

**Open Work Session**  
**April 18, 2017**  
**Countywide Water/Sewer – Eastside Corridor Study**

Mr. Weston Young, Assistant Director of Administration, Mr. Dallas Baker, Public Works Director, and Mr. Peter Bosick, George, Miles & Buhr, Engineers (GMB), came before Council. Mr. Cannon said to Mr. Bosick that he knows he has been involved with a lot of discussions about countywide water and sewer. Mr. Bosick said two years ago they were hired by the County to produce this Eastside Corridor Sewer Feasibility Planning Study. Mr. Young said they are aware that in the Council priorities, at least three of the Council members have put in their priorities, the countywide water and sewer plan. He said they have several areas across the County where a countywide water and sewer plan would be helpful. He said they have mobile home parks that have sewer issues. They have areas within little pockets, right next to the City of Salisbury that could benefit from City utilities, if the City is willing and able to provide said services. He said the Morris Mill project where they brought water from the City of Fruitland to assist contaminated wells, these are all specific projects. He said this report completed by GMB is another one of said projects that they were prepared to discuss today. He said he did think there needs to be a larger discussion on how they approach failing septic or contaminated wells countywide.

Mr. Dallas Baker said the report basically looked at three alternatives. Annexing that area into the City to establish an Urban Service District, and the County providing their own for water and sewer service. He said tapping into the City system is the most affordable right now. He said if the County puts in their own system, they are looking at basically double what they would be paying if that area tapped into the City system. Mr. Joe Holloway asked, does the City have the capacity to take this on, to which Mr. Baker responded, that is another option they would have to take a look at. Mr. Peter Bosic said, they do, definitely they do, for this particular area, and this amount of flow where they are right now. Mr. Cannon asked, for the City annexation, does the property owner have to agree to that, to establish an Urban Services District. He said he assumes the property owner has to agree to that as well, to which Mr. Young responded, yes. He said it is a petition, very similar to the urban lighting, things like that. He said he thought it was 75% of the people in an area have to agree upon it. He said in this particular area, they broke it into three areas. He said they examined the Service Area 1. They met with some homeowners who basically cannot have anybody occupying their house because the septic system failed, and there is no room to put a new septic system in. He said, in some cases they can, but they have to move their well, and possibly their neighbor's well, and that cost just gets exponentially higher. He said so this is an area that has known septic failures. He said some of which can be addressed, other cases, the houses have gone vacant until something occurs in this area.

Mr. Dallas Baker said one of the biggest drawbacks with the County providing water and sewer service to them, is the need to discharge the ground water. He said right now they would not be able to do so because of the TMDL on the river. They would be severely restricted, if even allowed to at all, to discharge to the river the way the City does right now. Mr. Matt Holloway clarified if the County wanted to do its own waste

water treatment plan, to which Mr. Baker responded, exactly, so they would be looking at spray irrigation or something like that to discharge to the ground. He said he has seen in similar instances where one of the challenges of the spray irrigation is, a lot of times you cannot do it during the winter time, so you end up having to go to large storage facilities and basically pump all year around. He said you have to find farmers that are willing to allow you to use their facilities. He said they did receive a follow-up proposal from GMB to start looking into more detail about providing water and sewer out there in area one, and they are investigating developing a larger master plan for water and sewer for the County. Mr. Dallas Baker said he received an initial proposal, and based off of the costs, it would be better to bid that out as a project because it is a substantial cost.

Mr. Joe Holloway asked Mr. Botic if there has ever been any thought of a follow-up with a private public partnership with somebody like Tidewater. He said there is a lot of land that is suited for development or expansion possibilities in that area. He said he wondered if any thought had been given to that. Mr. Botic said they did look at that to some extent, not in detail, not in specific proposals, it would be an option, but it is hard to say. He said that is more of a political discussion, as well as just a straight engineering discussion. He said, because of some of the politics of it, and the advantages and disadvantages of it, they did not get into it within the scope of work of this project. He said whatever company would make an offer or they would partner with, somebody would have to find a place to put the effluent on to treat the water. He said which is square one, you start from where the treated wastewater goes in an environmentally safe way, and then you work back from there. Mr. Botic continued, he said without those private companies bringing to the County a disposal option, without that, they did not want to get too far into the operations agreement. He said when they looked into these areas, they did look at different ways that the County could serve the areas, and one is holistically where they get into having a sewer system that ultimately would handle all of this area. He said they also looked at trying to break them up into three different areas, for smaller areas. He said they did not get very far with that, or felt that was the way to go. He said a good example would be if they could have taken certain sections of that area, a certain community of that area, take Chesapeake Heights, and put in a system like they have at Village Down River and then try to get an adjacent property nearby that had land and had a disposal field, that would be called a community system. Mr. Botic said, if they want that path, then they would need 4, 5, or 6 different community systems where you would start to take certain neighborhoods, and if they were in close proximity to land, you could build ground water disposal, if the land was good for ground water, obviously the land that is there now is not the best for ground water disposal septic systems, it is not the worst either. He said, historically, when you have septic systems, you think they are going to last 20-30 years. A number of times it is the case where you are going to put these systems at 20-30 years, then you put sewers in, so often times the septic systems are sort of a bridge to eventually putting in sewer systems in that regard. He said right now where they cannot replace those systems, creates a tremendous economic loss. He said this study also was sort of a symbolic or prototype that what they would learn here, you can apply to other areas around the County. He said they happened to pick this area, it is rather severe, but there are multiple areas of different sizes. This was a reasonably large size, and it was large in a sense that they broke it into three service areas, so they could make three

projects out of it. They first went to the Eastside Corridor, which basically used Old Ocean City Road as a backbone. He said the County starts at Civic Avenue, they went out to Old Ocean City Road and to the Bypass, and they went past the Bypass to Zion Church Road, or Hobbs Road. He said, when you get to Beaglin Park Road, the City sort of bisects the County area at Beaglin Park Road. He said the three areas they made was between Beaglin Park Road and Civic Avenue is Area 1. Between Beaglin Park Road and the Bypass area is Area 2, and then the Bypass to Hobbs Road is Area 3. He said the other thing to consider about Area 3 is, it is not in the State planning as a priority funding area. He said you need to be inside the Bypass to be a priority funding area. He said this means the State is really not going to look at providing any State funds to do infrastructure outside the priority funding area. Mr. Joe Holloway asked, when you talk about state and federal funding, what percentage do you think they would come up with in this situation if they were interested in doing it. Mr. Botic said the state and federal funding are two primary sources, the State of Maryland recently made some changes to some of their funding scenarios, and they would use money from the Bay Restoration Fund. He said they have a number of sources, they have the Water Quality Improvement Fund, where you can go and get loan funds for any type of water, sewer, water pollution projects. He said then you have the DNR funds they put into effect 30 years ago that they are now phasing out, which will allow you some nutriable. He said then they have the Bay Restoration Fund, which is known as the "Flush Tax," which is for enhanced nutriable, which was targeted to the 67 largest plants in the state, and they mostly have all those projects underway, most of them are completed, or still 10% in the process of being completed. He said they want to take some of that money now and use that money to connect septic tanks to treatment plants. He said, in round numbers, they are looking at grant fund numbers in the order of \$20,000 per house to connect that house to a treatment plant that meets E&R. By the end of this year, the Salisbury Plant should qualify, as they should finish their improvements by the end of this year. They will be in the ENR Plan (Enhanced Nutrient Removal). Mr. Botic said that is going to get the County part of the way there. He said, generally, putting in sewers from scratch in an area, you are looking at least \$20,000 per house to put sewage in. He said the next area of major funding comes from the USDA under their Rural Development Program. He said, rural utility services, it is community wastewater programs, they specifically target rural areas. They target areas with populations of 10,000 or less. He said the City of Salisbury would not qualify for any USDA funds under the community facility program because of the population base. He said their grants and loans are based on affordability. They have certain criteria for affordability, and it is usually in the neighborhood of 1½ percent of a median household income. He said depending on the income, if the sewer costs more than that then they start kicking in some grants. He said, generally, it might be 25-30%. They do not really grant 100% of the project, and they always make sure there is a loan first before the grant. He said you cannot get a grant loan without the loan first. He said it did apply to Morris Mill, it came through with flying colors on Morris Mill, so they have part grant and part loan. He said it was based on affordability of the service area, in that case the service area included not just the residents of Morris Mill, but also the residents of Fruitland helped in the overall equation for affordability. He said those are the two sources where the County gets money. Mr. Botic continued, he said sewer infrastructure is a very high capital cost. He said the infrastructure that you are putting in, you expect it to last 50-100 years, so that is part of the cost. He said particularly the

sewer part, something buried in the ground, you want to pay that off over 30 or 40 years. The USDA allows you to go 40 years on the payments so that reduces the payment, but extends the time period. He said the money from Maryland is a 30-year loan.

Mr. Matt Holloway asked, of the three urban service districts that you have outlined what percentage of the total issue Countywide does that really address, those are kind of the hot areas. Mr. Botic responded, that is a hot area, good point, when it came to them there was 652 on-site septic systems in that area, and almost all of them were failing; designated by one category or another could be considered failing. He said of those 652, there was also some churches, about 10-12 in that service area, there are some commercial establishments. He said, equated to residential units, it is about 850. Produced on paper, based on the State guidelines, it would produce about 200,000 gallons a day of wastewater flow from those areas. Mr. Botic continued, he said some of the areas are not fully built out, as there is some vacant land. They looked at what would happen if that was fully built out, and it would essentially double the flow 400,000. He said when it would double the flow, you would have 1500 EDU units there. He said what percentage that is of the entire County area, whether that is 50% of all of the areas you need to be concerned with, or 25%, he did not know the numbers. He said certain other areas, there are quite a lot of other areas, like 17,000 septic systems in the County. He said out of those 17,000, you have all the mobile home parks, and you have major subdivisions on the West side. They are not as old, and their lots are two or three times as large, so you do not really expect to be needing to provide them a sewer service for the foreseeable future. He said the areas where you do expect to see needs for sewages is where the lots are smaller, the developments are older, and where the soils are poor soils.

Mr. Joe Holloway said back in the 70's, one of the local municipalities had failing septics, and they did not want to put in water and sewer, but they were forced to by the federal or state government. He then asked Mr. Weston Young how far away is our County from that, where a higher authority steps in and says the County has to do this. Mr. Young responded, he has not heard of that happening recently. He said they see it on the storm water side of the house where they feel storm water pollutants and such are not being met and they then come in with a heavy hand. He said he has not heard that happening. He thought the case of Morris Mill is probably a good example, and Mr. Botic was with it from the start. He said, when you have contaminated wells, and there are hundreds of homes, just under 300 properties that no longer had quality drinking water, a solution had to be found. He said, if they did not have Fruitland nearby, and Fruitland willing to extend out there, he was not certain how that would have been handled. He said in the case of certain areas, if people have a septic system that works, or water quality system that is treating their water, they are going to be hesitant to join a program and help pay it back, and they are going to be hesitant to join on the band wagon and try to get the state to come down and condemn a whole area and force the County's hand. He said he has not heard of that situation occurring recently, but they can look into it. Mr. Cannon clarified Fruitland was an issue with water. It was specifically water, safe drinking water, this is septic. Mr. Young said yes, safe drinking water, this is specifically sewage. Mr. Cannon asked, does there comes a point in time where the conditions that exist right now in this area will begin to

then threaten the water, the well systems there. Mr. Young responded, yes, there is always that risk. The wells pull from an aqua further down, but the ground water will be influenced by a failing septic. Mr. Cannon said given the sense of urgency in Fruitland, when all of the sudden they had tainted wells, but that is not the situation here. He then asked are they getting to a stage where they should anticipate that. Mr. Botic said, this particular area may not apply to all areas of the County. One thing that is most critical in the Eastside corridor area, when you use the term "triple bottom line project," it has three potential problem issues you are dealing with. You would solve three problems in one with that, so this is an ideal project that you want to attack. He said you have the public health problem of failing septic systems and exposure to infectious diseases. Second, you have the economic loss, where those houses are left uninhabited, and it lowers the economic value. He said you have an economic problem. He said, third, you have an environmental problem in terms of contaminating the ground water, affecting peoples' wells. He said that particular area has been identified as in the area for the City of Salisbury drinking water supply that is in the park. He said, in terms of that ground water, maybe a 50-70 year horizon where that ground water over time sort of moves towards the park. He said you have a lot of specific examples where wells are contaminated with either bacteria or nitrates just in that particular area, but you generally have an environmental problem in that nitrogen is either moving towards the bay, or contaminating other drinking water supplies. He said this particular project area is what they call a "triple bottom line project," it is a public health concern, an economic concern, and it is an environmental concern. He said Morris Mill was obviously a public health concern because of toxicity, and it was going to lead quickly to an economic concern.

Mr. Cannon said he did not think this is going to get done without some type of federal or state funding. Mr. Botic, said, absolutely, there is no question about that. Mr. Cannon said they have the study, and they know there is the need. He then asked what is the next step. He said our County cannot be the only jurisdiction in the entire country that has this problem. He then asked Mr. Botic if he was familiar with any other counties that have been faced with this type of a problem, and what their resolution might be. Mr. Young said, the potential resolutions are listed in the study. He said they would just have to make sure, and as of last month, The City of Salisbury, Mayor Day, said he was open and willing to be flexible for projects such as this. He said Mr. Botic was in that meeting as well. He said the cheapest option, as Mr. Dallas Baker mentioned, is connecting to the City. He said, whether they do it through annexation or Urban Service District, he thought most citizens prefer the Urban Services District route so they are not having City taxes as well, having to pay a higher water bill, but it is better than not being able to occupy that property to begin with. Mr. Cannon said what may be the missing part of that puzzle is you may have five houses on one street, and maybe only three of them want to connect, and you may have two that do not want to connect. He said he did not know exactly where that number is going to fall, where they can have enough to agree to warrant the extension. Mr. Dallas Baker said, at that point, once you run the water and sewer down the street, they do not have an option but to connect at some point in time. They may not want to do it voluntary at the initial onset, but, eventually, septic systems fail, wells fail, they have to connect. Mr. Young said the other thing to consider with Service Area 1, and they have a lot of flooding complaints as well, when these houses were put in, storm water was not a

consideration, so if they are going to be opening up the roads to install sewer or water, they would want to look at storm water upgrades as well. Mr. Joe Holloway said this addresses sewer. He then asked would water be going to these homes along with this project at the same time. Should the County do the water and sewer at the same time? Mr. Botic responded, yes, with this particular area, particularly in Area One, it is built out about 80 or 90%, and the houses are close together. In terms of this infrastructure that they are talking about, why they talked about the City of Salisbury, not only is it cheapest, but from an engineering point of view, it is the most feasible and the most practicable, because when you put the system in, it will be used throughout. He said it is not like put it down the street and you only have maybe two houses and you have a long spot where no one is using it, and you have to wait ten years for people to come on, it is fully 80-90% capacity from day one. He said it is small lot sizes, it minimizes the high capital costs. He said that may not be true in all areas that you are dealing with around the County where you have issues, but in this particular area, it is not only the cheapest, but it is the most feasible and practical, and if you are going to look at it, you ought to look at just water holistically. He said you have drinking water, you have clean water, and you have rain water to be dealt with. Mr. Cannon asked, what about mound systems, to which Mr. Botic responded, between the soils and the lot sizes, and the expense, it is just not even a consideration in those areas. He said these lot sizes are small, these are like 50' lot sizes. Back in the 1980's they kind of changed it to a minimum to half acre lots, and the lots now are almost a minimum of one acre. He said lots that they build today, they not only have a drain field, they also have an area dedicated to replace that drain field. Mr. Young asked Mr. Botic if he recalled if his project cost included City capacity fees, to which Mr. Botic responded, that is an excellent question because they talk about cheaper, and they do not. He said they do not know what that is, and that could drive the costs up if they are paying large capacity fees. He said that could be almost as much as \$20,000 a house. He said the grant money that is coming down the pike, and the TMDLs, there is a strong incentive, both by the City and the County to remove nitrogen going into the Chesapeake Bay Watershed, and you will get credit for each septic system you take off line, and it is in the range of 12-15 pounds per house, per year, so it is a couple thousand pounds a year, or 10,000 pounds a year of nitrogen being saved to the Bay Watershed. He said from what he understands from MDE, that load gets shared 50/50, the state has already made that decision. He said, so whether you are annexed to urban services, or who controls that nitrogen, it will be a driving factor via a bargaining point where the City would want to bring you in because they get the nitrogen credits, and the County will also get the nitrogen credits. He said the County also solves a threefold problem. He said he thought the water system and the storm drain system should not be forgotten in the overall equation, if you can make that happen.

Mr. Cannon asked, where does this go from here. Mr. Young said, he sees two ways of going forward, and they can do both. He said, one is to pursue moving forward with this project and pursue the design. This is a feasibility study going to the actual design. They would first talk to the City to confirm they are open for the County using their system, because if they came, and previous administrations were against Urban Services District, one step would be to talk with the City to confirm they are open for some sort of connection. He said the next step would be talking to the residents, getting public buildup. He said they spoke with somebody over a year ago that was

willing to go get signatures and petitions and figure that out, but they have not heard from them in a while. He said part of it is focus on the specific issue, the other is to pursue a Countywide water and sewer plan to look at. He said, as expressed here, if you are close to a municipality that has water and sewer capacity, and a willingness for the County to connect, that would probably be the cheapest option over all, rather than the County getting into the business. He said, if they take an older subdivision, that is where the serious discussion should be as to, do we want to have a water and sewer authority, or do they want to sub that out to somebody, or do they want to just go Urban Services Districts, and they have a community plan like they mentioned earlier with Village Down River, hopefully a more successful model. Mr. Young continued, he said doing a Countywide plan, as well as looking at the specifics would be a way of going forward. Mr. Cannon said they will put this on the agenda maybe monthly or quarterly, as it is a high priority. He asked if they want to do a monthly or quarterly follow up, to which Mr. Dallas Baker said, he would suggest quarterly. He thought Council would see more on a report on a quarterly basis.

Mr. Bob Culver came before Council, he said he spoke with the Mayor regarding Urban Services. He said the City is not in favor of Urban Services at all, so he called David Craig, at the time he was Secretary at the Maryland Department of Planning. Mr. Craig came down and met with him. Mr. Culver said what they are talking about basically, say they have those streets all hooked up, it will be 12-15 years before these people would be taxed a City tax rate. He said if the house is sold in the meantime, that would flip over to the City, but it is going to have to go to City annexation at some point in time, 12-15 years, and that is the way the City would be in agreement to do this because they would be getting tax money at that point in time. Mr. Cannon said he has heard that as well, that the City is not too keen on Urban Services. Mr. Culver said the Urban Services is not going to pass. Mr. Matt Holloway clarified, annex immediately, but a phased in taxation. Mr. Culver said, phased in between 12 and 15 years, and this is the same plan that Mr. David Craig worked out in Harford County, that is why they called him in to talk to them. He said it would get those areas in, Atlantic and Pacific Avenue, those kinds of places, if not 12-15 years from now, they are not going to be able to live there anyhow. Mr. Cannon said that is what Mr. Young suggested, that they have to approach the homeowners to find out exactly where they are and include that as part of the information. Mr. Culver said the City too, to make sure they are all on the same page and that is why they started having meetings last month.

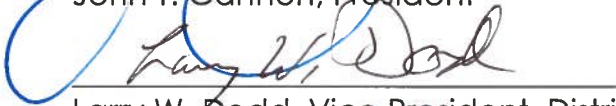
Mr. Peter Bosick said he wanted to say a little more about dealing with privatization and private companies coming in. He said while they did not go too far under that framework, he thought it would make sense, once the County was sort of in the business, and they had more of a holistic goal and objective being in the business, then he thought they might look for a private company that would fit in to serve an isolated area. He thought if they just go with the first private company to do the first spot, without a master plan, it did not make sense for them to do that, but if it was part of a coordinating plan. Mr. Joe Holloway said two years ago when Tidewater wanted to come in, Council basically voted that down. Mr. Bosick said he could envision in terms of the County getting into the business that they might start with some help from private companies, City-County partnership that would eventually, as it was built, come over to a more public structure. Mr. Cannon said, ironically that is what started with Terra Firma.

The County reserved the right to purchase that, in the long run, it was an expandable unit, and they were anticipating at that time when there was a lot of growth, that they may be part of a network they were establishing. Mr. Botic said, fundamentally, you need the money, the County needs the money to back up that system, there is no way around it, you need the \$100,000. The County is sort of the last stop guarantor, based on them providing the money. He said, from day one that system does not work unless they provide the money. He said you cannot build off anything without that amount of money. Mr. Cannon said that was in anticipation, the more they were establishing some precedent for a network. Mr. Botic said a public private relationship that could ultimately be going to a public private arena, but it has to be done right from day one, and the money has to be there.


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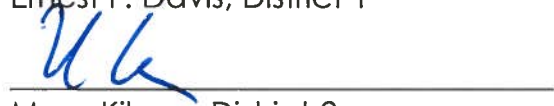
John T. Cannon, President



Larry W. Dodd, Vice President, District 3



Ernest F. Davis, District 1



Marc Kilmer, District 2

(absent)

John B. Hall, District 4



Joe Holloway, District 5



Matt Holloway, At-Large



Laura Hurley, Council Administrator