

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

The Wednesday, March 27, 2019 regular meeting of the Lewes Board of Public Works was held at 4:00 P.M. in the Lewes BPW Upstairs Meeting Room, 107 Franklin Avenue, 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 Councilman Rob Morgan
Jackie Doherty, Recording Secretary

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

President Lee requested Agenda Item #13 be presented after #6; there were no objections.

4. CONSENT AGENDA

- a) **Receive the White Marsh Environmental Systems, Inc. Report**
- b) **Receive Vice President Report**
- c) **Receive Secretary Report, approval of minutes dated February 27, 2019 and Special Meeting Minutes dated March 7, 2019**
- d) **Receive Treasurer Report**
- e) **Receive Assistant Treasurer Report**

Mr. Kennedy requested the White Marsh Report (a) be removed from the consent agenda for discussion.

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

Mr. Kennedy spoke about the importance of the April 12th tour date for the wastewater treatment plant by Love Creek Elementary School students (Additional Information Bullet Point on Page 2). The water production plant would be another opportunity to show children the workings of the aquifers and the treatments used to provide safe water. Thank you to Mr. Gordon and BPW for continuing this program.

5. Receive the President's Report

President Lee spoke about the sign unveiling ceremony at the water production facility scheduled for April 5th.

Mr. Gordon stated he will be making phone calls to check about the RSVPs. The tents and food have been scheduled. Mayor Becker, President Lee, and Mr. Gordon will speak at the event.

President Lee stated he met with the Lewes Fire Department to discuss the presentation they will be making to the BPW.

6. Receive the General Manager's Report

Mr. Panetta questioned the cause of the broken waterline as stated in the White Marsh Report.

Mr. Gordon stated the cause of the broken waterline is not known but may have been due to age.

13. Open forum/general discussion of the Masala Hospitality Group to have the impact fees collection postponed for 12 months. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon reported BPW received a letter from the 10-member group of building owners for Masala Holdings requesting the \$35,000 impact fee be paid over the next 12 months with an initial \$5,000 payment. The reason for the request is they were not aware of the need for a larger pipeline to serve the restaurant or the required fire protection expenses.

Discussion by the Board included:

- Concern that this will set a precedent;
- Builders are permitted to pay the impact fees when meters are installed and not all at one time;
- The builder was not aware of the need for the upgrades to change the building from a salon to a restaurant;
- Lien on the property for BPW protection.

Mr. Hoffman stated he would recommend the motion include the condition that because there was acknowledgement of the impact fee, obligation, and that there would be a lien, that BPW will defer the right to foreclose on the lien if payments are received within the timeframe offered. If the Board moves forward, the motion should also include authorization to Staff to prepare an agreement.

Mr. Hoffman continued stating in the past BPW expected payment of impact fees with the building permit, but there have been times when this has been deferred to the time of the Certificate of Occupancy. The difference here is it is being deferred for one year. A policy may be adopted to outline how the Board would consider this type of request. A policy is the best defense if there was a claim that the Board is being arbitrary or unreasonable. The Board may take action before the policy is in place, but it will be needed for future requests so the Board can continue to consider special circumstances.

John Lester, who is one of the building owners, stated this was a pre-existing commercial building and they were told there would be no impact fees.

ACTION: *Mr. Leshner made a motion to approve the request from the Masala Hospitality Group with the conditions stated by Mr. Hoffman, and Staff to be directed by Mr. Gordon to prepare an agreement. Mr. Kennedy seconded the motion.*

Mr. Gordon stated the agreement is for a \$5,000 down payment now with the remaining \$30,000 to be paid in 12 equal monthly payments.

Mr. Panetta questioned if the motion should state financial hardship as the basis for the decision.

Mr. Hoffman stated this is a modest request for the Board with one year to pay the entire balance. The Board recognized the difficulty articulated by the property owners coming forward to acknowledge the debt and agreeing to pay within a short period of time. The owners have already invested a large amount of money in the property.

The motion to approve the request by Masala Hospitality Group was approved unanimously.

PRESENTATIONS

7. Presentation of award of the American Public Power Association-Public Power Manager Certificate Program earned by Austin Calaman. (D. Gordon)

President Lee and Mr. Gordon presented the award to Mr. Calaman.

8. Presentation of award of the American Public Power Association-Certificate of Excellence in Reliability acknowledging the BPW. (D. Gordon)

Mr. Gordon presented the award to Bob Barnes.

OLD BUSINESS

9. Open forum/general discussion for the approval of the 2019-2020 Operations and Maintenance Budget. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon provided a copy of the budget for review with the following discussion:

- Operations—Revenues averaged for 5 years; increased water revenue from the state park now operating all year; increase in wastewater revenues from the County;

- Increase in electric 7%; water increase 5%; wastewater increase 7%; stormwater increase 1%; revenue increased 6.91%; DEMEC purchase power increase expense 4%;
- Salary, wages, and benefits decrease 4% due to the need for additional employees; raises and bonuses for this year will be included in the wage category; wage increases are based on evaluation;
- Total operating expenses increased 5.98%;
- Non-operating revenues—Impact fees down slightly due to developments being completed;
- Three debts added to the books including wastewater treatment plant; Highland Acres water and wastewater.

ACTION: *Mr. Owen made a motion to accept the 2019-2020 Operations and Maintenance Budget; Mr. Panetta seconded the motion, which passed unanimously.*

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

Mr. Gordon reported on the following with discussion:

- Problems with rusty water; Lead and Copper Rule; direction from the Board to increase and improve the water quality in a more expeditive manner; use of solar power;
- Five-year budget of \$23M to include: Pilottown Road water main abandonment from Queen Anne to New Road due to lead goosenecks on the lines from the 1950s; same work to continue from New Road to the University; Cedar Street from Yacht Club to Children’s Beach House; Children’s Beach House to Savannah Road; Kings Highway from Savannah Road to the bike path;
- Plans for a new water tower; sewer main replacement renewals at \$150,000 are too low, additional \$300,000 will be needed each year; Zenon filter replacement;
- Funding—Reserve balance 01/31/2019 \$12.7M; possible water main abandonment project, water tower project, and new well loan for 20 years with a 3% interest rate from the State; there may also be financing available through DEMEC for the wellfield;
- Request the Board to approve the first year with future loan information provided; also approve the additional \$300,000 for sewer main replacement renewals yearly;
- Not included in the budget is MS4 and phragmites control; future discussion is needed to review amount of on-hand reserves needed for storm recovery now at \$9M.

ACTION: *Mr. Owen made a motion to approve the Capital Budget as presented with the addition of the \$300,000 per year needed for sewer main replacement renewals; Mr. Leshner seconded the motion, which passed unanimously.*

Mr. Kennedy stated the capital budget is considered a plan and not a commitment with no definitive decisions made regarding the amount of spending for projects.

Mayor Becker stated there has been a request for benchmarks to be established regarding the Tabletop Exercise on emergency preparedness that was held in January 2019.

11. Open forum/general discussion for the introduction of the updated BPW investment policy. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon presented the revised policy stating he, Mr. Leshner, and Mr. Calaman have reviewed. Included are: Purpose; Investment Objectives and Maturity Restrictions; Investment Restrictions; Permissible Investments; Collateralization and Board Deposits; Asset Allocation; Account Review.

Included in the account review is stated that Mr. Gordon will provide a quarterly report to the Board.

Mr. Kennedy requested UBS Consultant Tim Reath also attend the quarterly meeting for the report from Mr. Gordon.

Mr. Hoffman stated he has prepared Resolution 19-003 regarding the Board taking action on an investment policy. Mr. Hoffman read the resolution into the record.

ACTION: *Mr. Panetta made a motion to approve Resolution 19-003 as read by Mr. Hoffman; Mr. Kennedy seconded the motion, which passed unanimously.*

NEW BUSINESS

12. Open forum/general discussion of request of parcel 335-8.00-9.00 located on New Road to receive a waiver of the requirement to sign a pre-annexation agreement to receive all utilities. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated discussion today is to provide information with no action being taken.

Mr. Gordon reviewed the map of non-City properties on New Road showing the undeveloped lot for sale. The purchaser does not want to be annexed into the City, but it is BPW policy to sign a pre-annexation agreement to receive services. The property is in the CPCN for water, electric, and sewer. The electric and sewer lines are over the frontage of the property, and the waterline is across the road making it the responsibility of the purchaser.

Mayor Becker and City Manager Ann Marie Townshend have been given the information to speak to the purchaser.

Discussion will continue at next month's meeting with the purchaser to attend.

14. Open Forum/general discussion of the Household Hazardous Waste and Electronic Equipment Collection on April 27, 2019. INFORMATION/DISCUSSION/ACTION (D. Gordon)

President Lee suggested having directional signs posted at the entrance.

15. Open Forum/general discussion of the discussion of principles of governance. INFORMATION/DISCUSSION/ACTION (D. Preston Lee, P.E.)

President Lee provided a booklet with information for review and discussion.

Mr. Owen stated that the strategic plan and bylaws would need to be included. There was also discussion regarding the small size of BPW and the need for Staff to be available for the work to be completed.

Mr. Hoffman will review the booklet stating the importance of documenting all policies.

**16. Open forum/general discussion of the Strategic Planning workshop documents.
INFORMATION/DISCUSSION/ACTION (D. Preston Lee, P.E.)**

Mr. Kennedy stated the draft was received from Spotts, Stevens, & McCoy requesting review of the objectives section. The comments added were provided for review today.

Mr. Kennedy requested everyone review the objectives and milestones columns for word changes to be sent back to Spotts, Stevens, & McCoy to add the changes to the document, PowerPoint Presentation, and pamphlets.

17. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF

Mr. Owen reported he attended the Lewes Planning Commission meetings where review included Phase I of Showfield City. Their concern is connectivity to Kings Highway and Monroe Avenue. Many residents were present from Showfield County and Bay Breeze.

Mr. Kennedy reported he had phone conversations with Spotts, Stevens, & McCoy; attended the Pre-Annexation Committee meetings.

Mr. Leshar reported he attended the March SCAT meeting.

Mr. Panetta reported he attended the Lewes Planning Commission meetings; met with Jessica Watson of Sussex County Conservation District; Mayor and City Council meeting. Mr. Panetta spoke about the plans of Betsy Hicks, the hydrologist from AECOM who has been hired by the City.

President Lee reported he attended meetings with the Front Street business owners.

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

None

19. CALL TO THE PUBLIC

None

20. CALL TO THE PRESS

Nick Roth of the Cape Gazette was present.

21. EXECUTIVE SESSION

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

22. RETURN TO OPEN SESSION

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

24. ADJOURNMENT

The meeting adjourned at 5:40 P.M.

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