

**CITY OF LEWES
BOARD OF PUBLIC WORKS
Regular Meeting Minutes
February 27, 2019**

The Wednesday, February 27, 2019 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.

2. ROLL CALL

Board Members Present:

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

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 Dennis Reardon
Sumner Crosby of the Lewes Planning Commission
Jackie Doherty, Recording Secretary

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

Mr. Gordon requested Agenda Item #9 be presented before #8; there were no objections.

4. CONSENT AGENDA

- a) **Receive the General Manager Report**
- b) **Receive the White Marsh Environmental Systems, Inc. Report**
- c) **Receive Vice President Report**
- d) **Receive Secretary Report approval of Minutes dated January 23, 2019**
- e) **Receive Treasurer Report**
- f) **Receive Assistant Treasurer Report**

Mr. Panetta requested the General Manager Report (a) be a separate line item for discussion today and for future meetings.

ACTION: *Mr. Kennedy made a motion to approve the consent agenda; Mr. Owen seconded the motion, which passed unanimously.*

Mr. Panetta requested an update on the Blue Ocean System conversion.

Mr. Gordon stated there have been issues with Blue Ocean's performance regarding their accounting software system. The cost for NISC is approximately \$170,000 and Blue Ocean has stated their charge for integration to NISC will be \$200,000. Because the price for Blue Ocean is so high, discussions continue to try and reduce the amount.

5. Receive the President's Report

President Lee stated the celebration for the unveiling of the sign for the water production facility in honor of Wendell Alfred is scheduled for April 5th at 11:30 A.M. Mr. Alfred has given Mr. Gordon the list of guests he requested to be invited.

PRESENTATIONS

6. Presentation of Diamond State Community Land Trust Affordable Housing. (Helen McAdory, Associate Director)

Ms. McAdory stated the purpose of today's meeting is to review issues regarding affordable housing, or moderately-priced, workforce housing, to help middle-income families become homeowners. Today the project being brought to the Board is a Preston Schell development titled Beebe Bay Homes.

Ms. McAdory's discussion included:

- Affordability challenge: 20% population workforce growth by 2025; salary of \$17.60 per hour needed to afford a two-bedroom unit; Beach Plum Dunes on Kings Highway rentals are \$950 to \$1,500 a month; 61% are members of the local workforce; income eligibility is based on the household size;
- Beebe Big House Concept is a Preston Schell Ocean Atlantic development; condo-type entity with 10 units in each building; 14 buildings on 7.5 acres with 144 units; 54 units into the Community Land Trust with remainder being workforce housing;
- Project to include 25 units one bedroom/one bathroom; 23 units two bedroom/two bathrooms; three bedrooms/three bathrooms not needed; mortgages financed with grants; families receiving grant money will not be clustered;
- Mortgage affordability: conventional mortgage through WSFS and Meridian Bank and backed by Fannie Mae and Freddie Mac; leasehold formulas; appraisal value based on equity growth;
- Construction cost assumption reductions; no transfer fees; request BPW to delay improvement fees for the site until the utilities are turned on; refund scenarios at resale include asking BPW to delay or waive impact fees until resale; Community Land Trust will manage resale of homes to be sure income requirements are met to keep the housing affordable; all homes developed will be forever affordable; importance of decisions being community-driven.

Ms. McAdory stated BPW is being asked to waive impact fees until resale, which averages six to eight years. The family would have enough equity to move to mainstream with the home available for the next affordable-housing family. The fees would then start to be repaid with interest by escrow account, grants, or limiting equity. The request to BPW is not for a handout, but for collaboration. Potential resources are not named, but the 'Letter of Interest' will become a 'Letter of Intent' when the numbers are presented.

Mr. Owen requested a review of the scenarios to see how each has worked.

Mr. Panetta stated the appreciation on the units would help with repayment.

Ms. McAdory stated the scenario information will be sent to Mr. Gordon. Mr. Schell's plan is to begin construction in Spring 2020. Regarding appreciation on the units, there is no funding from any federal programs. The housing development is built in 'areas of opportunity' and not areas designated as low income.

OLD BUSINESS

7. Open forum/general discussion of a request to fund Abbott Park electric upgrade. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon reviewed the plans for Abbott Park's electric, water, and sewer upgrade work and the issue of the utilities running under structures. Another issue is that the park is a cooperative where the property is owned by the cooperative and individuals own the homes. A State loan has been secured for the water and sewer, 20 years at 2.3% for a payment of about \$93.00 per month, per unit.

Mr. Gordon continued stating the electric costs were not to be funded by BPW but through their own funding. Because of the structure of the park, the banks would not finance for longer than 10 years. This would make the payments about \$95.00 per month, and the residents cannot afford the two payments every month. If BPW could finance the \$160,000 for the electric at 2.8% for 20 years, the payments would be about \$44.37 per month, per unit. This would bring the monthly total to \$135.00 per unit. The project will not happen without the loan, which will severely impact the seven residents who live there all year.

Abbott Park Treasurer Dave Potter thanked Mr. Gordon and the City for all their work on this project. Mr. Potter reported there has been an increase in the payment required by the bank since changing the loan to 7 years to be \$110.00 per month. This is in addition to the \$93.00 for water and sewer, \$115.00 cooperative fee, \$83.00 per month for ready-for-use fees for a total of \$401.00 per month. Because of the price increases, the cost of the project is \$900,000 for 20 houses.

Discussion and concerns included:

- Because the electric is not a BPW project, this request for BPW to be a bank will set a precedent;
- Banks will not use the property as collateral because of the 20 homes; income to pay the loan would come from HOA fees and could be used as collateral; the undeveloped lots once had trailers that were removed by owners due to neglect; four lots are for sale but are not owned by the cooperative;

- \$160,000 is the cost to install the underground wiring and remove utilities underneath structures that are not safe and need to be brought up to code; service will come from the road to be undergrounded into a pad-mount transformer to be distributed;
- There will be easements, mains, and manholes for the water and sewer;
- Review the possibility of interest-free loans through Delaware State Housing Authority for capital projects.

Mr. Hoffman stated review is needed regarding non-payment procedures to follow for infrastructure-expansion loans. The agreement, documentation, analysis of pros and cons, questions of collateral and the risks to BPW also need to be reviewed for a draft to be presented to the Board.

Mr. Gordon stated a contractor is ready to begin work with the initial bid of \$750,000. This was reduced to \$590,000 with an agreement to start the work as soon as possible. Delays may change the amount of the reduction.

After discussion, everyone agreed to move forward with a special meeting scheduled for Thursday, March 7th at 9:00 A.M. Mr. Hoffman will send the draft for review on Monday, March 4th.

9. Open forum/general discussion of the policy for wireless antennas in the BPW service area. INFORMATION/DISCUSSION/ACTION (D. Gordon, Joe Divis)

Mr. Gordon stated there have been discussions regarding the wireless antennas and a policy agreement is being prepared. Mr. Divis is here from AT&T with a PowerPoint Presentation.

Presentation and discussion by Mr. Divis included:

- Need for new network architecture; why the use of small cells; how to manage infrastructure; how to increase network capacity; improve spectrum efficiency; congestion on the network slows speeds;
- Macro cells used to cover large areas; densifying the networks; problems regarding 911 calls placed from the beaches in Summer not going through; use of existing poles; remanufacture decorative poles;
- Interference with another company's antenna and distance limits; standardize the look for all four companies; AT&T to consider other locations with BPW paying for the antenna to provide better coverage and reduce congestion;
- All data through the network is monitored including incomplete calls; future plans to bring 5G to the area.

Mr. Hoffman stated BPW can only speak to their infrastructure and Board policy for the use of its poles. The City may have a different vision and plan regarding zoning.

8. Open forum/general discussion of Resolution 19-002 establishing policy regarding the installation of underground electric lines. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated Mr. Hoffman has provided the corrected resolution with the addition of comments and concerns from the Board at last month's meeting.

Further discussion of changes included: Criteria to determine if service drop lines are required to be placed underground based on the total cost of work as stated in the building permit; ordinance to state impact to drop line requires it be moved underground.

Mr. Hoffman will add changes and comments discussed today for review of the resolution at the March meeting.

**10. Open forum/general discussion on the 2019-2020 Operations and Maintenance Budget.
INFORMATION/DISCUSSION/ACTION (D. Gordon)**

Mr. Gordon reviewed the following:

- ✓ Operation revenues were averaged for the past five years of all utilities sold; considered trending; included new rate structure; sewer rate surcharge to remain the same;
- ✓ DEMEC received the anticipated electric usage amount and stated their purchase power numbers were the same; increase is 4.2% with rate to DEMEC down 2%; 6% increase in revenues;
- ✓ Small change to benefits and salary when comparing 2018-2019 to 2019-2020 budgets; plan to increase staff in water and sewer department; 2½ % raises are based on qualifications and evaluations; wastewater treatment plant 10-year maintenance and replacements have increased repairs and maintenance costs;
- ✓ 10% increase for professional and contractual services due to the increase in projects; increase in administrative for vehicles, building rent, payroll for increased time by 12%;
- ✓ Bad debt has decreased; 10% increase franchise fee; expenses up 5% on budget; interest income and interest expense from UBS; impact fees down because being paid at time of construction.

The budget will be reviewed by the Board for any questions and approval at the March meeting.

Mr. Gordon stated there was a \$723,000 payment for the wastewater treatment plant loan. The payment of \$130,000 was for the water loan for Highland Acres.

Mr. Leshner will prepare a five-year projection report over the next few months.

**11. Open forum/general discussion of the 2019-2023 Capital Budget.
INFORMATION/DISCUSSION/ACTION (D. Gordon)**

Mr. Gordon stated Mr. Calaman will be looking into information on a new bucket truck, dump truck, vehicles with 10-year depreciation, and electric vehicles.

Mr. Gordon reviewed:

- ✓ Projects on Pilottown Road, Cedar Avenue, Kings Highway work within seven months of construction time regarding water costs; funds and loans may be available from the State; the State revolving fund to cover pipes added as part of the project;
- ✓ Water production—City to have a hydrological study with BPW to pay the difference for additional studies; DNREC to evaluate well delineation due to the changes in the well-protection area; City projects at Coleman Avenue and Fourth Street from Savannah Road to Kings Highway;

- ✓ Lift station renewal of control at Lift Station #4, a portion may be paid by the County; drying bed expansion for the Wastewater Treatment Plant; filters and engineering fees; estimated cost to clean and line the pipe from the canal \$290,000;
- ✓ Stormwater management MS-4; 27 outfall pipes to the canal and inlet to be checked; costs to remove phragmites.

Mayor Becker stated the County has been asked to participate in the hydrological study, but we have not yet received an answer.

Mr. Kennedy stated concerns were expressed by residents at the Water Workshop about the wellhead protection areas that are located outside the City limits.

12. Open forum/general discussion of current Front Street/Savannah Road Project update. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated he met with the Front Street business owners and Teal Construction this morning.

Mr. Gordon gave a presentation reviewing the progress of the entire project.

NEW BUSINESS

13. DEFERRED: Open forum/general discussion of basic principles of Board policy governance. INFORMATION/DISCUSSION/ACTION (D. Preston Lee, P.E.)

14. Open forum/general discussion of the Spotts, Stevens, & McCoy Strategic Planning Final Draft. INFORMATION/DISCUSSION/ACTION (D. Preston Lee, P.E.)

Mr. Kennedy stated the draft of the strategic plan from Spotts, Stevens, & McCoy has been received. They are asking for the Board to review the strategic objectives on Pages #10 thru #14 and tactical activities and milestones for any changes needed. The final draft will then be sent with the changes added.

Mr. Kennedy will take all comments to add to the draft for a review with the Board at the next meeting.

15. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF

Mr. Panetta reported he attended the Lewes Planning Commission meeting; Mayor and City Council meeting; Water Workshop.

Mr. Leshar reported he attended the SCAT meeting; Engineers Annual Banquet.

Mr. Kennedy reported he attended the Water Workshop; phone calls and informal meetings with Spotts, Stevens, & McCoy regarding the strategic plan.

Mr. Owen reported he attended the Fire Department Annual meeting to present the BPW donation; Lewes Planning Commission meetings; Water Workshop.

President Lee reported he attended a meeting with Mr. Gordon, City Manager Ann Marie Townshend, and Mayor Becker; Water Workshop; Front Street business owners meeting; Front Street progress meeting; BPW Workshop; conference calls with Chesapeake Gas and SCAT.

Mayor Becker provided a copy of the PowerPoint Presentation from the Lewes Fire Department that was given at the Mayor and City Council meeting regarding their need for additional funds.

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

Mr. Gordon reported due to construction in City Hall, meetings for March and April will be held at the Rollins Community Center.

17. CALL TO THE PUBLIC

None

18. CALL TO THE PRESS

Nick Roth of the Cape Gazette was present.

19. ADJOURNMENT

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

The meeting adjourned at 7:30 P.M.

Respectfully submitted,

Jackie Doherty, Recording Secretary
Lewes Board of Public Works