

Resolution No. 13-002

A RESOLUTION OF THE BOARD OF PUBLIC WORKS OF THE CITY OF LEWES, AMMENDING FEES AND RATES FOR THE ELECTRIC, SEWER, AND WATER UTILITY SERVICE WITHIN AREAS SERVED BY THE BOARD OF PUBLIC WORKS.

WHEREAS, the Board of Public Works exists so that current and future customers have availability and accessibility to safe, reliable and affordable electric, sewer and water management, and treatment services; and

WHEREAS, the Board of Public Works provides these services for life sustaining use while being environmental stewards; and

WHEREAS, pursuant to Sections 4.1 and 4.11 of the Charter of the Board of Public Works, being Chapter 10, Volume 77, Laws of Delaware as amended, the Board of Public Works has the authority to fix rates, assessments, and fees for the utility systems; and

WHEREAS, such rates shall be sufficient to provide for conducting and operating the said utility systems and for payment of debt services incurred by the Board of Public Works; and

WHEREAS, the Board of Directors adopted the 2013-2014 Operation and Maintenance Budget on March 20, 2013 without any increase in rates for the 2013-2014 fiscal year, and

WHEREAS, Resolution 10-003 established a 5% increase plus CPI in the Water Ready to Serve Charge and Consumption Charge beginning June 1, 2011 and Resolution 10-004 established a 15% increase in the Sewer Ready to Serve Charge and Consumption Charge plus CPI beginning June 1, 2011 and Resolution 10-005 established the Electric Rates.

NOW THEREFORE, BE IT RESOLVED by the Board of Public Works of the City of Lewes, in session met, a quorum pertaining at all times thereto, that the Board of Public Works hereby amends the rate increases to be effective for the period of June 1, 2013 to May 31, 2014 by suspending the increases and the current rates shall remain in effect.

PASSED AND ADOPTED, by the Board of Public Works this 20th day of May 2013.

Board President

ATTEST;

Board Secretary

APPROVED AS TO FORM

Glenn Mandalas
Board Attorney

BOARD OF PUBLIC WORKS

Vision

The Board of Public Works exists to improve the quality of life of the customers we serve.

Mission

We are dedicated to providing our current and future customers with utility and other value added services in a safe, reliable, and economical manner consistent with sustainable growth, community involvement, and environmental stewardship.

**Regular Meeting of the Board of Public Works was held in Lewes City Hall, Council Chambers,
114 East Third Street, Lewes, Delaware on Wednesday, May 22, 2013 at 7:00 PM.**

Board Members Present:

*C. Wendell Alfred
D. Preston Lee, P.E.
Jack Leshner
James N. Richmann*

Board Members Not Present:

A. Thomas Owen

Ex-Officio Members:

*James L. Ford III, Mayor
Darrin Gordon, General Manager
Glenn C. Mandalas, Legal Council
Heidi Wagner, Asst. General Manager*

Others Present:

*Joe Hoechner, Pilot Town Village, 305 Seagull Drive
Tim Crowley, Pilot Town Village, 102 Horn Bill Court
Fred Beaufait, City Council
Dennis Reardon, City Council, 1302 Bay Avenue*

1. Welcome, Call Meeting to Order, and Pledge of Allegiance.

At 7:00 PM, President Alfred welcomed everyone, called the May meeting to order and led Pledge of Allegiance. A moment of silence was observed for our troops serving our country and for the people in Oklahoma.

2. Roll Call.

President Alfred stated that Tom Owen is absent, and all other Board Members, General Manager Darrin Gordon, Assistant General Manager Heidi Wagner, Mayor James Ford, and Legal Counsel Glenn Mandalas are present.

3. Revisions and/or Deletions to the Agenda.

No revisions and/or deletions.

4. Consent Agenda.

- a) Receive the General Manager Monthly Report*
- b) Receive Severn Trent Report for April*
- c) Receive President Report*
- d) Receive Vice-President Report*
- e) Receive Secretary Report*
- l.) Approval of Regular Minutes dated April 24, 2013.*
- f) Receive Treasurer Report*
- g) Receive Asst. Treasurer Report*

James Richmann motioned to approve the Consent Agenda, Preston Lee seconded, and motion carried unanimously.

OLD BUSINESS

5. Election of Directors of the Board and the appointment of Board principals to the divisions:

- a) President - *Currently C. Wendell Alfred*
- b) Vice President - *Currently Candace Vessella*
- c) Secretary - *Currently D. Preston Lee*
- d) Treasurer - *Currently Jack Leshner*
- e) Asst. Treasurer - *Currently James Richmann*
- f) Division Chairs:
 - Administration Principal - *Currently Candace Vessella*
 - Electric - *Currently James Richmann*
 - Water, Wastewater & Stormwater - *Currently D. Preston Lee*

President Alfred read the list above and asked for a motion.

James Richmann said as the Chair of the Informal Nominating Committee, it is my pleasure to make a motion to put the following names to stand for election: C. Wendell Alfred as President, James Richmann as Vice President, D. Preston Lee as Secretary, Jack Leshner as Treasurer, and A. Thomas Owen as Assistant Treasurer. Jack Leshner seconded the motion, and motion carried unanimously.

James Richmann said it is my privilege to also nominate the following Principals: Jim Richmann as Administration Principal; Tom Owen as Electric Principal; Preston Lee as Water, Wastewater, and Stormwater Principal.

President Alfred asked for any nominations from the Board for additional appointments. There were none.

Jack Leshner seconded James Richmann's motion, and motion carried unanimously.

NEW BUSINESS

6. It is recommended that the Board of Public Works adopt Resolution 13-002, suspending the rate increases in the Water rates as prescribed in Resolution 10-003, Sewer rate increase as prescribed in Resolution 10-004 and maintain Electric rate as prescribed in Resolution 10-005. (D. Gordon)

INFORMATION:

Darrin Gordon said it was announced in the Cape Gazette that we were going to have a sewer increase. What we have is a resolution from 2010 that set up the rates based on a rate study and that there would be a rate increase annually. That annual increase was going to occur on June 1, 2011, June 1, 2012, and a final increase on June 1, 2013. It was set that the water rates would go up 5% and the sewer rates would go up 5% with the inclusion of the CPI, the Consumer Price Index. We have worked hard, and for the past two years we have suspended that rate increase, and therefore that Resolution 10-003 and 10-004, and held the electric rates that were established with Resolution 10-005. We have worked hard and kept costs down and reduced the number of staff while still maintaining an exceptional level of service. We have done our budgeting and looked at our year to come and the rates that we have established, and we can continue to function as we are for the next year without these rate increases. It is my recommendation that we suspend Resolution 13-002.

Glenn Mandalas reads Resolution 13-002.

ACTION:

Preston Lee motions to adopt Resolution 13-002, Jack Leshner seconds, motion passed unanimously.

7. Open forum/general discussion for a change in the collection policy for late payment and shut off notices. (D. Gordon)

Darrin Gordon said you will see that there is no action requested at this time for this item. This is a policy decision so that I can have the authority to do that. On the second page of your handout is the old policy and it says that you will be notified of disconnect proceedings and additional charges will be incurred. The disconnect notice will be sent by first class pre-paid mail and deposited in the United States Postal Service and addressed to the customer the last known address. We are doing that at the present time. We are going to new billing software. I need to let people know how our billing works. You get billed in February for the electricity that you use in January. That comes due in March. The first week of March we send out the late notices and in the middle of the month we go out and lock them. It is not in our policy and I am not going to write it in, but our ladies every month call the people who are on that lock list. They don't reach every single one, and because they sometimes just can't

physically reach them all, that is why I am not writing it in the policy. I believe we are going above and beyond. What we are going to be doing is sending out in the bill that second month. We are saying that our notice that goes with that bill that second month that says in red that it is a late notice. That is sufficient to let the individual know they are late and that is adequate and we do not have to have a second mailing to get that out. We will still continue to do the phone calls. With that, we have reduced our policy to the first page. This is what it says:

Disconnection for failure to pay. If the payment is not received by the Board prior to the next billing date, the Board will include a disconnect notice with the next regular bill notifying the customer if payment is not received within fourteen days of that bill, service will be disconnected.

So we have simplified our policy. We are very careful and cognizant of being customer friendly. I believe that we go above and beyond with disconnect notices and trying to be fair with people, but this is a decision that I believe is appropriate and I would welcome discussion and questions.

Glenn Mandalas said the only question that I would have is what degree of due process that the court says is necessary when you are going to shut off something as basic as water which are life sustaining things. I feel assured that there is something out there that would be very clear on what level of process is needed for these sorts of things. Initially I am hesitating that they are only going to give one notice in the mail for a transient community where people are not always here. There is no action tonight, so if you will give me an opportunity to prepare a short paragraph or two that I can share before the next meeting.

Darrin Gordon said there are state laws that we do go with. In the winter time we have gone a couple of months where we have not been able to do any lockouts if the temperature is below thirty degrees 24 or 48 hours before the lock date, we cannot lock them. There are also other weather concerns such as if it so hot two days before or during that period of time we cannot lock them. We follow those state guidelines that we have been given. There are other guidelines beyond these. This is an internal policy. So yes, I would welcome that.

President Alfred asked roughly how many people do have fall under delinquent monthly and how many recurring?

Darrin Gordon said twelve to fifteen. I would say five recurring. It is very manageable.

President Alfred said I think the Counselor's advice is good. As long as I have been on the Board we have always tried to be customer friendly and it's not often that we cut someone off. But we do have a business to run.

James Richmann said I am concerned about changing the policy during a time when we are changing our billing system. You made it sound like it was motivated by the change in the billing system. But I am worried about the possibility that there would be errors and I think we need to be especially cautious during that changeover period.

Preston Lee said I wonder if it makes sense to have Tim put something physically at the house.

Darrin Gordon said that utilities have done that in the past by putting on a door hanger. The courts have come back and said you are actually discriminating in two ways. First, you are telling someone that they are a bum and not paying and that is discriminating against their neighbors. There has been legal action on that.

President Alfred agreed that it is good advice to wait six months after the new billing system is underway.

Joe Hoehner, 305 Seagull Drive:

Every other utility bill I get, they leave a blank space for the amount enclosed. Our utilities don't. There is not an option to do that. If someone is questioning a portion of the bill, it is their right to withhold that amount. But there is no availability of space to indicate that they are only paying a portion.

Preston Lee asked how what the reason would be to assume a different amount. How would you come up with that figure?

Joe Hoehner asked why this utility system does not do what other utilities do. If we are going to be changing the system, we may want to add an extra line to give people the option of enclosing a portion if they are having hard times and having trouble making ends meet

President Alfred said my problem with that would be that with the low number of people we are talking about, those people could come into the office and work it out. We have gone from a little card to a letter and different mailers and so on.

Preston Lee said I would be concerned that it would cause more confusion.

Unknown Resident:

Before you shut the water off, do you look at the payment history to see if someone has paid regularly over the years and all of a sudden they are not paying and there could possibly be an explanation?

Darrin Gordon said that we have given authority to the ladies up front that they can make decisions. They look at history and at circumstance. They listen to the people on the phone and they can make payment arrangements and they can make adjustments to the bill. I give them that authority and I back them up when they make that decision. We have phone numbers for Catholic Charities and others for those people who are really struggling and can get some help in other places. I think the ladies do a good job of being cognizant of our customers and I think the phone calls they make go above and beyond. I think we help our customers as much as we can people can make partial payments if that is all they can do.

President Alfred asked if we still do the round up program. Is it successful? Do we need to remind people of it?

Darrin Gordon said yes. It goes to the Salvation Army and they administer where that money is and this money is available for those you may need it. I think we have spent several thousand dollars with it so far, so it is worth it. I agree that we do not change the bill.

Heidi Wagner said that if customers are having a payment problem, we also talk to them about energy efficiency. If they had a high bill, why it might be high, and ways that they can lower it. We do spend a substantial amount of time in that area.

8. Open forum/general discussion on authorizing the General Manager to sign mutual aid agreements with the American Public Power Association and The Delaware Rural Water Association. (D. Gordon)

INFORMATION:

Darrin Gordon said that since I have been here in the last two years we have had two hurricanes, an earthquake, a tornado, and a few Nor'easters. That has been new to me. One of the biggest tools we have available to us are Mutual Aid Agreements. I have two of them in your packet. The first one is a single page mutual aid agreement from the American Public Power Association. On the second page you will see the other utilities in Delaware that are part of this agreement. It is recommended that we renew this annually. What it means is that if we have a disaster in our area, we are able to go to these other utilities and if they have available men and equipment, they will send that. We still have to pay for it for the time and materials. The cost is set. It also says that if they are in trouble and we have manpower and tools available, we will send those to them. The APPA Mutual Aid Agreement is a cornerstone of best practice for all utilities. The second one is the Delaware Mutual Aid and Assistance Agreement for Intrastate Water Wastewater Agency Response Network, called DWARN here in Delaware. This is a relatively new mutual aid agreement. It is a bit different for water and wastewater. It has come through The Delaware Rural Water Association. The last page lists the current members. We would have to feed and house these folks if they came to help us. When push comes to shove and we need that help, this is priceless.

Preston Lee asked how this affects our wastewater contract (Severn Trent). Are they involved in this?

Darrin Gordon said that I cannot commit Severn Trent in this. If we got in trouble, Severn Trent would send people to help us at the treatment plant. We do not have the authority to send them anywhere else. This would not encumber them in any way.

Preston Lee said with both of these agreements we are more susceptible being a coastal town so it is to our benefit. We don't have many people to lend.

Darrin Gordon said that during Katrina and other things that have happened throughout the nation, there were people from a lot of the bigger companies in Florida, Texas, and the Carolinas. Those huge utilities are really the ones who have the extra manpower to send. That is why for us, as a small utility, this is a no brainer. It is worth gold to me.

Glenn Mandalas said these types of agreements are the last thing you want to be banging out as the hurricane is coming in. You want these things in place beforehand.

ACTION:

Preston Lee motioned to sign both the APPA Mutual Aid Agreement and the Delaware Mutual Aid Assistance Agreement, **James Richmann** seconded, motion passed unanimously.

9. Meetings Attended by Board Members or Staff.

Preston Lee attended the Mayor's Council.

Jack Leshner attended the Delaware League of Local Government on April 25th and the Planning Commission.

10. Board or Staff Requests for Agenda Item(s).

President Alfred informed everyone that the June meeting has been moved to June 19th in the conference room.

James Richmann said at the last meeting we discussed and endorsed a workshop to discuss our long range capital plan and how we are going to resource that plan.

11. Call to the Public:

No questions or comments.

12. Call to the Press.

No questions or comments.

13. Adjournment.

President Alfred adjourned the meeting at 7:35 PM. No Executive Session followed.

Respectfully submitted,
Stephanie Moyer