

**CITY OF LEWES
BOARD OF PUBLIC WORKS
Regular Meeting Minutes
July 25, 2018**

The Wednesday, July 25, 2018 regular meeting of the Lewes Board of Public Works was held at 4:00 P.M. in Lewes City Hall, 114 East Third Street, Lewes, Delaware.

1. WELCOME, CALL MEETING TO ORDER AND PLEDGE OF ALLEGIANCE

President Lee called the meeting to order at 4:00 P.M. and led the Pledge of Allegiance. A moment of silence was observed for World peace.

2. ROLL CALL

Board Members Present:

D. Preston Lee, P.E.
A. Thomas Owen
Robert J. Kennedy, III
Thomas Panetta

Board Member Not Present:

Jack Leshner

Ex-Officio Members Present:

Theodore Becker, Mayor
Darrin Gordon, General Manager
Michael Hoffman, Legal Counsel

Others Present:

Austin Calaman, Assistant General Manager
Kristina Keller, BPW
City Manager Ann Marie Townshend
City Councilman Rob Morgan
Jackie Doherty, Recording Secretary

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

Mr. Kennedy requested discussion regarding the Code Red contact information being requested by the City because it is not the same as the request by BPW. Will this create a conflict when BPW uploads into the shared database.

Ms. Keller stated the same form is being sent by BPW as from the City. The information provided will only be used for the Code Red contact information, and any other personal information previously provided to BPW will not be included.

Mr. Kennedy also requested discussion regarding water lead testing.

Mr. Hoffman stated this topic is to add or delete any changes to the agenda. A request to make an addition to a future agenda can be made during Agenda Item #15, or there may be discussion today when reviewing the water testing results.

4. CONSENT AGENDA

- a) Receive the General Manager Monthly Report
- b) Receive the White Marsh Environmental Systems, Inc. Report
- c) Receive President Report
- d) Receive Vice President Report—TO BE PULLED
- e) Receive Secretary Report approval of Minutes dated June 27, 2018
- f) Receive Treasurer Report
- g) Receive Assistant Treasurer Report

ACTION: *Mr. Kennedy made a motion to adopt the consent agenda with removal of the Vice President Report to be discussed under Agenda Item #6; Mr. Owen seconded the motion, which passed unanimously.*

5. Presentations

2018-2019 1st Quarter Financial Review

Mr. Gordon provided the report for review stating:

- Revenues are increased 7.4%; electric increased 11% due to kilowatts sold but was not a large increase from last year due to weather
- Water revenues increased 4.36% from commercial and industrial changes; compared to last year increased \$4,000 for commercial and \$9,000 for industrial due to increased usage
- Operating revenues are solid at 7.4% increase from budget, but was not as large as last year
- Purchase power is increased 3.9% due to the number of kilowatts as stated in revenues received
- Concerns about Line #11-Utilities increase of 26% due to the cost difference in water at 11% and sewer 35%; Wastewater Treatment Plant has had equipment failures; pumps and motors are at a 10-to-12-year usage with an increase in future maintenance costs due to needed repairs
- Increase in professional contractual services due to White Marsh overtime for sewer, lift stations, and equipment work
- Administrative costs for employees are up by 4.49% due to increased hours; franchise up 17% from budget at \$6,000 higher from last year
- Revenues are up 7.4% and expenses are up 3.78%
- Change in market value of reserve fund due to decrease in bonds with 70% of portfolio in bonds; this change in assets is shown as a 'paper loss' and everything is safe; the budget shows a negative 10% but it also shows a plus of \$271,000

Mr. Panetta questioned why the purchase power is down 6% in cost, but consumption is increased by 12%. Is this the result of wholesale rates being decreased?

Mr. Gordon stated the purchase power for June increased by 14% from budget and is down by \$30,000 from last year. There is a timing issue which is better shown in the quarterly report rather than monthly.

Mr. Panetta requested the quarterly reports also contain a chart of the degree days.

Mr. Gordon stated the chart will be included in future quarterly reports.

**6. Consideration of Items Removed from the Consent Agenda
Vice President Report—DFIT Self Insurance Report**

Mr. Owen explained DFIT self-insured workers compensation program for Delaware municipalities stating an application was submitted for a proposal to compare with BPW's present insurance. The information should be available in about three weeks for a report and discussion at the August meeting.

Mayor Becker spoke of the program stating there are 26 participating municipalities in Delaware and are currently in talks with Greenwood. The program started nine years ago and was a retrospective program until going self-insured three years ago. PMA monitors the claims and is the same company that monitors the State's insurance program. The program offers nine safety training sessions a year throughout the State. The City of Lewes is a founding member having received a premium in excess of \$100,000 based on the first six years of the program. The annual premium for Lewes is about \$85,000.

OLD BUSINESS

**7. Open forum/general discussion of the PKS Auditors report.
INFORMATION/DISCUSSION/ACTION (D. Gordon; J. Leshner, Treasurer; Andrew Haynie, PKS)**

Mr. Gordon stated the audit report will be available the first week of August for review by the Board to be discussed and adopted at the August meeting.

**8. Open forum/general discussion of BPW participation in the Delaware State Energy Utility Energy Efficiency Program and the DEMEC Energy Efficiency Program.
INFORMATION/DISCUSSION/ACTION (D. Gordon, Cory Fox, DSEU; Patrick McCullar, DEMEC)**

President Lee stated DEMEC will not be present today since it was decided they would not be included in the discussion.

Mr. Gordon introduced Cory Fox of Franklin Energy, Suzanne Sebastian of DSEU, and Robert Underwood of the DNREC Energy Office.

Ms. Sebastian began the presentation by speaking of the DSEU programs, funding and their mission. Energy assessments are available for the home based on the income of the homeowner; \$200 of installed energy-saving products are included at no added cost; rebate incentives; low-cost loans; contractors to do the work.

Mr. Fox spoke of the benefits of the energy efficiency program. Also, Franklin Energy will invoice SEU monthly and report the number of Lewes BPW participants, products installed, and savings achieved. The SEU will bill BPW for 100% of the applicable direct install products and 5% of the major measure installations.

Discussion and questions included:

- BPW buying equipment to be provided to customers; BPW is not mandated, but would be a good-will for customers; how will BPW be reimbursed; capacity factor dollars vs. cost of the program; BPW to only participate in the audit portion of the program
- Based on the Energy Star Audit, BPW would pay for faucet aerators, low flow showerheads, pipe wrap installation, thermostatic valves and various LEDs up to \$200; major measure installations rebate cap is \$7,000; BPW will be branding with DSEU for mailings with BPW logo to be identified as a participant
- Annual funding budget is \$22,000 with the first part being a pilot with no administrative costs during the pilot period; MOU to state the \$22,000 cap with the decision to add to the funding or not when the cap is reached; fund the program from the Green Energy Fund (\$54,000) for two years
- Low-interest loans are available for solar installation, but are not included in this program

Mr. Underwood discussed the credits from DNREC and grants available from the Energy Efficiency Investment Fund that may be used to fund the pumps needed for the wastewater treatment plant.

Amy Cornelius, Cape Shores, stated she would be interested in participating in the program and questioned if there is a rating system with the energy office for higher property values based on energy performance. Also, how many other communities in Delaware are participating and what was the total savings and reduction in demand. The program should offer group training with more outreach to the community.

Ms. Sebastian stated since this is a pilot program in Delaware, no information is available and reviewed how information has been provided to communities through churches and the Milford State Fair.

Mr. Gordon explained the cost-savings capacity charges are figured over a three-year basis and can be between 5% and 15%. The program will help to reduce the energy usage by about 2% to 3%. Also, there was a meeting at Saint Peter's in Lewes to provide brochures on energy efficiency with a group discussion.

ACTION: *Mr. Panetta made a motion to authorize the General Manager to execute the MOU as presented; Mr. Kennedy seconded the motion, which passed unanimously.*

**9. Open forum/general discussion for the BPW strategic planning.
INFORMATION/DISCUSSION/ACTION (Robert Kennedy, Treasurer)**

President Lee stated he would recuse himself from discussion and voting and will leave the meeting because one of the applicants has done charity work for an organization he is involved with.

Vice President Owen conducted the meeting for this agenda item.

Mr. Kennedy provided the updated proposal from Hometown Connections and the new proposal from Spotts, Stevens & McCoy including comparison criteria for review.

Mr. Hoffman stated because Spotts, Stevens & McCoy has included a Terms and Conditions Page that seems to apply to engineering services and disposal of contaminated material which is not relevant to the BPW request, he would advise the Terms and Conditions Page be stricken if this proposal is chosen. Terms and conditions will be negotiated with both parties.

Discussion included:

- Travel costs for Hometown Connection to be reviewed
- Spotts, Stevens & McCoy's experience with the utility industry with a consultant who is an expert; their plans to include surveys without additional costs
- Hometown Connection's plan for an advisory team with additional work by staff; Spotts, Stevens & McCoy will be a collaborative effort
- Hometown Connection requests BPW draft the strategic plan; Spotts, Stevens & McCoy will take notes to consolidate decisions and conclusions reached during discussion which would complete the draft plan
- The references were very good for Spotts, Stevens & McCoy

ACTION: *Mr. Panetta made a motion to approve the proposal submitted by Spotts, Stevens & McCoy with the Terms and Conditions Page stricken.*

Mr. Kennedy seconded the motion requesting a friendly amendment to the motion to include the focus group for the public meeting being proposed by Spotts, Stevens & McCoy for an additional charge in addition to the survey.

Mr. Panetta accepted the friendly amendment to the motion, which passed unanimously.

President Lee returned to the meeting.

**10. Open forum/general discussion and consideration of Resolution 18-004 concerning revisions to the policy on Reimbursement of Construction Costs Related to the Extension of Water and Wastewater Utility Services to Established Properties.
INFORMATION/DISCUSSION/ACTION (M. Hoffman, Legal Counsel)**

Mr. Hoffman stated when Resolution 18-001 was adopted there was a question regarding the phrase 'developed properties' being clear and if there was a better way to make it clear in the policy. Exhibit A is being presented today with the changes to the policy adopted earlier this year. Changes include 'developed properties' to 'established properties' and a better description.

Mr. Hoffman read the changed section and description into the record.

Discussion included:

- Stated in the BPW policy and codified in the Code that if a developer needs to run utilities and provide utilities to a development, they need to pay the full cost
- Policy adopted earlier this year allowed the Board to establish certain areas for a set number of EDUs and a pro-rated share within the area; this policy applies to the areas that are set and shown on the map provided for review; this policy does not change the obligation for developers to pay the full cost of the extension of utilities

- The Code applies to property inside the City limits; intent of policy language is to state that the requirement to pay for the complete cost of extension of utilities would not cause the property to be considered established and covers everything outside the City
- Language addresses subdivisions being developed under the Lewes City Code when the main is there and not being extended; large parcels being subdivided are not considered established properties; an established property can pay the pro-rated share when it connects
- An established property is defined as any lot or parcel that has been altered, when it is subdivided, it does not become an established property
- Charge for homeowner who does not connect immediately to be stated as ‘carrying cost fee’ instead of ‘latecomer fee’

ACTION: *Mr. Owen made a motion for Mr. Hoffman to read Resolution 18-004 by title only into the record to be placed before the Board for consideration and adoption; Mr. Kennedy seconded the motion, which passed unanimously.*

Mr. Hoffman read Resolution 18-004 by title only into the record.

ACTION: *Mr. Kennedy made a motion to amend Resolution 18-004 to replace the phrase ‘latecomer fee’ with ‘carrying fee’; Mr. Owen seconded the motion, which passed unanimously.*

ACTION: *Mr. Kennedy made a motion to adopt Resolution 18-004 as amended; Mr. Owen seconded the motion, which passed unanimously.*

NEW BUSINESS

11. Open forum/general discussion of changes to the BPW impact fees for development outside of City limits. INFORMATION/DISCUSSION/ACTION (D. Preston Lee, P.E. President)

President Lee stated the Board was asked by the City to review the policy for connection and meter fees regarding developments being annexed into the City. Included are the connection fees required at the beginning of the project and charges when each meter is placed; if BPW fees are more than the County, they would be charged the lesser amount.

Mr. Kennedy stated the concern is this will be a departure from the current practice of having new customers pay the cost of extending service, and he would not be in favor of these changes. The developer could be given the option to pay the cost similar to the County’s. The homeowner could pay the full impact fees through the price of the lot or a surcharge method to keep the new customer paying the full cost of the extension and not be spread back to existing customers.

Mr. Owen stated he is not in favor of changing the BPW fees to match the County. The impact fees may be different based on an average because expenses are less when all are going in at one time.

Mr. Hoffman stated impact fees need to be supported by a formula.

Mr. Panetta stated the impact fees can be postponed without any harm to BPW.

Mr. Gordon stated the impact fees postponed will do no harm. Other organizations have created an Economical Development Fund for a grant system. The formula estimates jobs, housing, taxes paid to decide the amount of grant money to be applied to the utility project. The grant money would be an incentive to come into the system and could come from BPW reserve funds. An estimate based on current fees using the Mitchel Farm as an example includes: BPW fees are \$11,780, County \$6,500 for a difference of \$500,000.

President Lee stated it is important to consult with GMB regarding the fee amount calculations.

Mayor Becker stated the impact of the Mitchel Farm property, its strategic value to the community in opening other areas to annexation, the ability to control its development vs. going to the County under their density regulations all need to be considered.

Mr. Hoffman stated the drafted resolution will be presented to the Board to be adopted at the August meeting.

ACTION: *Mr. Owen made a motion to adopt a Board policy to delay impact fees until construction is complete and meters are in place; Mr. Kennedy seconded the motion, which passed unanimously.*

Mr. Kennedy stated he is not ready to vote on the request to lower BPW fees to match County fees. More information is needed from Mr. Gordon regarding a development fund. He would support a subsidy or surcharge.

Mr. Panetta requested direction to Mr. Gordon to consult with GMB on the impact fees for upcoming developments. Also, to report back to the Board with a recommendation for a subsidized grant fund to accomplish the goals for incentivizing annexation.

President Lee stated it is urgent to resolve this issue and decide about modifying the connection fees by a development grant or other type of reimbursement. This will be an agenda item for the August meeting.

**12. Open forum/general discussion of the creation of a Public Relations initiative with consideration of a working committee. INFORMATION/DISCUSSION/ACTION
(A. Thomas Owen, Vice President)**

Mr. Owen stated he would like to extend the committee to include the public and has been working with Mr. Calaman on the materials from surveys. The purpose is for BPW to set a policy for better customer and public relations. The plan is to meet with neighborhood groups to ask their concerns and what improvements are needed. Also, to provide educational information to customers regarding BPW repair regulations including working on DelDOT streets.

Mr. Gordon stated all new customers receive a packet containing the drinking water consumer report, Code Red form, BPW brochure, and voting sign-up information.

Amy Cornelius, Cape Shores, requested a better explanation for reading the BPW bill as part of the education outreach program including the 'Readiness to Serve Charge'.

President Lee stated there are 'White Papers' on various topics available on the website for review.

Mr. Owen stated he will address the 'Readiness to Serve Charge' as his work continues for the committee.

13. Open forum/general discussion to add lift station communications upgrade to the 2018-19 capital projects budget. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated BPW has about 32 lift stations and the information on inflow and infiltration into the sewer is not provided. The current budget includes \$47,000 for maintenance and the request is for another \$100,000. The White Marsh proposal is included for review with the cost of \$4,950 per pump including parts and labor. The \$38 monthly maintenance charge will be paid from the maintenance budget. Most of the issues with inflow and infiltration seem to be the sump pumps draining into the sewer, and the changes will help to identify this issue.

ACTION: *Mr. Panetta made a motion to authorize the General Manager to contract with White Marsh to install the lift station upgrade; Mr. Owen seconded the motion; which passed unanimously.*

14. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF

Mr. Kennedy reported he attended the Tidewater meeting on July 2nd regarding the water service issue and the BPW roundtable meeting on July 20th.

Mr. Panetta reported he attended the Lewes Planning Commission meeting where there was discussion of cell antennas being permitted in the City.

President Lee reported he attended the Mayor and City Council meeting.

15. BOARD OR STAFF REQUESTS FOR AGENDA ITEM (S)

Discussed during the meeting today.

16. CALL TO THE PUBLIC

None

17. CALL TO THE PRESS

None

18. EXECUTIVE SESSIONS

ACTION: *Mr. Owen made a motion to adjourn to executive session; Mr. Kennedy seconded the motion, which passed unanimously.*

19. RETURN TO OPEN SESSION

20. OPEN FORUM/GENERAL DISCUSSION AND/OR ACTION ON ANY ITEM FROM THE EXECUTIVE SESSION

21. ADJOURNMENT

The meeting adjourned at 6:45 P.M.

Respectfully submitted,
Jackie Doherty, Recording Secretary
Lewes Board of Public Works