

***Responses to Citizens Questions
February 23 and March 8, 2016 County Commissioner Meetings***

Q M1 - I understand the method for paying the loans back is hooking up 1700+- existing houses and only allowing 600 +- new houses (per MDE).

Response: The overall South Kent Island Sewer Project consists of a new public sewer system that will be extended to serve 1,518 existing homes, eight (8) non-residential properties and a maximum of 632 vacant lots. This public sewer system is exclusive to nine (9) existing communities with confirmed public health concerns within the SKI public sewer service area. The SKI public sewer service area has been defined and adopted into the County's Comprehensive Water & Sewerage Plan via CWSP Amendment No. 11-05.

The SKI Sewer Project will be funded for construction by a Bay Restoration Fund Grant and a State Water Quality Low Interest Loan. Grant Funds will be exclusively applied to the existing homes and non-residential properties within the service area. State Loans will be repaid by a special benefit assessment that will be levied on all properties (existing and vacant) within the service area. Vacant properties will also be charged an "Economic Benefit Premium" (EBP) as part of their assessment.

Q M2 - According to what I saw on the QAC website you will be installing this sewer line in the shoulders of the roads in Romancocke & KIE.

Are these rights of way on the road shoulders being mapped out?

Response: The County authorized three (3) design contracts for the SKI Sewer Project. They include: 1) the Trunk Line Contract, 2) the Community Mains Contract and 3) the STEP Contract. The new sewer lines will be installed within the platted road rights-of-ways. The right-off-way and property boundary line information is depicted on the design contract drawing sets along with the proposed location of the new sewer system infrastructure.

Q M3 - I have seen 2 "right of entry" papers for property owners to sign. If you don't get these signed on side-by-side lots will you be able to install the main lines past those properties? I have heard there is an easement along the side of the roads (don't know how true it is). (There might be a Delmarva Power easement , if so can QAC use it for sewer?)

Yes, The new sewer mains will be installed within the existing platted road right-of-ways. The right of entry form is strictly limited to allowing the County and our design contractor to access individual homeowner properties for inspection and location of existing improvements on their property.

Q M4 - In 2010 the county had JMT do a study of SKI. I think the study said there were 9 miles of private roads. Can you cross a private road legally without written permission?

The JMT report cited 7.7 miles of private roads within the overall SKI Sewer service area. It has been the County's position for several decades that these roads are in fact public roads,

which are privately maintained and that they carry an implied easement within the platted right-of-way for the installation and maintenance of public utilities. Furthermore, the installation of public utilities including sewer and/or water lines is specifically authorized by the Community covenants. The fact that these roads are not County or State maintained roads does not limit nor hinder the County or other entity from the installation of public utilities within the platted road right-of-way area.

Q M5 - If the county is going to move forward with the sewer can you add Rt. 8 to the State's CIP (consolidated improvement plan)? The BOC's put Rt. 301 & Rt. 304 in the CIP in 2003 or 2004, you can see how long it takes to get improvements actually started, to say nothing about how long it takes to be completed.

There has been extensive State planning for improvements to this corridor including right of way acquisition along most of Route 8, south of US Route 50/301, sufficient to add two additional lanes. SHA's Highway Needs Inventory already proposes this dualization of Route 8 for the 1.3 mile segment beginning south of Route 50/301 to the Matapeake School Complex.

In addition, the County has acquired additional right-of-way to improve traffic flow at the Route 8 and Route 50/301 interchange. The 2001 Maryland Route 8 Corridor Plan was the basis for this new connector road which will permit east-bound traffic to exit Route 8 at Airport Road with a connection to the Thompson Creek Service Road on the east side of the Kmart Shopping Center. These improvements have been included in the 2016 Kent Island Transportation Plan which serves as a base plan for selection of projects for the States Consolidated Transportation Plan (CTP).

Q B1 - Are all County reports, surveys and powerpoint presentations now available to the public?

Response: Yes, all reports, surveys, research studies, engineering studies and powerpoint presentations undertaken by the County concerning the SKI public sewer extension project is available to the public. The county launched a dedicated website in December 2013 to provide public outreach to this information at www.qac.org/ski. Current project details and new documents continue to be posted today.

Contract documents and construction drawings that are being prepared for public bid will also be available on line in May once they are released for contractors to review and provide formal sealed bids. Copies of the contract documents are also available now at the SKI Community Office at 9410 Romancoke Road where citizens are welcome to stop and visit with County Staff. Office hours are M,W,F 11am-4pm and T,R 11am-7pm.

Q B2 - Has the County developed a cash flow analysis for the SKI sewer project? (including total project cost, loans, grants, revenue and debt for the KNSG Plant).

Response: Yes, both the County and the State (MDE) have and continue to refine project cash flow models for the SKI project as well as for the KNSG Plant. These models are very useful

however, there are a number of significant variables that are not concrete at this time. As the remaining variables are established, a final cash-flow template will be completed. This final cash flow template will ultimately be used to levy the special benefit assessment when construction is completed for phase 1.

Cash-Flow variables include:

1. The SRL interest rate – estimate is 1.5%
2. Payback period of the special assessment 20, 25 or 30 years
3. The number of vacant lots that are left after mergers 632 max...estimate is 560
4. County may seek additional BRF grant money above the allocated \$11.8 million
5. Commissioners need to establish the EBP value...estimate now is \$25,600
6. The SKI project Bid results to determine the Total Cost of Phase 1
7. Four Season, Cloisters and other future projects approval path and need for potential sewer allocation

County Staff also has had numerous discussions with MDE concerning the cash flow analysis. MDE recognizes that the importance and need for the project to be financially self-supporting and affordable to residents. They understand that the revenue stream from user payments will not begin immediately and that flexibility in the payment schedule is a paramount consideration. MDE's commitment to the success of the SKI project is and continues to be invaluable.

Q A1 - The SKI public sewer service area has a sewer service designation of S-2. The lot consolidation ordinance #13-24 says only lots that carry an S-3 designation are subject to merger. Does the County have authority to merge lots using the lot consolidation ordinance #13-24 ?

Response: Yes. The lot consolidation ordinance was introduced and became effective on November 12, 2013. The ordinance was crafted so that it indeed was retroactive on the date of introduction. At the time of introduction, all lots in the SKI wastewater service area had a designation of S-3. The provisions of the lot merger ordinance apply in the NC district to all areas designated S-3, S-4, S-5 and S-6, "on or after the effective date of the ordinance".

Q A2 - The Romancoke Community Covenants state that there is a utility right-of-way in the backyards of all of the lots. The covenants do not provide a right-of-way for utilities in the front yards. Does this mean that the county must install the proposed sewer utilities in the backyard? What if I refuse to grant the County an easement in the front?

The installation of public utilities including sewer and/or water lines is specifically authorized by the Community covenants within the road right-of-ways within the Kent Island Estates and Romancoke Communities. While some of these roads are not County or State maintained roads they are public roads. This in turn, does not limit nor hinder the County or other entity from the installation of public utilities within these platted road rights-of-ways.

The County will need an easement from each resident to install the STEP system equipment on their property. There is an individual design drawing showing the location of this equipment for every house and these drawings are now available for review by homeowners. Homeowners that

grant the County a STEP easement instantly receive a \$7,750 credit which pays their sewer allocation fee in full.

The County cannot force homeowners to grant an easement for their STEP easement. If the easement is refused, no work would be undertaken by the County on your property. However, once public sewer is available, you are required by law to connect and, in addition; the Health Department holds the authority to order your connection to the system. Also the property would still be subject to a full benefit assessment and required to pay the same proportionate share of the project costs as those homes that agreed to grant an easement. If not installed by the County as part of the project, the cost of installation of the STEP tank at a later date will be the sole obligation of the property owner with no financial assistance from the County. In addition, your individual portion of the secured \$11.8 million State BRF grant may be jeopardized.