

**CITY OF LEWES
BOARD OF PUBLIC WORKS
Regular Meeting Minutes
July 31, 2019**

The Wednesday, July 31, 2019 regular meeting of the Lewes Board of Public Works was held at 4:00 P.M. in Lewes City Hall, 114 E. 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.
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
Deputy Mayor Fred Beaufait
City Councilwoman Bonnie Osler
City Councilman Dennis Reardon
City Councilman Rob Morgan
Dennis Forney, Owner and Publisher Emeritus of the Cape Gazette
Jackie Doherty, Recording Secretary

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

Mr. Gordon requested Agenda Item #14 be deleted because it is a duplicate item.

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 June 26, 2019**
- d) **Receive Treasurer Report**
- e) **Receive Assistant Treasurer Report**

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

5. Receive the President's Report

President Lee stated Mr. Owen has been helping with review of the Employee Handbook to be revised by Mr. Gordon.

6. Receive the General Manager Report—Quarterly Financial Review

Mr. Gordon discussed the Quarterly Review:

- Electric revenue was down 4.59%; purchase power down 5.29 %;
- Industrial water income increased 28% after changing the water meter at the hospital to correct accuracy; revenues down 3.64%; purchase power down 5.29%;
- Administrative costs down 26%; audit costs and interest expenses have changed to separate lines; expenses down 6.7%;
- Non-operating revenues increased 34% for interest income; increase to Line 27 is due to market value changes.

Mr. Panetta asked for an update on the work at Lift Station #4.

Mr. Gordon stated the plan was to begin work around July 4th, but the date has now been changed to Wednesday, August 7th.

OLD BUSINESS

7. Open forum/general discussion for consideration of waiver of pre-annexation agreement and the requirement to connect to BPW water and sewer for property tax parcel 335-8.00-9.00, New Road and Captains Circle. Tabled at the June meeting. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Property owner Mr. Peter was present.

President Lee stated the Board tabled Mr. Peter's request at the meeting on June 26, 2019 in reference to Mayor and City Council's June resolution and ordinance regarding the pre-annexation agreement condition. On July 17th the Board filed a complaint for a declaratory judgement in Delaware Superior Court requesting BPW, and not Mayor and City Council, have authority over the BPW utility system and further requested the Court to issue an opinion regarding enforceability of the pre-annexation agreement condition. The matter is currently pending.

President Lee made the recommendation to leave Mr. Peter's request on the table pending the BPW's declaratory judgement complaint.

Mr. Hoffman stated no additional motion to table the request is needed.

**8. Open forum/general discussion of quarterly investment review.
INFORMATION/DISCUSSION/ACTION (Tim Reath, UBS)**

Mr. Gordon stated Tim Reath of UBS and Leland Bishop of UBS, who is representing the Defined Benefits Policy, are present today.

Mr. Reath presented a review of the investments as of the second quarter, market information for the fourth quarter of 2018, and as of June 30, 2019.

Review included:

- Increase in reserve account, market appreciation, dividends and interest with an estimated income for 2019 of \$518,000;
- Dividends and interest of \$2.9M since January 14, 2003;
- No changes recommended for the portfolio holdings at this time; current value of portfolio is \$13,208,124.18.

Mr. Gordon discussed how the money in the 5-year capital plan will be used for improvements including the need for replacement of water mains and to the water treatment plant.

**9. Open forum/general discussion for review of the Defined Benefits Policy review.
INFORMATION/DISCUSSION/ACTION (Leland Bishop—UBS, D. Gordon)**

Mr. Bishop reviewed the change from Great West to Nationwide over the last two years.

Discussion by the Board and Mr. Bishop on the policy draft included:

- Pension language and definitions to be refined; money in the fund is not used for any other expenses;
- Separate committee may be needed to move things forward quickly since the Board only meets monthly;
- Need for an Asset Allocation Study.

**10. Open forum/general discussion to receive the preliminary Annual Audit Report.
INFORMATION/DISCUSSION/ACTION (Jack Leshner, Kimberly Stank of Zelenkofske Axlerod LLC, D. Gordon)**

Mr. Gordon provided the draft report for review stating the audit is complete except for the portion on defined benefits. The changes needed to the defined benefits information will not cause any change in the numbers for electric, water, sewer, and stormwater assets.

Mr. Bishop explained the process needed regarding the corrected format for the defined benefits portion to be completed and have the auditor consider this to be a 'clean audit'.

NEW BUSINESS

**11. Open forum/general discussion of the Electric Study bid.
INFORMATION/DISCUSSION/ACTION (D. Gordon, T. Panetta)**

Mr. Panetta stated there were three bids received of the six requests that were sent. Sargent and Lundy was the most inclusive and consulting bid with a department to study changes in the energy market and how it impacts transmission and distribution companies. The company has a battery expert to consult; is involved with DEMEC; engineer is a former employee of Delmarva Power and familiar with all local substations in Sussex County; bid cost includes the data collection.

Booth and Associates did the study in 2005, but do not have the inclusive consulting as Sargent and Lundy and has no contacts with Delmarva Power. Their bid did not include data collection.

GMB had the highest-priced bid but their experience is limited compared to Booth and Associates or Sargent and Lundy.

Mr. Panetta stated Booth's proposal covered all the major points requested but not as in-depth as Sargent and Lundy. The intent of the proposal was to request technical assistance in feasibility and Booth did not rise to that level. The Sargent and Lundy bid amount is \$63,500.

Mr. Kennedy stated it needs to be determined if a second line into Lewes would be granted by Delmarva before the money is spent for the study. Alternatives need to be considered. There are concerns about Sargent and Lundy's assistance in developing the data and their statement that they would use industry standards and other methods in proxy if information was not available.

Mr. Hoffman will review the contract.

ACTION: *Mr. Panetta made a motion to accept the Sargent and Lundy proposal as submitted; Mr. Owen seconded the motion, which passed unanimously.*

**12. Open forum/general discussion of the acceptance of the WWTP effluent pipe bid.
INFORMATION/DISCUSSION/ACTION (D. Gordon, GMB)**

Mr. Gordon reported there is a problem with the outfall pipe at the wastewater treatment plant that needs to be cleaned, relined, and the addition of five manholes for future access. Bids were opened on July 23, 2019 in City Hall with the lowest bid from Standard Pipe Services, LLC for \$358,050. This was the only bid received. Work will begin in September and take about two months.

Mr. Gordon read the recommendation from GMB to accept the bid from Standard Pipe Services, LLC, including Schedule A and B, into the record.

Mr. Gordon made a recommendation to the Board to accept the bid from Standard Pipe Services.

Discussion included:

- Concerns that the banks of the canal have expanded to triple what it was 50 years ago and impact on the outfall pipe;
- State funds available for the project regarding acknowledgement of responsibility including removal of the bridge and the railroad crossing;
- Inform DelDOT about the plans with any further extension expected to be completed as part of the embankment restoration by DelDOT.

ACTION: *Mr. Owen made a motion to accept the bid from Standard Pipe Services, LLC in the amount of \$358,050; Mr. Kennedy seconded the motion, which passed unanimously.*

**13. Open forum/general discussion of Savannah Road and Donovan Road sewer design.
INFORMATION/DISCUSSION/ACTION (D. Gordon, GMB)**

Charlie O'Donnell of GMB presented the map showing Impact Area 2 (Savannah Place Sewer District)

Mr. O'Donnell's report included:

- Savannah Place Sewer District design and costs; cost based on Teal Construction bid and GMB estimates for the remaining sewer system; final EDU assessment will be adjusted based on final construction costs;
- High cost for Savannah Place residents because there are only 35 residences; charges were combined with the other 749 EDUs and only charged for pipes being used; total estimated cost is \$2,815,312;
- Savannah Place resident cost \$25,313 including impact fees; Swaanendael Acres can tie-in to the system in the future with shared costs of \$2,739 per EDU not including the impact fees; DNREC interest is 2% over 30 years; \$99,000 grant for Savannah Place street paving;
- Donovan Place cost per EDU \$15,152 includes impact fees; presently Donovan Place has holding tanks to collect sewage from the 88 units with one tank being emptied each day; there are 130 buildable lots but only 88 are now occupied and DNREC will only fund the project for occupied lots; costs are the responsibility of the residents with no cost to BPW;
- Savannah Road Sewer Extension Project 99 EDU option \$17,169 per EDU including impact fees; 21 EDU option would be \$48,035 per EDU including impact fees;
- Dutchman's Harvest (workforce housing located on Savannah Road) 241 EDUs with the total cost of \$8,942 for 99 EDU option or \$9,222 for the 21 EDU option.

Mr. O'Donnell's report also stated the BPW upfront investment cost amounts for each project for approximately \$2M total.

President Lee discussed the importance of BPW being able to recoup the upfront investment costs.

Mr. Gordon requested the Board to allow BPW to pursue these projects on a pro-rata basis to allow the existing property owners estimates for sewer with BPW carrying the additional costs. Applications for funding have been submitted to the State for Savannah Place and Donovan/Smith. The Dutchman's Harvest agreement includes impact fee payment be deferred until the first sale. Preston Schell has requested lowering the impact fees and costs. This will be a future agenda item for discussion.

Mayor Becker stated the Donovan/Smith Project is critical because of the concerns regarding the location to the wellfields.

**14. DELETED: Open forum/general discussion of Reserve Fund Review.
INFORMATION/DISCUSSION/ACTION (D. Gordon, Tim Reath-UBS)**

15. Open forum/general discussion of the Lewes BPW Strategic Plan action items and the 5-year outlook. INFORMATION/DISCUSSION/ACTION (D. Gordon, D. Preston Lee, Robert Kennedy)

President Lee provided the list of the five items that he, Mr. Kennedy, Mr. Gordon, and Mr. Calaman are recommending the Board continue this year.

The Board accepted the five items including:

1. Electric Study with Timeline
 - a. Year 1: Study
 - b. Year 2: Engineering
 - c. Year 3: Big ticket assets
 - d. Year 4: Transmission assets
 - e. Year 5: Tertiary assets

2. Billing System with Timeline
 - a. Waiting to finalize the statement of work

3. Iron and Lead Line Replacement with Timeline
 - a. Year 1: Pilottown Road
 - b. Year 2: Cedar YC-CBH
 - c. Year 3: Cedar YC-CBH and CBH-Savannah
 - d. Year 4: CBH-Savannah, Kings Highway and Johnson Street
 - e. Year 5: Kings Highway and Johnson Street

4. Policy for Customer Data Security

5. Policy for Competitive Wages and Workforce Development
 - a. Yearly review of wages and comparison to AWWA, APPA, WEF and other local municipalities

16. Open forum/general discussion of Battery Project. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon reported two proposals have been received with a presentation given this morning by Convergent, and they will be sending a contract for review. More information will be provided to the Board on the two proposals for further review.

17. Open forum/general discussion of Rehoboth Rate Article. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon reviewed the recent article in the Cape Gazette comparing the City of Rehoboth's water and sewer rates to Lewes BPW. Comparisons were noted regarding Rehoboth's usage of 1" meters and Lewes BPW's use of 5/8" meters for average annual costs assuming 48,000 gallons per year.

AVERAGE ANNUAL COST COMPARISONS (Assuming 48,000 gpy)

Water

Rehoboth with 1” meter total annual cost \$344.40
BPW with 5/8” meter total annual cost \$249.12

Sewer

Rehoboth with 1” meter total annual cost \$830.60
BPW with 5/8” meter total annual cost \$815.40

18. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF

Mr. Panetta reported he attended the DelDOT traffic study meeting for New Road; Mayor and City Council; Parks and Recreation meeting with discussion of the Shields Elementary School plans; Lewes Planning Commission.

Mr. Kennedy reported he attended the Mayor and City Council meeting for review of the Flood Study; bike safety meeting with Senator Lopez attended as a private citizen and not representing BPW.

Mr. Owen reported he attended the Lewes Planning Commission meetings; Mayor and City Council meeting for review of the Flood Study.

President Lee reported he attended the conference call with Mayor Becker, City Manager Ann Marie Townsend, Mr. Gordon and Chesapeake; Mayor and City Council meeting.

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

None

20. CALL TO THE PUBLIC

None

21. CALL TO THE PRESS

None

22. EXECUTIVE SESSION

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

23. RETURN TO OPEN SESSION

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

25. ADJOURNMENT

The meeting adjourned at 6:30 P.M.

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