance  
Robert C. Burns, Environmental Finance  
Jan Jenkins, Environmental Finance  
Frank Paquette, Environmental Finance  
Reza Moqtaderi, Environmental Finance  
Bob Zimmerman, DNREC  
Jim Sullivan, DNREC  
Beau Croll, DNREC  
Jennifer Roushey, DNREC  
John Cargill, DNREC-SIRS  
Dave Schepens, DNREC  
Matt Chesser, DNREC

Jacquelyn Park, DPH  
William Lindewirth, DPH  
Keith Mensch, DPH  
Jerry Kalmbacher, Tidewater Utilities, Inc.  
Carrie DeSimone, Duffield Associates  
Dan String, KCI  
Kelley Dinsmore, City of Newark  
Sam Cooper, City of Rehoboth Beach  
Pete Vigneri, Town of Smyrna  
Win Abbott, Town of Smyrna  
Ken Branner, Town of Middletown  
Griffin Baier-Anderson, GMB  
Jennifer Pyle, UD  
Chris Brendza, JMT  
Douglas Janiec, Sovereign Consulting, Inc.

**CALL TO ORDER PUBLIC MEETING:**

Meeting came to order at 9:03am.

**APPROVAL OF THE AGENDA:**

Motion made by Mr. Burger, seconded by Ms. Adkins to approve the amended agenda to include a Council vote to endorse the Clean Water Task Force Report: Chairman Bross who serves on the Clean Water and Flood Abatement Task Force has been asked to sign a transmittal letter on behalf of WIAC supporting the legislation. Motion carried unanimously.

**APPROVAL OF MINUTES –Public Hearing and Meeting April 20, 2016:**

Motion made by Mr. Duncan, seconded by Mr. Harmer to approve the minutes for the public hearing and public meeting held on April 20, 2016. Mr. Harmer abstained. Motion carried unanimously.

**WIAC-INFORMATIONAL:**

Beau Croll from DNREC's Surface Water Discharge Section presented the following:

**MS4 in Delaware: The Cost of Compliance**

A municipal separate storm sewer system (MS4) is a conveyance or system of conveyances... owned by a State, city, town, or other public entity that discharges to waters of the U.S. and is designed or used for collecting or conveying storm water not a combined sewer.

Delaware's NPDES MS4 Program

- (1) Phase I MS4 Permit
  - NCC/DelDOT with co-permittees:
    - Cities of New Castle, Wilmington, Delaware City, and Towns of Bellefonte, Newport, Elsmere
- (4) Phase II MS4 Permits
  - City of Newark/U of D
  - Town of Middletown
  - City of Dover

Newly Identified Kent County Urban Areas: Smyrna, Magnolia, Camden, Clayton, Felton, Woodside, Viola, Wyoming, Frederica, DeIDOT

Newly Identified Sussex County Urban Areas: Seaford, Laurel, Delmar, Blades, DeIDOT  
Key Timeframes

The Review Process is underway. There will be an updated general permit by the end of summer. Formal public notice in Fall 2016. Final permit in place by end of 2016/early 2017.

Timeframe	Action
<b>NOI Submission (May 2017)</b>	<b>120 days after permit authorization</b>
180 days from NOI Authorization	SWPP&MP Outline
12 Months from date of NOI Authorization	Draft SWPP&MP Due
Months 13-17	Department Review
Month 17-18	Modification Period
Month 18	Commencement of SWPP&MP

MS\$ Development Costs:

- Developing and implementing an MS4 has noteworthy financial costs both in the short and long term.
- The cost for implementing a MS4 program is highly variable depending upon:
  - -Size of permitted area
  - -Population
  - -Staff of municipality
  - -Infrastructure
  - -New vs existing permittee
  - -Stormwater Programs currently in place

Upfront Costs: Program Implementation

- For newly identified permittees, the first three years have higher costs.
- Costs can be highly variable depending upon the permittee.
- The Storm Water Pollution Prevention and Management Plan development will increase upfront costs. (\$25,000 to \$75,000).
- Programs such as Construction/Post-Construction will be determined by what the permittee has in place.

Initial Costs: Education and Outreach

All programs (surveys, impressions) associated with this MCM are included with these cost estimates.

Education and Outreach Program-Program Development Implementation

Year 1 \$5,000-\$15,000

Year 2 \$3,000-\$5,000

Year 3 \$3,000-\$5,000

Upfront Costs: IDDE Program-Costs will highly fluctuate depending upon the number of outfalls. The above values assume between 100-200 outfalls.

IDDE	Year 1	Year 2	Year 3
Program SOP	\$1,000-\$2,000	\$1,000-\$2,000	\$1,000-\$2,000
GIS	Up to \$2,000	\$2,000	\$2,000
Field Screening	\$4,000-\$6,000	\$4,000-\$6,000	\$4,000-\$6,000
Inventory (inspections/database/mapping)	\$50,000-\$100,000	20% of initial costs	20% of initial costs

Upfront Costs: Pollution Prevention and Good Housekeeping

All costs will depend on the scale of municipal operations that a permittee may have.

Programs	Year 1	Year 2	Year 3
SWP	Up to 12,000	2,000-4,000	2,000-4,000
Training	1,000	1,000	1,000
Catch Basin Cleaning	10,000-30,000	10,000-20,000	10,000-20,000
Pesticide and Herbicide Management	1,000-5,000	Up to 1,000	Up to 1,000
Street Sweeping	100,000-160,000 (Cost of Sweeper)	Cost based on frequency of use	Cost based on frequency of use

Annual Costs

- Each MCM has different annual or continuous costs for the permittee. Costs will be higher upfront and flatten towards years 4 and 5 of the permit.
- Estimated mean costs for each household will begin at \$8.93 (EPA estimate based on 5,040 Phase II MS4s).
- As an example: Upton, MA (Population 5,642) has a yearly budget of \$52,000 for their program. (Phase IIs in Delaware range in population between less than 1,000 and over 10,000).

How can the WIAC help?

- Stormwater management through the MS4 program provides water quality improvements.
- The implementation of Best Management Practices and Green Infrastructure address stormwater runoff.
- Additional assistance through:
  - Financing
  - Public-private partnerships
  - Mapping of outfalls/infrastructure
  - Stormwater management planning
  - Future projects

Contact Beau Croll or Jennifer Roushey from the Surface Water Discharge Section for more information.  
Phone: (302) 739-9946

Email [Beau.Croll@state.de.us](mailto:Beau.Croll@state.de.us)

Email [Jennifer.Roushey@state.de.us](mailto:Jennifer.Roushey@state.de.us)

**Clean Water and Flood Abatement Task Force Update:** Chairman Bross mentioned that other WIAC members are on the task force as well (Bruce Jones, Hans Medlarz, and Jennifer Adkins) that represent other organizations. He also thanked Terry Deputy and his staff for their work on the Task Force. The Task Force is chaired by Senator Townsend and co-chaired by Representative Mulrooney. The proposal is to add a surcharge on income tax that would be capped at \$45, and a flat fee on business licenses (\$60-\$120) depending on the size of the business. This would generate approximately \$20-\$25 million in revenue that could be bonded because it is dedicated funding. The WIAC would be charged with planning how the funds are spent. Some Task Force members met with leadership in legislature last week, but most likely the bill will not be worked until next session as there is too little time left in the current session. Hopefully, the bill will be reintroduced, worked, and adopted in January.

Bruce Jones mentioned the support from all the members that represent the different communities. There was agreement amongst everyone that this is a good path forward.

Vice-Chair Medlarz represents the Association of Counties. Sussex County Council is pleased with the way it has been worked to come from personal income tax. The lock box legislation has been removed from this bill and intended to be worked separately. Lock box is when dedicated revenue sources cannot be diverted to the General Fund. Vice-Chair Medlarz suggested that an efficiency type valuation should be considered. What is the biggest environmental benefit for the dollar spent?

Jen Adkins agrees with everything that was said so far, and stated that the \$45 fee was derived from a public polling from the Delaware Nature Society that showed what the people of Delaware are willing to pay. If the bill passes, the WIAC may get more members, especially to have more representation from the agricultural community. Mr. Burger reported that he spoke with the Farm Bureau, and they will support the bill, but they want more representation on the WIAC.

Chairman Bross stated the Department asked for a 12% administrative fee for the first two years, then it reverts to no more than 10%. This fee will be used to pay for the staff support.

**Regulatory Advisory Committee Update:** Robert Palmer, Acting Director of Watershed Stewardship, stated that Senator Hocker introduced Senate Bill 253. Negotiations started and there is a volume based component and a water quality based component. It is meant to relieve some of the stress of the regulations within the Inland Bays community which is a challenge due to soils and water table. Development has really grown in the Inland Bays area. It passed the Senate unanimously and goes to the House committee today. If it passes the House, hopefully, it will be taken to the floor later this week. The engineering community had a difficult time interpreting the regulations and this bill will help with guidelines to develop standardized plans. Poultry house operators will better understand what is expected of them regarding sediment and stormwater controls. The timeline has been expanded.

Chairman Medlarz stated that the Committee had to choose which technical issues to deal with when because of the timeline. Also, despite Del DOTS's objections, a nutrient based approach is needed especially in the Inland Bays.

Terry Deputy presented the following:

**CWSRF and DWSRF Loans Closed Since June 30, 2015**

CWSRF:

• DNREC Parks & Rec	Lums Pond Improvement Project	\$ 5,660,340
• Allen Harim Foods	Harbeson Wastewater Expansion	\$ 8,394,000
• Allen Harim Foods	Wastewater Reuse Project	\$ 3,200,000
• City of Harrington	Wastewater Plant Upgrade, Refi	\$ 1,482,350
• City of Harrington	Farmington Sewer Extension, Refi	\$ 589,375
• Town of Laurel	6 <sup>th</sup> Street CSO Project	\$ 1,093,560
• City of Lewes, BPW	Highland Acres Sewer Project	\$ 1,423,401
• City of Seaford	Solar Array Project	\$ 1,658,300
• Town of Smyrna	North Duck Creek Project, Supplemental	\$ 1,200,000
• City of Harrington	Sewer Capacity Improvement Project	\$ 1,462,925

(loan closing scheduled for 6/30)

DWSRF:

• City of Harrington	Clark Street Water Main Project, Refi	\$ 176,799
• City of Harrington	Emergency Water Main Project, Refi	\$ 383,647
• Tidewater Utilities	Camelot Development Water System	\$ 1,200,000
• City of Lewes, BPW	Highland Acres Water System	<u>\$ 700,000</u>

Total \$28,624,697

Terry Deputy presented the following:

**Additional Subsidization Assistance Program for Low-Income Groups**

There was a press release for the Additional Subsidization Assistance Program today. Mr. Deputy thanked Dave Baker for his work. Mr. Baker was the Chair for the Subcommittee. This will help make projects more affordable for low-income areas. The MHI often does not necessarily represent the demographic of a project area. The funds will come from DNREC’s 21<sup>st</sup> Century Fund and Public Health’s DWSRF Non- Federal Administrative Account: a total of about \$4.2 million to \$4.3 million. It is intended that the money will last a community for five years. CWSRF and DWSRF loans closed after August 19, 2015 are eligible for the Additional Subsidization Assistance Program. Communities are responsible for the implementation of the program. Environmental Finance will monitor the program. The average number of assistance accounts per year will be 200 or 400 accounts (combined Drinking Water and Wastewater Services) to be supported for five years. The amount of annual assistance per household is \$200 or \$400 (combined drinking water and wastewater): this can be combined with other assistance such as Catholic Charities or the Utility itself.

Mr. Baker said Sussex County started the program in 1996 with the West Rehoboth Sanitary Sewer Project.

Mr. Deputy stated that the municipalities that closed loans after August 19, 2015 will be solicited. The applications will be sent out today. The applications will be presented to WIAC for consideration.

Terry Deputy presented the following:

**FY2016 CWSRF-DWSRF Workshop**

**Delaware Technical and Community College, Stanton Campus  
400 Stanton - Christiana Road, Room A114, Newark  
Wednesday, June 22, 2016 from 10:00 am to 12:00 noon**

There will be only one workshop this month because in the past workshops have not been well attended. Locations will be rotated: next workshop in December 2016 will be in Sussex County, and then the next one in Kent County. It listed as mandatory in the invitation because the information is explained in detail for the CWSRF and DWSRF programs.

**NEW BUSINESS:**

**WIAC Vote to Approve the Clean Water and Flood Abatement Task Force Final Report**

Motion made by Vice-Chair Medlarz, seconded by Mr. Duncan to approve the Final Report of the Clean Water and Flood Abatement Task Force. Motion carried unanimously.

Davison Mwale presented the following:

**DNRECs Division of Waste and Hazardous Substances, Division of Parks and Recreation  
NVF Yorklyn Site Wetland Project  
Loan Request \$4,320,637**

**Project Description**

Two DNREC Divisions, Waste & Hazardous Substances (WHS), and Parks and Recreation (Parks) are collaborating to remediate a Zinc contaminated site at the former National Vulcanized Fiber (NVF) Factory. After remediation a wetland will be constructed at the site, in addition to four other wetlands in the vicinity. The wetlands will help improve water quality, mitigate flooding, and support the economic redevelopment of the Yorklyn Fiber Mills District.

A total of \$4,320,637 is being requested from the Delaware Water Pollution Control Revolving Fund to finance the proposed project. WHS is requesting a \$3,300,000 loan, and Parks is requesting a loan for \$1,020,637. The proposed loan to WHS will be financed over five years, and repaid from Hazardous Substances Control Act (HSCA) Tax Revenues. Parks has requested to use the CWSRF Water Quality Improvement Loan Program (WQILP) to finance its portion of the total loan.

**Project Schedule**

Start construction : August 2016  
Complete construction: December 2017

**Environmental Review**

Technical reviews of the loan applications Preliminary Engineering Report and Environmental Information Document revealed minimal environmental impacts are anticipated from the projects. Hence, in accordance with the environmental review procedures of the Water Pollution Control Revolving Fund, the project was subjected to a Public Notification of a Finding of No Significant (FONSI) Impact. The FONSI Determination was publicly noticed May 10, 2016-June 10, 2016.

**DNRECs Division of Waste and Hazardous Substances, Division of Parks and Recreation**  
**NVF Yorklyn Site Wetland Project**

**Project Budget**

a. Administration	<b>\$0</b>
b. Engineering	<b>\$0</b>
i. Basic	\$0
ii. Project Inspection	\$0
c. Construction (Waste & Hazardous Substances)	<b>\$3,300,000</b>
i. Excavation, disposal, wetland creation	\$3,300,000
d. Construction (Parks & Recreation)	<b>\$1,020,637</b>
i. Flood Mitigation/Wetland Creation Areas	<b>\$1,020,637</b>
e. Contingencies	<b>\$0</b>
<b>Total</b>	<b><u>\$4,320,637</u></b>

**CWSRF Master Lease Purchase Agreement**

- The proposed WPCRF loan will be secured by a revenue pledge in the form of a Master-Lease Purchase Agreement. This is the third loan to DNREC that will utilize the agreement structure.
- Under the Master-Lease Purchase Agreement, DNREC on behalf of WHS is the Lessee, and the WPCRF is the Lessor. Each loan disbursement for infrastructure improvements is considered leased equipment financed through the Lessor; as lease payments are made by the Lessee, ownership of the leased equipment is increased.
- DNREC on behalf of WHS and the WPCRF will enter into an MOU, whereby the DNREC would have the right to withhold HSCA Tax Revenues, to pay annual WPCRF lease payments. HSCA Tax Revenues will be pledged as the repayment source for proposed \$3,300,000 WPCRF loan. If HSCA Tax Revenues are inadequate, Parks revenues will be used as a source of lease repayments
- The Master Lease-Purchase Agreement will automatically renew annually for the term of the loan unless either party to the lease takes proactive steps to terminate the agreement. This lease-purchase financing structure allows WHS to borrow from the WPCRF without obligating the State to any indebtedness associated with a traditional loan agreement.



<b>HSCA Cumulative Revenue and Expenses</b>						
	<b>Actual Revenue</b>	<b>HSCA Revenue Projections *</b>	<b>HSCA Program Administrative Expenses</b>	<b>Estimated HSCA Program Administrative Expenses</b>	<b>Estimated CWSRF Lease Purchase Payments</b>	<b>Estimated HSCA Revenue Balance after Admin &amp; Lease Payment</b>
<b>Through FY10</b>	\$156,326,420		\$17,994,926			
<b>FY11</b>	\$10,642,039		\$2,094,859			
<b>FY12</b>	\$20,228,752		\$1,563,857			
<b>FY13</b>	\$13,941,820		\$1,901,309			
<b>FY14</b>	\$13,043,269		\$1,876,006			
<b>FY15</b>	\$12,602,228		\$2,000,873			
<b>FY16</b>		\$7,294,296		\$1,376,000		<b>\$5,918,296</b>
<b>FY17</b>		\$8,270,880		\$1,275,500	\$694,100	<b>\$6,301,280</b>
<b>FY18</b>		\$8,270,880		\$1,287,800	\$694,100	<b>\$6,288,980</b>
<b>FY19</b>		\$8,270,880		\$1,306,600	\$694,100	<b>\$6,270,180</b>
<b>FY20</b>		\$8,270,880		\$1,325,700	\$694,100	<b>\$6,251,080</b>
<b>FY21</b>		\$8,270,880		\$1,344,800	\$694,100	<b>\$6,231,980</b>
<b>Cumulative</b>	\$226,784,528	\$48,648,696	\$27,431,830	\$7,916,400	\$3,470,496	\$37,261,798

\*HSCA Revenue projections based Gasoline price per gallon of \$2.15

- Sufficient funds available for Lease Purchase Payments through 2021.
- **Loan Terms**
- Lease-Purchase Term: 5 years, 2% interest paid monthly

**CWSRF Master Lease Purchase Agreement - Parks**

- The proposed CWSRF loan will be secured by a revenue pledge in the form of a Master-Lease Purchase Agreement. This is the third loan to Parks that will utilize the agreement structure.
- Under the Master-Lease Purchase Agreement, DNREC on behalf of Parks is the Lessee, and the CWSRF program is the Lessor. Each loan disbursement for infrastructure improvements is considered leased equipment financed through the Lessor; as lease payments are made by the Lessee, ownership of the leased equipment is increased.
- Annual State Park System Revenues after deducting for Expenses for park system operations and maintenance are pledged as the repayment source for CWSRF loans.
- DNREC on behalf of Parks, and the CWSRF program will enter into an MOU with the CWSRF program, whereby the DNREC would have the right to withhold annual bond bill appropriations (if any) for Parks to pay annual CWSRF lease payments if sufficient funds are not available from State Park System Revenues after deducting for Operating and Maintenance Expenses.
- The Master Lease-Purchase Agreement will automatically renew annually for the term of the loan unless either party to the lease takes proactive steps to terminate the agreement. This lease-purchase financing structure allows Parks to borrowing from the CWSRF program without obligating the State to any indebtedness associated with a traditional loan agreement.

<b>Division of Parks and Recreation Operating Budget</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
FY Carryover	\$1,946,603	\$1,180,480	\$1,016,563	\$1,659,022
Revenue	\$9,254,342	\$9,472,302	\$10,357,901	\$11,847,254
Expenses	<u>\$10,036,218</u>	<u>\$9,334,031</u>	<u>\$9,340,900</u>	<u>\$9,699,827</u>
<b>Net Available Special Funds</b>	<b>\$1,164,726</b>	<b>\$1,318,751</b>	<b>\$2,033,564</b>	<b>\$3,806,448</b>
Cape Henlopen CWSRF Annual Lease-Purchase Payment				\$63,172
Lums Pond CWSRF Annual Lease-Purchase Payment				<u>\$389,276</u>
Proposed NVF CWSRF Annual Lease-Purchase Payment				No Additional Debt Service
Profit/Loss After Existing and Proposed CWSRF Lease-Purchase Payments				<b><u>\$3,354,000</u></b>

**Loan Terms**

- Lease-Purchase Term: 20 years, 0% interest, semiannual payments

**CWSRF Water Quality Improvement Loan Program (WQILP)**

Parks is planning to participate in the CWSRF WQILP to fund its portion of the requested loan for the proposed project. Two eligible closed CWSRF loans, Cape Henlopen and Lums Pond, allow Parks borrow an additional \$1,027,637 without incurring any additional debt service payment.

- Under the WQILP, the initial CWSRF loan interest rate for the Lums Pond Project is 3.249%, and the interest rate for the Cape Henlopen Project is 3.64%. The loan interest rates for both loans will be lowered to 2% after the loan for an eligible WQILP project has been closed. The total additional borrowing capacity for the WQILP project is estimated at \$1,027,637.

**Financing Water Quality Improvement Projects with CWSRF Loans Lums Pond**

Loan Term (years)	CWSRF Interest Rate	Water Quality Improvement Interest Rate	Water Quality Improvement Loan	CWSRF Loan	Total Annual Debt Service Payment	Life of Loan Debt Service Payment
			<b>\$862,169</b>	\$5,660,340		
20	3.25%	n/a	n/a	\$389,276	<b>\$389,276</b>	\$7,785,525
20	<b>2.00%</b>	0.000%	\$43,108	\$346,168	<b>\$389,276</b>	\$7,785,525

**Financing Water Quality Improvement Projects with CWSRF Loans Cape Henlopen**

Loan Term (years)	CWSRF Interest Rate	Water Quality Improvement Interest Rate	Water Quality Improvement Loan	CWSRF Loan	Total Annual Debt Service Payment	Life of Loan Debt Service Payment
			<b>\$158,463</b>	\$784,576		
20	3.64%	n/a	n/a	\$55,905	<b>\$55,905</b>	\$1,118,105
20	<b>2.00%</b>	0.000%	\$7,923	\$47,982	<b>\$55,905</b>	\$1,118,105

**Recommendation**

Environmental Finance, Office of the Secretary, recommends Council approval and recommendation of a CWSRF Binding Loan Commitment for \$3,300,000 to DNREC on behalf of WHS and \$1,020,637 to DNREC on behalf of Parks for the proposed project, subject to the loan conditions noted in the CWSRF Master-Lease Purchase Agreements.

There was a question about NVF and its responsibility for the land from Mr. Baker. John Cargill from DNREC’s Waste and Hazardous Substances stated NVF is bankrupt and the State of Delaware now owns the land. The State has been involved in the cleaning process since 2009. The vast majority of the zinc contaminated soil will be removed and a wetland will be created. There will be continuous monitoring for the zinc. Mr. Flynn asked if HSCA funds have been used before for debt service. Mr. Mwale stated that this is the first time a loan has been given to DNREC’s Division of Waste and Hazardous Substances, and this would be the first repayments would come from the HSCA funds.

Mr. Deputy stated the HSCA tax revenue is collected, then administrative expenses are paid, and then debt service is paid. Chairman Bross expressed concerns over the HSCA funds declining while the administrative expenses are increasing. Matt Chesser of DNREC stated that the multiple payments that are spread out over time (5 years) will allow the HSCA to fund other projects. Vice-Chair Medlarz stated that it is good to leverage the HSCA funds through the SRF program, which allows the SRF program to capture the interest payments. He also mentioned the significant effort to reduce the administrative cost from \$2 million to \$1.376 million. It was requested that the WIAC receive an update on this project in the future.

Chairman Bross mentioned DNREC’s revised fish consumption advisory to allow people to take more

fish from a number of streams in Delaware is an indicator of the progress being made. Red Clay Creek is still in regression in spite of the work done at NVF. Chairman Bross spoke to Dr. Green from DNREC and he thinks it may be an out of state problem.

Mr. Burger stated this project was discussed during the WIAC Finance Subcommittee. There was concern about repayment, but it was mentioned there is an MOU that guarantees repayment.

Chairman Bross said that the taxpayers benefit from this project; some interest rates were lowered on some existing loans and an interest free loans for a water quality improvement project was provided. HSCA monies could be commingled with the implementation of the Clean Water Fee.

Lt. Col Riley asked how they would discern the zinc accumulated in the bottom as opposed to the zinc derived from the vulcanizing process that occurred at the site when the testing done. Zinc is essential for marine life. The toxicity at high levels in humans is caused by a copper impact. Mr. Cargill said that the concentration is 18 million ppb (18%) zinc in the groundwater. Deed restrictions will prevent the water to be used for consumption. Water Quality sampling is done on a monthly basis at all the discharge sites. The zinc is less than 1 gram per day. The contractor will decide where to take the material with DNREC's approval.

Motion made by Vice-Chair Medlarz, seconded by Mr. Anderson to approve DNREC's NVF Yorklyn Site Wetland Project Loan Request (\$4,320,637). Motion carried unanimously.

Greg Pope presented the following:

**Delaware Water Infrastructure Advisory Council  
City of Rehoboth Beach WWTP Biosolids Upgrade Project**

**Project Description**

- Improvements to the Rehoboth Beach Wastewater Treatment Plant's (RBWWTP) biosolids management system could reduce overall operating cost and provide increased flexibility in meeting pending Federal Regulations relating to biosolids disposal. Numerous alternatives were investigated in the July 2012 Preliminary Engineering Report. Based on multi-criteria analysis, including cost, the sludge dryer system was recommended along with a belt filter press for dewatering. In a sludge dryer system, dewatered sludged with a solids concentration of 16 to 20% is batch loaded into a dehydration chamber and heated to approximately 100 degrees Celsius. At that temperature water within the sludge evaporates; the steam is condensed, filtered and the condensate returned to the headwork. An odor control system is used to remove odors emanated as a result of the sludge drying process. A dewatering system is needed upstream of the dryer to provide the required influent solids concentration.
- The solids concentration of the dried product generally ranges between 90% - 95%. The final product will be a Class A biosolids product which can be used as a beneficial use product. The biosolids treatment system would require a building to house the belt filter press, dryer and odor control system. A storage silo would be provided to store the biosolids prior to distribution.

**Environmental Review**

Per the Environmental Information Document, no adverse environmental impacts are anticipated from the project. Therefore, in accordance with the environmental review procedures of the Water Pollution Control Revolving Fund regulations, a Categorical Exclusion was granted for this project.

**Project Construction**

- Construction Start Date: February 2017
- Construction Completion Date: February 2019

<b>Project Budget</b>	
a. Administration	<b><u>\$110,000</u></b>
i. Land, Right of Way	
ii. Legal	\$110,000
b. Engineering	<b><u>\$1,890,000</u></b>
i. Basic	\$840,000
ii. Project Inspection	\$525,000
iii. Other	\$525,000
c. Construction	<b><u>\$8,085,000</u></b>
i. Mechanical Improveme	\$5,805,000
ii. Site Improvements	\$45,000
iii. Electrical	\$575,000
iv. Building	\$1,660,000
d. Other	<b><u>\$0</u></b>
e. Contingencies	<b><u>\$2,415,000</u></b>
<b>Total</b>	<b><u>\$12,500,000</u></b>

Robert Burns present the following:

**Source of Funds**

Proposed WPCRF Loan                      \$12,500,000

**Proposed Loan Terms**

- The proposed loan will be secured by a General Obligation Bond Pledge of the City with full faith, credit and taxing power.
- 2% interest, 20 year term
- During construction semi-annual installment of 2% interest only payments will be made by the City. Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principle balance over the 20 year term.

**Affordability Analysis Summary**

- This affordability analysis looks at the impact of the proposed Biosolids project along with the costs associated with the pending Ocean Outfall and WWTP Upgrade projects, to determine user rates. The three project’s results in a user rate estimated at \$805 per EDU for wastewater which is 1.04% on MHI.
- When the utility provides both wastewater and drinking water services the overall cost per EDU should not exceed 2% of MHI in order to be deemed affordable. The proposed and pending projects have a combined user rate of 1.99% for both wastewater and drinking water. Thus the projects are considered affordable.

<b>City of Rehoboth Beach</b>	<b>Ocean Outfall, W.W. Treatment Upgrade &amp; WQIL or LCLP</b>	<b>Biosolids Project</b>
Estimated Project Cost	\$35,488,000	\$12,500,000
Additional Qualified Borrowing	\$4,000,000	
<b>Loan Amount</b>	<b>\$39,488,000</b>	<b>\$12,500,000</b>
Interest Rate	2.0%	2.0%
Loan Terms Years	25	20
<b><u>Wastewater</u></b>		
Annual Debt Service, New Facility	\$2,014,893	\$761,390
Existing Debt Service	\$57,425	\$2,072,318
Increase in O,M & R	\$146,000	\$146,000
Increase in O,M & R BioSolids		\$142,000
O,M & R Cost, New Facility	\$2,602,000	\$2,602,000
<b>Total Cost New Facility</b>	<b>\$4,820,318</b>	<b>\$5,723,708</b>
Non Allocated Cost New Facility Approx. 50%	\$2,410,159	\$2,861,854
<b>Residential Share at 61.9%</b>	<b>\$1,491,889</b>	<b>\$1,771,488</b>
EDU's	2200	2200
<b>Total Estimated Annual Charge Per EDU</b>	<b>\$678</b>	<b>\$805</b>
Median Household Income	\$77,500	\$77,500
<b>% of MHI</b>	<b>0.88%</b>	<b>1.04%</b>
<b><u>Drinking Water</u></b>		
Existing Debt Service		\$106,203
O,M&R		\$1,509,796
Total Facility Cost		\$1,615,999
% of MHI		<b>0.95%</b>
Wastewater & Drinking Water		<b>1.99%</b>

Mr. Baker was concerned about the City paying 100%; in the past the agreement was for the County to borrow money (at least 40%). Vice-Chair Medlarz said that it is being addressed. Mayor Cooper did not want the project held up any further waiting for the County's share.

**Recommendation**

Environmental Finance, Office of the Secretary, recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$12,500,000 to the City of Rehoboth Beach for the proposed project with the afore mentioned terms.

Lt. Col Riley asked about the beneficial use product. Mr. Pope answered there will be more options for disposal, but cannot guarantee as a fertilizer. Mayor Cooper stated currently is a Class B (2% solids), but there is no market for it at the moment; it is not a fertilizer product, but could be used in a brick kiln for a fuel source.

Vice-Chair Medlarz mentioned that as a Class A product, it can be distributed under a land distribution permit, and can be used on any non directive and consumption product.

Lt. Col Riley was concerned about the product being applied to pasture lands; it is a consumptable product if it is eaten by an animal. Prion disease will be passed on from point A to point B through the nutrients; 100 degrees Celsius is not high enough to deactivate subviral particles regarding prion diseases. The cooking temperature for a prion disease like Creutzfeldt-Jacob is over 2000 degrees Fahrenheit. Chairman Bross suggested that the Department of Agriculture and DNREC need to discuss the application of the fertilizer to pasture lands.

Motion made by Mr. Jones, seconded by Mr. Harmer to approve the CWSRF Binding Loan Commitment Offer to the City of Rehoboth Beach (\$12,500,000). Motion carried unanimously.

Reza Moqtaderi discussed the Town of Millsboro’s applications. 4 applications (3 CWSRF applications and 1 Matching Planning Grant) were received by Environmental Finance from the Town of Millsboro. Environmental Finance met with the Town of Millsboro about a year ago to discuss the USDA loan. The Environmental Review was a Categorical Exclusion. All the work was done within the plant.

**Town of Millsboro**  
**Refinancing of the Wastewater Treatment Plant Upgrade**

Robert Burns presented the following:

**Project History**

- In 2008, the Town of Millsboro borrowed \$5,870,000 from the USDA to finance its Wastewater Treatment Plant Upgrades- Contract D.

**Funding Request**

- The Town of Millsboro is requesting that the remaining balance of \$5,500,000 of the original loan be refinanced for a term of 30 years at 2% interest.
- The debt service savings are intended to help finance the Pump Station Generator Installation Project and the Pump Station #2 Project.

**Affordability Analysis**

- The following analysis shows a net annual debt service savings of \$39,419 from the refinance of the Wastewater Treatment Plant Upgrade USDA Loan.
- In addition to the yearly savings, the refinance will reduce the loan term by approximately 3 years.

<b>Millsboro Affordability Analysis: USDA Loans Refinanced Through WPCSRF</b>	Existing Wastewater Facility	Wastewater With Refinance
<b>Loan Amount</b>	<b>\$5,500,000</b>	<b>\$5,500,000</b>
Interest Rate	3.75%	2.0%
Loan Terms Years	33	30
Annual Debt Service USDA Debt	\$284,108	
New Debt Service		\$244,689
Existing Debt Service	\$1,471,359	
Total Proposed Debt Service With Refinance		\$1,431,940
Yearly Debt Service Savings From Refinance		\$39,419
Existing O,M&R	<b>\$1,317,359</b>	<b>\$1,317,359</b>
Increase in O,M&R		
Annual Facilities Cost	<b>\$2,788,718</b>	<b>\$2,749,299</b>
Residential Share at 63.%	<b>\$1,756,892</b>	<b>\$1,732,058</b>

<b>Total Estimated Annual Charge Per EDU</b>	<b>\$659</b>	<b>\$649</b>
EDU's	2668	2668
Median Household Income	\$46,430	\$46,430
<b>% of MHI Wastewater</b>	<b>1.42%</b>	<b>1.40%</b>

**Terms**

The interest rate will be 2%, for a 30 year term, paid semi-annually.

**Recommendation**

Environmental Finance, Office of the Secretary, recommends Council approval and recommendation of a binding commitment to The Town of Millsboro for a \$5,500,000, 30 year, 2.0% interest loan from the Water Pollution Control Revolving Fund. The proceeds of the loan are to be used by the Town to pay-off the existing USDA loan in full.

Mr. Baker thought refinancing was a good thing, and had a question about the Prevailing Wage Rates. Mr. Moqtaderi responded that Davis Bacon wages do not apply to USDA funded projects. Davis Bacon wages were not applicable until the end of October 2009, so therefore there were no issues related to meeting the SRF requirements in this project. Delaware Code requires paying State Prevailing Wages and SRF requires paying Davis Bacon wages: contractors pay the higher of the two for SRF funded construction projects.

Vice-Chair Medlarz wanted to know if the Town absorbs the costs of the loan. Mr. Deputy stated that the Town can either pay off the loan closing costs, or those costs will be added to the current principal balance and this will be the new loan amount.

Motion made by Mr. Duncan, seconded by Mr. Baker to approve the Binding Commitment to the Town of Millsboro (\$5,500,000). Chairman Bross abstained. Motion carried.

**Town of Millsboro**  
**Replacement of Pumping Station No. 2**

Reza Moqtaderi presented the following:

**Project Description**

Replace the existing Millsboro Pumping Station No. 2 with a new submersible pump station at a location adjacent to the existing pump station and connect to the existing force main. Install new wet well, valve vault, new controls and a 20kVA diesel power generator with associated controls and fuel tank.

**Environmental Review**

- The Water Pollution Control Revolving Fund Application contained a Preliminary Engineering Report and an Environmental Information Document. The replacement of the existing pumping station No. 2 will be on property owned by the Town and located adjacent to the existing pumping station. There will be no capacity expansion. Included in the scope is the installation of a diesel generator within the confines of the new pump station. No adverse environmental impacts are anticipated; therefore the project is eligible for Categorical Exclusion in accordance with the environmental review procedure of the Delaware Water Pollution Control Revolving Fund regulations.
- A 30 day Legal Notification to this effect was published on May 22<sup>nd</sup> and 25<sup>th</sup>, 2016 in widely circulated newspapers in the State. No comments have been received to date.

**Schedule**



- Start Construction: February 2017
- Complete & Initiate Operations: August 2017

**Budget**

- Engineering \$122,500
- Inspection \$88,000
- Construction \$340,000
- Contingencies \$60,000
- Total \$610,500**

**Source of Funds**

Proposed WPCRF Loan **\$610,500**

**Proposed Loan Terms**

- The proposed loan will be secured by a General Obligation Bond Pledge of the Town with full faith, credit, and taxing power.
- 2% interest, 20 year term.
- During construction semi-annual installments of 2% interest only payments will be made by the Town. Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year term.

Robert Burns presented the following:

**Affordability Analysis**

- This affordability analysis looks at the impact of the current refinancing of the USDA debt along with the cost associated with two proposed projects.
- The two new projects along with the refinance, results in a user rate estimated at \$661 per EDU for wastewater which is 1.42% of MHI. This user rate is virtually unchanged from the current user rate of \$659 per EDU per year.
- When the utility provides both wastewater and drinking water services the overall cost per EDU should not exceed 2% of MHI in order to be deemed affordable.
- The refinance and proposed projects have a combined user rate of 2% for both wastewater and drinking water. Thus the projects are considered affordable.

<b>Millsboro Affordability Analysis: USDA Loans Refinanced Through WPCSRF</b>	Existing Wastewater Facility	Wastewater With Refinance	Pump Station #2 Replacement	Pump Station Generator Installation	Total Cost with Refinance and Proposed Projects
<b>Loan Amount</b>	<b>\$5,500,000</b>	<b>\$5,500,000</b>	<b>\$610,500</b>	<b>\$157,000</b>	
Interest Rate	3.75%	2.0%	<b>2.0%</b>	<b>2.0%</b>	
Loan Terms Years	33	30	20	20	
Annual Debt Service					
USDA Debt	\$284,108				
New Debt Service		\$244,689	<b>\$37,186</b>	<b>\$9,563</b>	<b>\$46,749</b>
Existing Debt Service	\$1,471,359				

Total Proposed Debt Service With Refinance		\$1,431,940	\$1,431,940	\$1,431,940	\$1,431,940
Yearly Debt Service Savings From Refinance		\$39,419			
Existing O,M&R	\$1,317,359	\$1,317,359	\$1,317,359	\$1,317,359	\$1,317,359
Increase in OM&R			\$3,950	\$250	\$4,200
Annual Facilities Cost	\$2,788,718	\$2,749,299			\$2,800,248
Residential Share at 63.%	\$1,756,892	\$1,732,058			\$1,764,156
<b>Total Estimated Annual Charge Per EDU</b>	<b>\$659</b>	<b>\$649</b>			<b>\$661</b>
EDU's	2668	2668			2668
Median Household Income	\$46,430	\$46,430			\$46,430
<b>% of MHI Wastewater</b>	<b>1.42%</b>	<b>1.40%</b>			<b>1.42%</b>
<b><u>Drinking water</u></b>					
Annual Facilities Cost					\$1,138,644
<b>% of MHI Drinking Water</b>					<b>0.58%</b>
<b>Combined Wastewater/Drinking Water</b>					<b>2.00%</b>

**Recommendation**

Environmental Finance, Office of the Secretary, recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$610,500 to The Town of Millsboro for the proposed project with the aforementioned terms.

Motion made by Mr. Duncan, seconded by Mr. Flynn to approve the Binding Commitment for the Town of Millsboro (\$610,500). Chairman Bross abstained. Motion carried.

**Town of Millsboro**  
**Generator Installation at Pumping Stations Nos. 1 & 5**

Reza Moqtaderi presented the following:

**Project Description**

- Purchase two 20 kVA standby diesel generators and install and make operational at existing Millsboro Pumping Stations No. 1 and No. 5. The scope includes the supporting concrete pad, an automatic transfer switch, sound attenuation and a diesel fuel tank.

**Environmental Review**

- The Water Pollution Control Revolving Fund Application contained a Preliminary Engineering Report and an Environmental Information Document. The installation of the generators at the Pumping Stations Nos. 1 and 5 are functional improvements to existing pumping stations. The installation of each diesel generator will be within the confines of each pump station. No adverse environmental impacts are anticipated; therefore the project is eligible for Categorical Exclusion in accordance with the environmental review procedure of the Delaware Water Pollution Control Revolving Fund regulations.

- A 30 day Legal Notification to this effect was published on May 22<sup>nd</sup> and 25<sup>th</sup>, 2016 in widely circulated newspapers in the State. No comments have been received to date.

**Schedule**

- Start Construction: February 2017
- Complete & Initiate Operations: August 2017

**Budget**

- Engineering \$15,000
- Inspection \$12,000
- Construction \$100,000
- Contingencies \$30,000

**Total** **\$157,000**

**Source of Funds**

Proposed WPCRF Loan **\$157,000**

**Proposed Loan Terms**

- The proposed loan will be secured by a General Obligation Bond Pledge of the Town with full faith, credit, and taxing power.
- 2% interest, 20 year term.
- During construction semi-annual installments of 2% interest only payments will be made by the Town. Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year term.

**Affordability Analysis**

- This affordability analysis looks at the impact of the current refinancing of the USDA debt along with the cost associated with two proposed projects.
- The two new projects along with the refinance, results in a user rate estimated at \$661 per EDU for wastewater which is 1.42% of MHI. This user rate is virtually unchanged from the current user rate of \$659 per EDU per year.
- When the utility provides both wastewater and drinking water services the overall cost per EDU should not exceed 2% of MHI in order to be deemed affordable.
- The refinance and proposed projects have a combined user rate of 2% for both wastewater and drinking water. Thus the projects are considered affordable.

<b>Millsboro Affordability Analysis: USDA Loans Refinanced Through WPCSRF</b>	<b>Existing Wastewater Facility</b>	<b>Wastewater With Refinance</b>	<b>Pump Station #2 Replacement</b>	<b>Pump Station Generator Installation</b>	<b>Total Cost with Refinance and Proposed Projects</b>
<b>Loan Amount</b>	<b>\$5,500,000</b>	<b>\$5,500,000</b>	<b>\$610,500</b>	<b>\$157,000</b>	
Interest Rate	3.75%	2.0%	<b>2.0%</b>	<b>2.0%</b>	
Loan Terms Years	33	30	20	20	
Annual Debt Service USDA Debt	\$284,108				
New Debt Service		\$244,689	<b>\$37,186</b>	<b>\$9,563</b>	<b>\$46,749</b>
Existing Debt Service	\$1,471,359				

Total Proposed Debt Service With Refinance		\$1,431,940	\$1,431,940	\$1,431,940	\$1,431,940
Yearly Debt Service Savings From Refinance		\$39,419			
Existing O,M&R	\$1,317,359	\$1,317,359	\$1,317,359	\$1,317,359	\$1,317,359
Increase in OM&R			\$3,950	\$250	\$4,200
Annual Facilities Cost	\$2,788,718	\$2,749,299			\$2,800,248
Residential Share at 63.%	\$1,756,892	\$1,732,058			\$1,764,156
<b>Total Estimated Annual Charge Per EDU</b>	<b>\$659</b>	<b>\$649</b>			<b>\$661</b>
EDU's	2668	2668			2668
Median Household Income	\$46,430	\$46,430			\$46,430
<b>% of MHI Wastewater</b>	<b>1.42%</b>	<b>1.40%</b>			<b>1.42%</b>
<b><u>Drinking water</u></b>					
Annual Facilities Cost					\$1,138,644
<b>% of MHI Drinking Water Combined Wastewater/Drinking Water</b>					<b>0.58%</b>
<b><u>Recommendation</u></b>					<b>2.00%</b>

Environmental Finance, Office of the Secretary, recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$157,000 to The Town of Millsboro for the proposed project with the aforementioned terms.

Motion made by Mr. Burger, seconded by Mr. Baker to approve the Binding Commitment for the Town of Millsboro (\$157,000). Chairman Bross abstained. Motion carried.

Vice-Chair Medlarz asked why the projects were not combined. Mr. Moqtaderi responded that they are separate loans and each project must be tracked separately due to Environmental Finance's loan software system. Carrie DeSimone stated that design and construction for the two projects will happen at the same time.

Greg Pope presented the following:

**Wastewater Matching Planning Grant Requests:**

<b>Wastewater Planning Grant Application #1:</b>	<b>Town of Millsboro</b>
Name:	I&I (Infiltration and/or (Inflow) Study
Total Project Cost:	\$150,000
Assistance Requested:	<b>\$50,000</b>
Start Date:	May 2016
Completion Date:	November 2016
Consultant:	Duffield Associates

The Town has experienced high volumes of flow into its wastewater treatment plant following significant rain events. Town maintenance personnel suspect the presence of infiltration and/or inflow in certain areas of the collection system within the Town limits. In Millsboro’s Wastewater Facilities Master Plan revised in 2007, it was reported that infiltration in the Ellis Street area of Town was suspected. Prior flow records also support that the Stockley Center is subject to infiltration and inflow. The origin of the inflow and infiltration observed following rain events is from unknown sources and locations.

This project proposes to complete an inflow/infiltration study to identify potential sources and locations. As it is cost prohibitive to examine the entire system by closed circuit camera inspection or totally eliminate I/I, the scope of this project is based upon the following general methodology:

1. Analyzing flow data throughout the system to determine areas where additional investigation is warranted. This includes installation of flow meters in manholes to complete limited gravity sewer flow monitoring.
2. Completing additional investigation of those areas of the system exhibiting the worst I/I conditions by closed circuit television.
3. Developing recommendations for repairs and rehabilitation on target areas identified in step 2 above.

Motion made by Mr. Duncan, seconded by Vice-Chair Medlarz to approve the Wastewater Matching Planning Grant Request for the Town of Millsboro (\$50,000). Chairman Bross abstained. Motion carried.

<b>Wastewater Planning Grant Application #2:</b>	<b>City of Newark</b>
Name:	Sewer Planning Study – Phase II
Total Project Cost:	\$120,025
Assistance Requested:	<b>\$50,000</b>
Start Date:	August 2016
Completion Date:	April 2017
Consultant:	Johnson, Mirmiran & Thompson, Inc. (JMT)

The proposed Sewer Planning Study consists of three phases and will be completed over the course of Three years. Last year, the City submitted and was awarded a matching planning grant to complete the Sewer Planning Study Phase 1 project. The City plans to complete a portion of Phase II through this grant application. Phase III will be completed through an additional grant request and City capital improvement projects in the subsequent year. The following outline is intended to provide the Grant administrators with the Sewer Planning Study plan the City has for its sewer system.

- Phase II: The City will conduct flow monitoring in the White Clay Basin and complete an RDII analysis of the data. A physical model of all trunklines and interceptors will be developed for future hydraulic modeling of the sanitary sewer system. The City will model their sanitary sewer system using the information obtained in Phases I and II.

There was a discussion about planning studies being completed in phases (long term), and that this is a good way to make use of this program. Vice-Chair Medlarz supports this program. An applicant is eligible for \$50,000 annually. The City of Newark has spent a lot of its own money to fund the study, and the WWMPG will help the City of Newark put together an Asset Management Plan.

Motion made by Vice-Chair Medlarz, seconded by Mr. Harmer to approve the Wastewater Matching Planning Grant for the City of Newark (\$50,000). Motion carried unanimously.

Greg Pope presented the following:

**Summary of Requested Wastewater Planning Grants**

<u><b>Applicant</b></u>	<u><b>Amount Requested</b></u>
<i>Previously awarded</i>	\$83,773
Town of Millsboro	\$50,000
City of Newark	\$50,000
<b>Totals:</b>	<b>\$183,773</b>

<b>Wastewater Planning Grants and Project Planning Advances</b>	
<b>Wastewater Matching Planning Grants (July 1, 2015 to present):</b>	
Delaware City – Ft. DuPont Master Plan	\$24,580
Sussex County – Dewey Beach Capacity Study	\$24,993
<del>Sussex County – Roxana Planning Area (withdrawn)</del>	<del>\$50,000</del>
Smyrna – Pump Station Audit	\$25,100
Smyrna – Sunnyside Wastewater Study	\$9,100
Millsboro – I&I Study	\$50,000
Newark – Sewer Planning Study – Phase II	\$50,000
<b>Total</b>	<b>\$183,773</b>
Percent of Allocation (\$200K)	41.9%
<b>Wastewater Planning Advances (July 1, 2015 to present):</b>	
Town of Bridgeville – WW Treatment Plant PER and EID	\$50,000
Sussex County - Chapel Green/Oak Crest Farms PER and EID	\$40,000
<b>Total</b>	<b>\$90,000</b>
Percent of Allocation (\$300K)	30%

Vice-Chair Medlarz stated that a planning study should not be done when there is little to no anticipation of a project being done in the future, and that Council should fund applicants that will follow-up with a project. Chairman Bross agreed with this.

**Vote to grant Chairman Bross the authority to sign the Clean Water Task Force Recommendations to Legislature on behalf of WIAC.**

Motion made by Mr. Jones, seconded by Mr. Burger to grant Chairman Bross the authority to sign the Clean Water Task Force Recommendations to Legislature on behalf of WIAC.

Vice-Chair Medlarz had concerns with a precedence being set for WIAC to endorse legislation; WIAC is an appointed board and should not get involved in the drafting of legislation. He felt WIAC could be involved in the fact finding behind legislation, and the encouragement and recommendation to move legislation. He had concerns that the next thing to happen would be the formation of a subcommittee to write legislation.

Mr. Flynn asked if the wording in the letter could be adjusted. Chairman Bross apologized for the short notice, but the signing has to take place within the week. The letter should introduce the report, and recommend that the General Assembly take the actions included in the report. WIAC will be instrumental to handling the funds that will be generated with the Clean Water Fee, and if WIAC is absent with a signature, it will be noticeable.

Mr. Harmer supports this legislation so that future projects are funded. Ms. Adkins said it still has to be decided with the Delaware Partnership for the Estuary whether it can get involved with endorsing

legislation. Chairman Bross pointed out that other members that represent other organizations on the Task Force have the same issue of whether or not they can endorse legislation. The letter may be accommodated to address these issues. The legislation is needed to authorize the taxation.

Mr. Burger felt that the letter should state here is your report, and we support that it go forward. Mr. Burger also commended the Clean Water Task Force's work. Mr. Burger stated that he would vote yes that it go forward.

Mr. Baker said that one of the concerns is the calculation of the State Prevailing Wages, and it needs to be addressed. Chairman Bross said the Clean Water Task Force discussed it, and the General Assembly will get it. Mr. Harmer stated that Wage Rates are used for anything over \$500,000 in New Castle County.

Vice-Chair Medlarz stated that Sussex County chose as late as yesterday not to act on the draft legislation, because they just got the legislation the day before. It should move forward, but he cannot vote yes on endorsing specific language. Mr. Burger feels it is not the WIAC's job to endorse legislation, but the legislators. WIAC's job is to supply the information.

Motion made by Mr. Burger, seconded by Mr. Harmer that WIAC supports the work that the Committee has done and forwarding the information to the General Assembly for their consideration and action. Chairman Bross voted. Motion passed unanimously.

Terry Deputy presented the following:

### Proposed FY 2016 CWSRF Non Fed Admin Account

#### Environmental Finance Annual Non Project Expenses

	Actual Budgeted and Expended						Projected	Projected	Projected
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>FAB Administrative Expenditures - Actual and Projected</b>									
Salaries and Benefits	687,868	723,086	812,792	823,644	791,801	717,753	732,108	746,750	761,685
Travel	7,081	13,217	10,797	9,116	12,041	10,211	10,366	10,573	10,785
Contractual - EF Admin	159,240	196,958	239,032	193,593	250,777	193,426	214,700	218,994	223,374
Supplies	8,512	4,717	22,090	6,304	21,070	4,092	2,838	2,895	2,953
Indirect Costs	63,789	64,444	2,407	33,594	195,667	0	0	0	0
<b>Total EF Administrative</b>	<b>926,489</b>	<b>1,002,422</b>	<b>1,087,118</b>	<b>1,066,252</b>	<b>1,271,356</b>	<b>925,482</b>	<b>960,012</b>	<b>979,212</b>	<b>998,797</b>
<b>Federal Cap Grants</b>	<b>3,274,300</b>	<b>10,005,909</b>	<b>7,222,000</b>	<b>33,958,176</b>	<b>6,520,000</b>	<b>6,853,000</b>	<b>6,817,000</b>	<b>6,817,000</b>	<b>6,817,000</b>
<b>Revenue Sources</b>									
4% Program Federal Allowance	130,972	400,236	288,880	1,358,327	260,800				
1/5% of Net Fund Position						499,220	518,159	538,159	548,922
Stag Grant	41,435	22,340	52,723	37,896	29,700				
DWSRF Grant	0	0	0	0	324,621	324,435	331,092	346,239	353,164
<b>Sub-Total</b>	<b>172,407</b>	<b>422,576</b>	<b>341,603</b>	<b>1,396,223</b>	<b>615,121</b>	<b>823,655</b>	<b>849,251</b>	<b>884,398</b>	<b>902,086</b>
<b>FAB Non Federal Admin Revenues Used and Needed</b>	<b>754,083</b>	<b>579,845</b>	<b>745,515</b>	<b>(329,971)</b>	<b>656,235</b>	<b>101,827</b>	<b>110,761</b>	<b>94,814</b>	<b>96,711</b>
<b>Other Administrative Expenditures - Actual and Projected</b>									
<b>Contractual</b>									
Groundwater Position	45,748	52,196	51,351	52,309	46,800	60,157	64,554	65,845	67,162
Surfacewater Position	0	0	63,663	65,042	57,800	66,524	72,931	74,390	75,877
Program Development & Implementation	0	513,738	524,613	501,663	531,302	512,174	537,421	548,169	559,133
	45,748	565,934	639,626	619,014	635,902	638,855	674,906	688,404	702,172
<b>Total Administrative Revenues Used and Needed</b>	<b>799,831</b>	<b>1,145,779</b>	<b>1,385,141</b>	<b>289,043</b>	<b>1,292,137</b>	<b>740,682</b>	<b>785,667</b>	<b>783,218</b>	<b>798,883</b>



**Proposed FY 2016 CWSRF Non Fed Admin Account**

**CWSRF Non Federal Administrative Account (NFAA), Current and Planned Uses**

	Actual						Projections		
	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Projected	FY17 Projected	FY18 Projected
<u>Revenue Sources</u>									
1. Investment Interest	\$93,268	\$55,935	\$49,127	\$40,214	\$29,003	\$30,664	\$38,000	\$39,000	\$40,000
2. Administrative Fee	\$1,830,089	\$1,844,156	\$2,012,636	\$1,876,236	\$1,759,285	\$1,380,098	\$1,600,000	\$1,700,000	\$1,800,000
<b>Total Annual Revenues</b>	<b>\$1,923,357</b>	<b>\$1,900,091</b>	<b>\$2,061,763</b>	<b>\$1,916,450</b>	<b>\$1,788,288</b>	<b>\$1,410,762</b>	<b>\$1,638,000</b>	<b>\$1,739,000</b>	<b>\$1,840,000</b>
<u>Administrative Uses</u>									
3. Environmental Finance Admin Expenses	\$754,083	\$579,845	\$745,515	-\$329,971	\$656,235	\$101,827	\$110,761	\$94,814	\$96,711
4. FAB Administrative Two-Year Reserve									
5. Contractual Groundwater Position	\$45,748	\$52,196	\$51,351	\$52,309	\$54,872	\$60,157	\$64,554	\$65,845	\$67,162
6. Contractual Stormwater Position	\$0	\$0	\$63,663	\$65,042	\$67,860	\$66,524	\$72,931	\$74,390	\$75,877
7. *Program Development and Implementation	\$0	\$513,738	\$524,613	\$501,663	\$531,302	\$512,174	\$537,421	\$548,169	\$559,133
<b>Total Administrative Uses</b>	<b>\$799,831</b>	<b>\$1,145,779</b>	<b>\$1,385,142</b>	<b>\$289,043</b>	<b>\$1,310,269</b>	<b>\$740,682</b>	<b>\$785,667</b>	<b>\$783,218</b>	<b>\$798,883</b>
<u>Annual Fund Growth</u>	\$1,123,526	\$754,312	\$676,621	\$1,627,407	\$478,019	\$670,080	\$852,333	\$955,782	\$1,041,117
Committed - CWSRF State Match	\$654,860	\$1,110,047	\$29,114	\$0	\$0	\$0	\$0	\$1,400,000	\$0
<u>Proposed Program Uses</u>									
8 Reserve - Loan and Grant Programs									
<u>New Proposed Use:</u>									
Asset Management Planning Grants						\$630,000	\$500,000	\$500,000	\$500,000
<u>Previously Approved Uses:</u>									
SEFO Program	\$0	\$0	\$150,000	\$150,000	\$250,000	\$561,362	\$500,000	\$300,000	\$300,000
Community Water Quality Grants	\$0	\$391,163	\$500,000	\$350,000	\$525,000	\$320,241	\$350,000	\$350,000	\$152,133
Project Planning Advances						\$90,000	\$500,000	\$500,000	\$300,000
Wastewater Matching Grants	\$107,772	\$189,384	\$137,686	\$190,000	\$352,967	\$183,773	\$500,000	\$500,000	\$300,000
Surface Water Matching Grants	\$0	\$235,100	\$171,655	\$208,563	\$482,250	\$267,607	\$300,000	\$300,000	\$200,000
Statewide Wastewater Study	\$6,670	\$167,180	\$124,454	\$1,697	\$0	\$0	\$0	\$0	\$0
U of D - Land Application Study	\$0	\$0	\$150,000	\$400,000	\$0	\$0	\$0	\$0	\$0
<b>Total Proposed Program Uses</b>	<b>\$114,442</b>	<b>\$982,827</b>	<b>\$1,233,795</b>	<b>\$1,300,260</b>	<b>\$1,610,217</b>	<b>\$2,052,983</b>	<b>\$2,650,000</b>	<b>\$2,450,000</b>	<b>\$1,752,133</b>
<b>Annual Fund Balance</b>	<b>\$9,515,705</b>	<b>\$8,177,143</b>	<b>\$7,590,855</b>	<b>\$7,918,002</b>	<b>\$6,785,804</b>	<b>\$5,402,901</b>	<b>\$3,605,234</b>	<b>\$711,015</b>	<b>(\$0)</b>

Motion made by Vice-Chair Medlarz, seconded by Mr. Jones to approve the funding allocations of the FY 16 CWSRF Non Federal Administrative Account. Motion carried unanimously.

It was suggested by Mr. Anderson to add MS4s to some of the allocations in the future. Mr. Deputy stated that would be a possibility.

Terry Deputy presented the following:

**Proposed FY 2016 DWSRF Non Fed Admin Account**

**DWSRF PROGRAM - SET-ASIDE BUDGET AND RESERVE**

	Actual FY 2013	Actual FY 2014	Actual FY 2015	Projected FY 2016	Projected FY 2017	Proposed Two Year Reserve
<b>1. DWSRF Federal Set-Aside Expenditures</b>						
Grant to WPCRF	1,195,487					
Salaries and Benefits	985,201	1,452,068	1,536,413	1,715,836	1,750,153	3,500,305
Travel	5,881	13,019	14,297	25,695	26,209	52,418
Contractual	690,963	551,105	881,707	558,320	569,486	1,138,973
Supplies	91,039	35,573	104,463	30,771	31,386	62,773
Capital Outlay	135,010			7,290	7,436	14,872
Subgrant	802,653		449,971			0
Other				93,454	95,323	190,646
Training	141,025	240,495	68,563			
Indirect Costs	101,671	329,390	13,066	293,459	299,328	0 See Notes
Total Federal Set-Aside Expenditures	2,953,443	2,621,650	3,068,480	2,724,825	2,779,322	4,959,987
<b>2. Federal Cap Grants</b>	8,975,000	8,421,000	8,845,000	8,787,000	<b>8,312,000</b>	<b>If No Fed Cap Grant</b>
<b>3. Revenue Sources</b>						
Federal Set-Aside Allowance	2,953,443	2,533,708	2,954,208	2,576,720	2,576,270	
Sub-Total	2,953,443	2,533,708	2,954,208	2,576,720	2,576,270	
<b>Shortfall / Overage</b>	<b>0</b>	<b>(87,942)</b>	<b>(114,272)</b>	<b>(148,105)</b>	<b>(203,052)</b>	

**Notes:**

- Administrative Expenses for all DWSRF Set-Asides 2%, 4%, 10%, and 15%
- Annual DWSRF Federal Capitalization Grants
- Annual DWSRF Set-Aside Allocation from Federal Capitalization Grants
- No Reserve for Indirect Cost Needed if there are No Federal Capitalization Grants

**Proposed FY 2016 DWSRF Non Fed Admin Account**

**DWSRF Non Federal Administrative Account (NFAA) – Current and Proposed Program Uses**

	<b>FY13 Actual</b>	<b>FY14 Actual</b>	<b>FY15 Actual</b>	<b>FY16 Projected</b>	<b>FY17 Projected</b>
<b>Revenue Sources</b>					
1. Investment Interest	\$25,258	\$30,475	\$31,084	\$31,706	\$32,340
2. Administrative Fee	\$1,437,416	\$1,949,775	\$1,456,581	\$1,591,324	\$1,691,217
3. Origination Fee	\$26,000	\$36,943	\$45,375	\$0	\$0
<b>Total Annual Revenues</b>	<b>\$1,488,674</b>	<b>\$2,017,193</b>	<b>\$1,533,040</b>	<b>\$1,623,030</b>	<b>\$1,723,557</b>
4. Federal Set- Aside Allowance Shortfall	\$0	(\$87,942)	(\$114,272)	(\$148,105)	(\$203,052)
<b>Net Revenue</b>	<b>\$1,488,674</b>	<b>\$1,929,251</b>	<b>\$1,418,768</b>	<b>\$1,474,925</b>	<b>\$1,520,506</b>
5. Committed - DWSRF State Match	\$0	\$69,000	\$0	\$0	\$0
<b>Proposed Program Uses</b>					
Reserve - Loan and Grant Programs					
DWSRF Innovation and Technology Grants				\$150,000	\$150,000
Proposed Additional Subsidization Program \$2,653,500				\$1,326,750	\$1,326,750
DWSRF Asset Mangement Grant			\$250,000	\$500,000	\$500,000
Project Planning Advances				\$300,000	\$300,000
DWSRF Matching Planning Grants		\$13,066	\$220,256	\$300,000	\$200,000
<b>Total Proposed Program Uses</b>	<b>\$0</b>	<b>\$13,066</b>	<b>\$470,256</b>	<b>\$2,576,750</b>	<b>\$2,476,750</b>
<b>Annual Fund Balance</b>	<b>\$1,488,674</b>	<b>\$1,935,127</b>	<b>\$1,062,784</b>	<b>(\$953,720)</b>	<b>(\$753,193)</b>
Beginning Yr. Fund Balance	\$6,507,221	\$7,995,895	\$9,931,022	\$10,993,807	\$10,040,087
End of Year Fund Balance	\$7,995,895	\$9,931,022	\$10,993,807	\$10,040,087	\$9,286,894
<b>FAB Administrative Two Year Reserve</b>					<b>4,959,987</b>

**Notes**

1. Interest earned on account balance from Audited Financial Statements
2. Administrative Fee Revenue from DWSRF loans
3. Loan Origination Fee Revenue; Waived under Current Interim Interest Rate Policy
4. Annual Administrative Short Fall Needed from Non Fed Admin Account
5. DWSRF Capitalization Grant 20% State Match

Motion made by Mr. Duncan, seconded by Lt. Col Riley to approve the funding allocations of the FY16 DWSRF Non Federal Administrative Account. Motion carried unanimously.

Terry Deputy presented the following:

**ADMINISTRATORS' REPORTS**

**Project Updates**

New Castle County - Hills of Hockessin and Airport Industrial Stormwater Ponds

- Construction – 100% complete

Smyrna – North Duck Creek Pump Station and Sewer Facilities Extension

- Final Phase – Construction to begin in June 2016

Lewes –Highland Acres Sanitary Sewer Project

- Construction – 29% complete

Division of Parks and Recreation – Lums Pond Improvements Phase II

- Construction – 68% complete

Terry Deputy presented the following:

**CWSRF-DWSRF CASH FLOW MODEL**

**Delaware CWSRF and DWSRF Financial Report**

Month Ending - May 31, 2016

			CWSRF (Millions of \$)		DWSRF (Millions of \$)			
			Sources of Funds	Obligation of Funds	Disbursement of Funds	Sources of Funds	Obligation of Funds	Disbursement of Funds
<b>Actuals Through May 31, 2016</b>								
Source of Funds								
			\$227.543			\$174.933		
			31.137			(31.529)		
			134.069			42.731		
			14.266					
			11.199			2.586		
			<u>418.214</u>			<u>188.721</u>		
Loan Dollars:								
				\$324.850	\$294.071		\$167.067	\$150.595
				16.025	16.025		5.000	5.000
				<u>\$340.875</u>	<u>\$310.096</u>		<u>\$172.067</u>	<u>\$155.595</u>
							\$16.654	\$33.126
				\$77.339	\$108.118			
<b>Projected June 1, 2016 through June 30, 2016</b>								
Source of Funds								
			\$0.000			\$0.000		
			As Needed			As Needed		
			4.472			0.365		
			0.048			0.015		
			<u>\$4.520</u>			<u>\$0.380</u>		
Loan Dollars								
				\$0.000	\$3.493		\$0.000	\$0.544
				0.039	0.028			
				<u>\$0.039</u>	<u>\$3.521</u>		<u>\$0.000</u>	<u>\$0.544</u>
							\$0.380	(\$0.164)
				\$4.481	\$0.999			
				\$81.819	\$109.117		\$17.034	\$32.962

**SUBCOMMITTEE REPORTS:**

**Wastewater:** No report.

**Surface Water Mangement:** Jim Sullivan reported that there were 2 grant extension requests: one for City of New Castle for 90 days and one from the Sussex Conservation District for 60 days. The other changes that were discussed were the Clean Water Quality Improvement Grant and that municipalities are not eligible, but they can partner if eligible. The Surface Water Matching Planning Grant was left the same. There will be continued discussion on how to assist the Phase II MS4 municipalities with existing grants.

**Finance:** There was a meeting on Monday, 13 June 2016. Mr. Burger stated the issues were covered earlier in today’s WIAC meeting.

**Drinking Water:** No report.

**PUBLIC COMMENTS:** None

**GOOD OF THE COUNCIL:** Chairman Bross stated that Ralph Cetrulo, a CPA from Wilmington, will replace Brian Marvin, and should have his confirmation hearing today.

**MEETING ADJOURNMENT:** Motion made by Mr. Duncan, seconded by Mr. Burger to adjourn the meeting. Motion passed unanimously. The meeting was adjourned at 11:45am. Next WIAC meeting is August 17, 2016 to be held at Del Tech, Terry Campus, 100 Campus Drive, Room 400A&B, Corporate Training Center, Dover, DE at 9:00am.