

ORDINANCE NO. 2842

AN ORDINANCE OF THE CITY OF SALISBURY AUTHORIZING THE MAYOR TO APPROPRIATE FUNDS FOR THE NAYLOR MILL WATER MAIN EXTENSION PROJECT.

WHEREAS, the City of Salisbury is eligible to receive \$4,874,910.00 of loan principal forgiveness from the Maryland Water Infrastructure Financing Administration (“MWIFA”) for the Naylor Mill Water Main Extension Project (“Project”); and

WHEREAS, the Project is necessary to serve the Naylor Mill Mobile Home Park with municipal water; and

WHEREAS, the Project will improve the City’s water distribution system hydraulics, redundancy and water quality by extending the water distribution system to loop to the existing water mains in the Westwood Commerce Park; and

WHEREAS, the loan closing cannot occur until construction bids are accepted by the Maryland Board of Public Works and, consequently, a budget amendment is needed to proceed with design and administration of the Project; and

WHEREAS, the design and administration costs of the Project are estimated to be \$718,250; and

WHEREAS, the Department of Water Works desires to contract with engineering consulting firm(s) to design and administer the Project; and

WHEREAS, design and administration of the Project are eligible expenses, which are reimbursable by the loan principal forgiveness awarded by MWIFA upon acceptance of the construction bids by the Maryland Board of Public Works; and

WHEREAS, \$718,250 in funds are available from surplus to be transferred from the Water Sewer Fund as Pay GO to the Water Sewer Capital Project fund for the Project; and

WHEREAS, § 7-29 of the Salisbury City Charter prohibits the City from entering into a contract that requires an expenditure not appropriated or authorized by the Council of the City of Salisbury; and

WHEREAS, the appropriations necessary to execute the appropriation of \$718,250 to complete the Naylor Mill Water Main Extension Project design and administration as provided hereinabove must be made upon the recommendation of the Mayor and the approval of four-fifths of the Council of the City of Salisbury.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND, as follows:

Section 1. Mayor Randolph J. Taylor is hereby authorized to appropriate funds for the Naylor Mill Water Main Extension project in the amount of \$718,250.00.

BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND, as follows:

Section 2. The City of Salisbury’s FY24 Water Sewer Fund Budget be and hereby is amended as follows:

- (a) Increase Revenue 97060-469313 Use of Surplus by \$718,250
- (b) Increase Expense 97060-513020 Engineering by \$718,250

Section 3. The City of Salisbury's Water Sewer Capital Project Fund Budget be and hereby is amended as follows:

- (a) Increase Revenue 97060-469313-XXXXX PayGO by \$718,250
- (b) Increase Expense 97060-513020-XXXXX Engineering by \$718,250

BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND, as follows:

Section 3. It is the intention of the Mayor and Council of the City of Salisbury that each provision of this Ordinance shall be deemed independent of all other provisions herein.

Section 4. It is further the intention of the Mayor and Council of the City of Salisbury that if any section, paragraph, subsection, clause or provision of this Ordinance shall be adjudged invalid, unconstitutional or otherwise unenforceable under applicable Maryland or federal law, such adjudication shall apply only to the section, paragraph, subsection, clause or provision so adjudged and all other provisions of this Ordinance shall remain and shall be deemed valid and enforceable.

Section 5. The recitals set forth hereinabove are incorporated into this section of the Ordinance as if such recitals were specifically set forth at length in this Section.

Section 6. This Ordinance shall take effect from and after the date of its final passage.

THIS ORDINANCE was introduced and read at a Meeting of the Mayor and Council of the City of Salisbury held on the 11th day of December, 2023 and thereafter, a statement of the substance of the Ordinance having been published as required by law, in the meantime, was finally passed by the Council of the City of Salisbury on the 18th day of December, 2023.

ATTEST:



Kimberly R. Nichols, City Clerk



D'Shawn M. Doughty, City Council President

Approved by me, this 2nd day of January, 2024.



Randolph J. Taylor, Mayor



City of Salisbury

To: Andy Kitzrow, City Administrator
From: Cori Cameron, Director of Water Works
Amanda Pollack, PE, Water Resources Engineer with the Center for Watershed Protection
Date: November 1, 2023
Re: Budget Amendment – Naylor Mill Water Main Extension Project

The Department of Water Works has received notification from the Maryland Department of the Environment (MDE) that the City will receive \$4,874,910 in loan principal forgiveness for the Naylor Mill Water Main Extension project per the attached MDE memo dated October 16, 2023.

The project was initiated to extend the City of Salisbury's water service to the Naylor Mill Mobile Home Park (MHP) to connect residents to a municipal water system. Per the attached letter dated January 10, 2023 from the owners of the MHP, the private wells tested with high levels of per- and polyfluoroalkyl substances (PFAS) and as a result, one well has been taken out of service. The community's drinking water system is operating solely from one well, with no alternative source of potable water should that well require repair or test highly for PFAS compounds in the ongoing quarterly sampling.

In June 2016, Salisbury completed a Water System Master Plan, which identified water production, distribution, and treatment system capital projects to improve pressure and redundancy in the City's water system. The Master Plan recommended the construction of a water loop from the Paleo WTP to the west to connect to the water mains in the Westwood Commerce Park. The Westwood Commerce Park is a dead-end section of the water system and has historically had low pressure. To extend water services to the Naylor MHP, a water main will need to be installed to the west of the Paleo WTP in Naylor Mill Road, following the alignment of the extension to Westwood that was proposed in the Master Plan. It is not good practice to extend the water main and create another dead end; therefore, the proposed project will loop the water main to Westwood. This will boost the pressure in Westwood and will keep the water from being stagnant due to dead ends with low flow demands. The water loop provides benefits for hydraulics, redundancy, and water quality.

Additionally, new water mains will be provided in the Naylor Mill MHP. Currently, the private water system is 2-inch mains, which does not provide for fire protection. The 2-inch mains do not comply with Salisbury's code for public water mains, and the older lines may not handle the increased pressure of a municipal water system. Therefore, new public 8-in water lines will be constructed in the MHP. Public utility easements will be provided for the water mains. The mains are sized to provide fire protection and fire hydrants will be installed at distances to meet the Code. Water service will be metered at each individual lot. This will not only remediate the MHP's PFAS-contaminated drinking water, but it will also provide each lot with adequate fire protection.



Funding for the entire project will be provided through loan principal forgiveness through the Maryland Water Quality Financing Administration. The project budget is as follows:

A/E Design	\$ 620,000.00
A/E Construction Management	\$ 420,000.00
Construction	\$ 3,275,000.00
Contingency (10% of Construction)	\$ 327,500.00
Administrative (3% of Construction)	\$ 98,250.00
Other (Water Connection Fees)	\$ 134,160.00
Total Budget	\$ 4,874,910.00

The loan closing cannot occur until construction bids are accepted by the Maryland Board of Public Works, therefore a budget amendment is needed to proceed with design. Design and administration is reimbursable using the loan principal forgiveness funds. Attached is an Ordinance to provide PayGo funds for the design and administration in the amount of \$718,250.

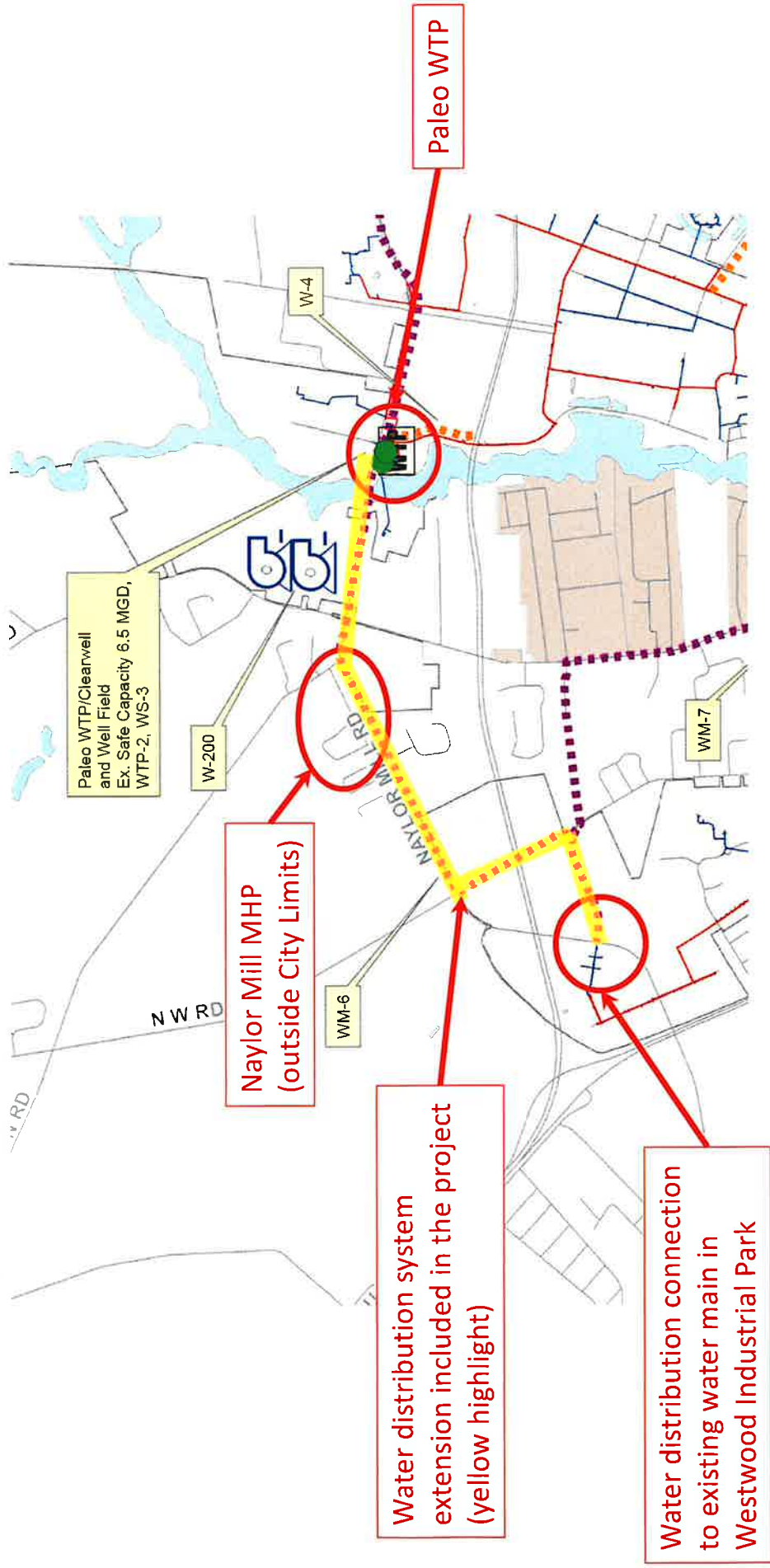
Unless you or the Mayor have further questions, please forward a copy of this memo and the attachments to the City Council.

Attachments:

1. Ordinance for budget amendment
2. Maryland Department of the Environment Memorandum dated October 16, 2023
3. Naylor Mill MHP / TBH Inc. letter dated January 10, 2023

Naylor Mill Mobile Home Park (MHP) Water System Extension and PFAS Remediation – Exhibit

Exhibit from Salisbury Water System Master Plan from June 2016



Naylor Mill MHP / TBH Inc.
PO Box H
Fruitland, MD 21826

January 10, 2023

Mayor Jacob R. Day
City of Salisbury
125 N. Division Street
Salisbury, MD 21801

Dear Mayor Day,

As a part of the Maryland Department of Environment's (MDE) effort to understand the presence of PFAS in State drinking water, the water from wells 1 and 2 at Naylor Mill Mobile Home Park were tested. The results came back with repeated high levels of PFASs over 100 ppt for one well and less for the other. Together, with MDE, we agreed to stop using the well with such high levels. We are currently using one well and have no backup if that well went down. With this emerging health emergency, we are kindly asking the City of Salisbury to please extend water to our community and to each home. It is our understanding that, MDE has grant money available that can assist in the costs.

Naylor Mill Village Mobile Home Park is located at the corners of Naylor Mill Road and Log Cabin Road in Salisbury, MD. The community is comprised of 52 sites, of which, currently 42 are occupied. The Park owns the land and rents each lot to a single family that must own and occupy, full time, their manufactured home. Two central wells provide water to each lot (only 1 in use). Individual septic systems are on each lot. Each family/tenant is responsible for their own home, landscape and utilities such as electric and cable.

We are fortunate to have great residents. They are hard working or retired homeowners, who faithfully pay their lot rent (\$305-\$350/month) without any government assistance. Some still have monthly home payments while others have paid off their home loans.

Here are some statistics about our families:

- 100% own their home and rent the lot.
 - 13.36 years is the average time families/tenants live here.
 - 26% of our household are retired and have income of less than \$20,000.
 - 98% of our households are living below the average income of \$60,000 and have an average household income of \$32,000, median of \$30,000.
 - 36% of our household are minorities/people of color.
 - 29% of households have school age or younger children.
-

To reiterate, we kindly ask the city to assist our community in providing emergency help to provide safe, affordable water to our tenants. Without your help, we will be unable to provide this service to our already disadvantage community. Thank you for your consideration.

Sincerely,

Erika H. Campbell and Ingrid H. Balea

Handwritten signatures of Erika H. Campbell and Ingrid H. Balea. The signature of Erika H. Campbell is on the top line, and the signature of Ingrid H. Balea is on the bottom line.

Cc; Cori Cameron, Director of Water Works



MEMORANDUM

To: Cori Cameron, Director of Water Works, City of Salisbury, MD

From: Jeffrey Fretwell, MD Water Infrastructure Financing Administration Director

Date: October 16, 2023

Subject: Notification of FFY 2023 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) Funding

The Maryland Infrastructure Financing Administration (MWIFA) identified the project(s) listed below on the FFY 2023 DWSRF IUP for financing in the amount(s) shown¹.

Project Name: NAYLOR MILL MHP WATER SYSTEM EXTENTION AND PFAS REMEDIATION		
Program	Loan	Loan Principal Forgiveness
FFY23 DWSRF Base	\$0	\$0
FFY23 DWSRF BIL Gen Supp	\$0	\$0
FFY22 DWSRF BIL Emerging Contaminants	\$0	\$2,762,822
FFY23 DWSRF BIL Emerging Contaminants	\$0	\$2,112,088
FFY22 DWSRF BIL Lead Service Line Repl.	\$0	\$0
FFY23 DWSRF BIL Lead Service Line Repl.	\$0	\$0
Notifications of State grant funding to FFY 2023 DWSRF IUP projects will be made in Spring 2024.		

This is not a commitment to lend. Final loan and loan principal forgiveness amounts will be determined based on the MWIFA-approved project budget. All programmatic requirements MUST be completed and BPW approval received prior to receiving any SRF funding.

The MWIFA SRF Funding Coordinator for the project(s) listed above is MiYarnie Johnson; please contact him at miyarnie.johnson@maryland.gov with questions or concerns regarding this letter, the attached programmatic requirements, and/or the funding process.

Please be aware of the following:

- Enclosed are the programmatic requirements that must be completed prior to loan closing.

¹ MWIFA may provide additional loan funding for the project if the need arises and as capacity allows.

- Loan term is up to 30 years (up to 40 years for Disadvantaged Communities), not to exceed the useful project life as determined by the State.
- Interest rates are calculated based on the monthly average Bond Buyer 11-Bond Index (BB11-BI); the Standard Rate is equal to 50% of the average BB11-BI and the Disadvantaged Community interest rate is equal to 25% of the average BB11-BI. The interest rate for the project(s) listed above will be set based on the BB11-BI of the month preceding the loan closing. For loans that closed in Fiscal Year 2023, the Standard Rate ranged from 1.60% to 1.90% and the Disadvantaged Community Rate ranged from 0.80% to 0.90%.
- MWIFA will review the borrower's financial condition to determine if there is sufficient coverage to repay debt on the aforementioned loan(s). Please provide the three most recent years of audited financial statements, a schedule of water and sewer rates, any relevant information regarding debt commitments or factors that impact the borrowing entity's financial condition, and the dedicated source(s) of revenue for repayment for SRF financing of the project(s) to the funding coordinator.
- The Administrative Fee is 5% of the total debt service divided by 30, collected in equal annual installments over the life of the loan. This is equivalent to an interest rate impact of ~35 basis points.

Please note that the demand for SRF funding is extremely high; therefore,

- Please notify your funding coordinator as soon as possible if you choose to decline the SRF funding.
- **Projects identified for funding are expected to start construction by December 2024 in accordance with the application you submitted; funding may be deleted from projects that do not proceed to construction by this time.** The applicant will be notified of this action and will have an opportunity to reapply for future financial assistance. Notify your funding coordinator of schedule delays.

We look forward to working with you throughout the loan origination process.

Enclosure: Programmatic Requirements

Cc: Andrew Kitzrow, Ron Clapper, Amanda Pollack
Elaine Dietz, MWIFA
Paul Emmart and MiYarnie Johnson, MWIFA Capital Planning & Finance Division
Tonya Randall and Emmanuel Osadebe, MWIFA Capital Planning Contract Division
Shauna Lu, MWIFA Accounting Unit
Larry Love and Richard Pencek, MWIFA Underwriting
Mehdi Majedi, Sunita Boyle, and Brandon Choi, Engineering Capital Projects Program
Mary R. Sheppard and Rebecca B. Reske, MD Office of the Attorney General