

**MINUTES OF THE MILLVILLE  
TOWN COUNCIL WORKSHOP  
June 26, 2018 @ 7:00 PM**

In attendance were Mayor Bob Gordon, Deputy Mayor Steve Maneri, Treasurer Susan Brewer, Secretary Peter Michel, Council Member Ronald Belinko; Town Manager Debbie Botchie and Town Clerk Matt Amerling.

**1. CALL TO ORDER**

Mayor Gordon called the meeting to order at 7:00 p.m.

**2. PLEDGE OF ALLEGIANCE TO THE FLAG**

Mayor Gordon led the pledge of allegiance.

**3. ROLL CALL**

All Council members are present.

**4. CITIZENS' PRIVILEGE, VISITORS, PRESENTATIONS & APPOINTMENTS**

- A.** Dean Holden of Chesapeake Utilities & Natural Gas will present to Council the possibility of installing natural gas to the Beebe South Coastal Campus.

Mr. Dean Holden, of Chesapeake Utilities & Natural Gas, stated Chesapeake is the natural gas provider in southern Delaware and eastern shore Maryland, and Mr. Holden would like to discuss Chesapeake's current expansion efforts. Mr. Holden stated Chesapeake Utilities is the local distribution center – the LDC – so they serve customers from as big as Mountaire chicken processing plant down to individual homes. Mr. Holden showed a map of Delmarva, stating the map shows the green lines representing Chesapeake's reach, going into Cecil County, Maryland, working down in Wicomico, Worcester Counties, Ocean City, Ocean Pines, and moving up the ocean side portion of Ocean City, converting what was propane systems to natural gas, and they have about two (2) more years to go before finishing that division. Mr. Holden stated, in total, Chesapeake is just under eighty-thousand (80,000) customers currently. Mr. Holden showed a map of where the eastern shore natural gas transmission mains are located, and they are a separate business unit from the Chesapeake corporation but they are Chesapeake's supplier for natural gas. Mr. Holden stated Chesapeake buys natural gas out on the market, and it gets conveyed through their pipes via their compressors to a city gate decompression, which is a small, 40x40, fenced-in main, which allows Chesapeake to tap into the high pressure gas, dropping it down to Chesapeake's distribution system, which operates around fifty-five (55) psi. Mr. Holden stated the nearest line to operate off of is located on Route 113 which provides service in Millsboro, Dagsboro, and some in Frankford, but nothing to the east of those towns. Mr. Holden stated a majority of Chesapeake's customers are residential, although Chesapeake does service some industrial and some government. Mr. Holden stated Chesapeake has some unique regulatory provisions, such as in Delaware, there is an unserved area rate which allows Chesapeake to charge a slightly higher meter charge per month if the economics don't prove to support the installation of the cost of natural gas to get to. Mr. Holden stated for larger customers, Chesapeake can do negotiated rates which are higher

than tariff rates because it's a more economical energy cost to a lot of users. Mr. Holden stated the Public Service Commission (PSC) sets what Chesapeake's gas rates are, and Chesapeake has to go to PSC to support why the cost to provide gas demands a rate of some change; and at some time, those rates can go down. Mr. Holden stated Chesapeake can help fund some of the internal gas piping in multi-family houses or apartment buildings, which is helpful because a lot of time builders don't like to add that cost to the sales price. Mr. Holden stated when the economics prove to hold true, Chesapeake is able to assist with some internal piping and if a new gas main is coming to provide to a new user, Chesapeake can start that customer on propane and run the conversion costs through our company to assist getting them started on propane while natural gas is being constructed.

Mr. Holden stated most people understand that natural gas is more economical than propane and oil for heat, hot water, cooking, dryers, for businesses, but the challenge in unserved areas – especially those that have distance, in this case, nine (9) miles – is needing some additional funding for the job. Mr. Holden stated what was just recently made available is the Department of State, on May 7, released a grant which has six-million dollars (\$6,000,000) intended for natural gas infrastructure expansion, not just within Delmarva Power's footprint, but across Delaware. Mr. Holden stated Chesapeake has a "city gate," which currently has a service for the eastern shore's high pressure gas main, and Chesapeake is proposing running the line from the city gate across Vines Creek Road, come down Roxana Road, come through Millville and back into Millville to the site of Beebe's new campus. Mr. Holden stated Chesapeake will be speaking next week with the Department of State about using grant money for this project and a decision will be made by the end of July. Mr. Holden stated the grant could put enough money to put the six-inch (6") or eight-inch (8") gas main in but Chesapeake would also likely put some money in based upon their expected customers they would get to sign up within the first year of construction. Mr. Holden stated this main would provide the ability to serve a few thousand houses or businesses off of it. Mr. Holden stated the grant would go toward the 6" or 8" gas main, running it at an elevated pressure of ninety-nine (99) psi, which allows Chesapeake to flow a little more gas, get to Millville and drop the pressure down to fifty-five (55) or so, which is what they like to run a local distribution center off of, and serve Beebe as well as a lot of other users. Mr. Holden stated they are hoping to get the grant, it would also take twelve (12) to eighteen (18) months to get the necessary permits, and be done in a two (2) to two-and-a-half (2 ½) year window. Mr. Holden stated if Chesapeake doesn't get enough money from the grant for the nine-mile extension but is successful in talking with the Town regarding a franchise agreement, Chesapeake has the potential – if Beebe is interested as well as enough customers – to start a small distribution system via tube trailer gas, wherein Chesapeake has a compression facility in Dover where Chesapeake pressurizes the gas into tubes that are in a tractor trailer, bring it down to the decompression area, and put it into a pipe system.

Mr. Dave Moeller, of Blue Heron Drive, asked how much Chesapeake estimates the cost will be to bring the pipeline up to the Beebe center. Mr. Holden stated Chesapeake has two (2) different contracts which have provided estimates for four-inch (4") to eight-inch (8") pipe, and those prices range from two (2) to five (5) million dollars. Mr. Moeller asked Mr. Holden if he thinks the entire cost will be covered by grant money. Mr. Holden stated Chesapeake didn't ask for the sum to be covered, but rather a portion of it because of the way the grant is written. Mr. Holden stated Chesapeake would put in a rather fair amount of money if Chesapeake can show it has a

very committed customer, which Beebe is, so Chesapeake is researching businesses along the alignment, and making sure Chesapeake gets applications from committed customers. Mr. Holden stated the only opportunity they have for different rates or surcharge to a customer is the underserved rate which just got approved in May, and so Chesapeake's typical meter charge would be under thirty dollars (\$30) and the elevated rate, Mr. Holden thinks, is about somewhere in the forty dollar (\$40) range, so it's a matter of ten (\$10) or fifteen dollars (\$15) per month. Mr. Holden stated that is the scale in which Chesapeake is allowed to charge at a different rate, so it doesn't change dramatically, and Chesapeake is only allowed to use the higher rate when the lower rate doesn't support the economics of getting gas there. Mr. Holden further stated the elevated rate is a thirteen (13)-year timeline rate. Mr. Moeller asked if the rate gets rescinded after the 13 years. Mr. Holden stated yes, it then gets worked through with the PSC. Mr. Moeller asked if Chesapeake would go through any wetlands. Mr. Holden stated Chesapeake often does, and, for Vines Creek, which does have wetland, Chesapeake would have to go through the Delaware Department of Natural Resources and Environmental Control (DNREC) for permitting, and Chesapeake would directional drill nearly all of it so there would be a 20x40-foot print every thousand (1000) feet so there would be no surface disturbance. Mr. Holden stated generally there are no woods that need to be cleared for the work because Chesapeake almost always works within the right-of-way of roads.

Mr. Rich Duggan, of Bishop's Landing, asked if when the gas line comes in, would Bishop's Landing residents be considered new customers if they are currently Sharp customers. Mr. Holden stated the challenge of picking up a community gas system (CGS) is working with the PSC on a method they will approve to allow Chesapeake to buy CGS's in a manner PSC is happy with, because PSC is concerned the rate payers are buying the asset and the customers within Bishop's Landing gas use doesn't necessarily pay for the acquisition. Mr. Holden stated Chesapeake has to find the right balance the PSC is comfortable with, and the challenge is it's more expensive to buy the value of a community gas system that's greater than the cost to put a similar system in a new development being constructed. Mr. Holden stated it is a part of Chesapeake's plan to reach current Sharp customers off the Beebe center, but it's a challenging part of the plan.

Mayor Bob Gordon asked if there are any other companies besides Chesapeake which are doing the installation of gas lines. Mr. Holden stated in Delaware, Delmarva Power serves natural gas from the Chesapeake & Delaware (C&D) Canal to the south, but there currently aren't any other C&D companies in Delaware, and Chesapeake is the only gas provider in Millville's footprint. Mr. Vincent Jannetti, of Tudor Place, asked if the customer of a community gas system would be at the "backend of this." Mr. Holden stated potentially, but it's more likely that Sharp systems would be diverted first, and Chesapeake is hopeful that if they get the PSC to approve the method to buy CGS's, it becomes an attractive piece for other propane companies.

## **5. NEW BUSINESS**

**A.** Discuss and possible vote on Town credit card use agreement. – Town Manager Debbie Botchie

Town Manager Debbie Botchie stated Town Finance Director Lisa Wynn researched other municipalities to come up with an official agreement when staff utilizes the Town credit

card, and this really is just an internal control measure. Council Member Susan Brewer asked if the credit card is used for any personal reasons. Ms. Botchie stated no.

Ms. Brewer motioned to approve the Town credit card use agreement. Deputy Mayor Steve Maneri seconded the motion. Motion carried 5-0.

## **6. CITIZENS' PRIVILEGE**

Mr. Dave Moeller, of Blue Heron Drive, asked if the Town would consider an ordinance which would require the owners of commercially-developed property to provide and maintain trash receptacles. Mayor Gordon stated it would be interesting because Mayor Gordon knows, in the past, usually the first thing to go are the employees who don't take care of the bins. Mayor Gordon stated he has also noticed other residents using business receptacles and dumpsters to get rid of their trash after a weekend, so it's not always the business' fault, and this is not an easy topic to enforce. Mayor Gordon thanked Mr. Moeller for his input.

## **7. ANNOUNCEMENT OF NEXT MEETING – TOWN COUNCIL MTG., JULY 10, 2018**

## **8. ADJOURNMENT**

Ms. Brewer motioned to adjourn at 7:39 p.m. Council Member Peter Michel seconded the motion. Motion carried 5-0.

Respectfully submitted,  
Matt Amerling, Town Clerk