

**CITY OF LEWES
BOARD OF PUBLIC WORKS
Regular Meeting Minutes
October 23, 2024**

The Wednesday, October 23, 2024 regular meeting of the Lewes Board of Public Works was held at 4:00 P.M. in Lewes City Hall and via Zoom.

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

President Panetta called the meeting to order at 4:00 P.M. and led the Pledge of Allegiance and a moment of silence.

2. ROLL CALL

Board Members:

Thomas Panetta
Barbara Curtis
D. Preston Lee, P.E.
Richard Nichols
Bob Heffernan

Ex-Officio Members:

Austin Calaman, General Manager
Robin Davis, Assistant General Manager
Michael Hoffman, Legal Counsel

Others Present:

Ellen Loraine McCabe, Lewes City Manager (via Zoom)
Kimberly Bellere, BPW Finance Director
Jeffrey Kerin, Inframark
Charlie O'Donnell, GMB
Sharon Sexton, BPW Special Projects Coordinator (via Zoom)
Jackie Doherty, Recording Secretary (via Zoom)

3. CONSENT AGENDA

- a. Receive Vice President Report**
- b. Receive Secretary Report**
 - **April 24, 2024 Regular Meeting Minutes**
 - **December 5, 2023 Finance Committee Minutes**
 - **August 28, 2024 Regular Meeting Minutes**

c. Receive Treasurer Report

- **September R&E**
- **Quarter 2 R&E**
- **YTD R&E**
- **Cash Graph**
- **Q2 Adjusted O+M Budget**

ACTION: *Ms. Curtis made a motion to remove the Treasurer Report, Secretary Report, and meeting minutes of August 28, 2024 from the Consent Agenda; Mr. Nichols seconded the motion, which passed unanimously.*

ACTION: *Mr. Nichols made a motion to approve the Consent Agenda; Ms. Curtis seconded the motion, which passed unanimously.*

President Panetta reviewed the corrections to the August 28, 2024 minutes.

Ms. Bellere's Treasurer Report included:

- Quarter 2 continues to be our best quarter; all utilities are doing better than budgeted except for stormwater due to a few larger expenses.
- Operating revenues are up 2% compared to last year with more income from rates than developer payments.
- Operating expenses are up over 13% as seen in purchase power; this increase has resulted in an operating income decrease of \$500,000; non-operating revenues have increased just over \$500,000 with most from impact fees and investments creating a bottom line of \$11,000 more than last year.
- Year-to-date we continue to do better than budgeted with a net income for all utilities comparable to last year.
- Projections are based on the year-to-date and remaining budget with an increase in all utilities for a total net income increase of \$1.2M.
- Industrial water and sewer are higher than budgeted due to the DRBA's new 2" water meter and Beebe's mechanical room account is using a high amount of water; there are record revenues from plumbing permits and meter sales and purchase power is high.
- Professional contractual electric has been under budget with substation testing done biannually included; electrician credits for wastewater have been received and maintenance charges are not far from the monthly budgeted amount; attorney and engineering fees for wastewater are lower than last year.
- Investments are making money with favorable market adjustments; there are no longer interest payments on wells since being discontinued by the State; \$1M was transferred from the operating account to a money market account.

Mr. Heffernan spoke about having the investment performance listed on a separate page in a quarterly report.

Ms. Bellere stated the Finance Committee is planning a different report to present to the Board with a different backup for the report to include the reserves.

Ms. Bellere continued:

- The \$1M transfer that included the electric is still \$250,000 under the reserve policy with over \$4M in capital projects over the next five years.
- For water, not counting the ARPA funds, we are good for the reserve policy; there is \$117,000 in debt service payments with another \$400,000 coming from canal crossing and the water tower; in addition to canal crossing and the water tower, there is another \$10M in water capital projects for the next five years.
- Wastewater is \$700,000 short in the reserve policy; \$850,000 in debt service payments with the Headworks Project adding another \$130,000; additional \$5.7M in the next five years with the questionable wastewater treatment plant.
- Stormwater is \$740,000 short on reserve policy with \$875,000 coming in the next five years.

ACTION: *Mr. Heffernan made a motion to approve the Treasurer Report; Ms. Curtis seconded the motion, which passed unanimously.*

4. Receive the Inframark Report

- **Veolia Report**
- **Pump Station List**

Mr. Kerin reported:

- The Headworks Project is complete.
- Electric manhole drain for stormwater was completed last month by the BPW water crew.
- Quote for new generator and two bypass pumps at #4; current review of option with GMB for an upgrade system with the generator and impact on future flows.
- Isolation valves installed for Kubota membranes last month to isolate cleaning cycles; completed semiannual cleaning on Trane #1, 2, and 3; issue with Trane #4 that the gate is not sealing properly; tanks will need to be drained to inspect why the seal failed to be repaired and Trane #4 cleaned. This should only take a few hours to complete.
- Kubota cleaning completed as recommended by the representative.
- Quote to clean the EQ tank is about \$33,000; work for the 5-ton crane will be Tuesday thru Thursday of next week.
- Met last week with GMB regarding protection of the pump station electrical equipment from massive rain, etc.

Mr. Calaman stated pump station control panel elevation work has begun funded by a \$250,000 grant.

President Panetta requested that this be an agenda item for the December meeting.

In answer to Ms. Curtis' question, Mr. Calaman stated Sussex County is not hauling liquid sludge. Mileage is now being paid to Clean Delaware to haul with no treatment charges.

5. Receive the President's Report

President Panetta spoke about paying tribute to Ted Becker for his service to the City of Lewes. The reasons why downtown Lewes brings so many visitors are contributed to his efforts. We send our regards to his long-term partner, Joe Stewart. The tribute for Ted will be Saturday, and the Board will be represented at his celebration of life.

President Panetta reported the Hazardous Waste Take Back Day will be in Spring 2025. The Police Department will continue with the National Drug Take Back Day. There were meetings with Sussex County regarding wastewater treatment plant issues; also had a joint BPW and City executive session meeting; attended the Rehoboth Beach Commissioner workshop meeting, the next is scheduled for November 4th; the Rehoboth Beach Commissioners will meet on November 15th to vote on whether to proceed with our agreement; attended the public Strategic Planning Workshop meeting and the Mayor and City Council leadership meeting with Mayor Williams and City Manager Ellen Lorraine McCabe; met with the president of the Delaware Chapter of the Sierra Club to ask his input on issues impacting the BPW.

6. Receive the General Manager's Report

Mr. Calaman reported Donovan Smith paving is complete with the speed bumps being the last of the punch list items; our first Wednesday of the month progress meeting will be held at 10:00 A.M. followed by a walkthrough with the owner and his attorney being notified to be present to discuss infrastructure acceptance.

Waiting for approval from one agency on canal crossing to begin drilling by the Army Corps of Engineers, who are working on their final review knowing this is an emergency project for BPW. Pipes and equipment have arrived, and fusing will begin this week. The drilling is expected to begin on November 4th and take about four to six weeks. Teal will be working conjointly, and the expectation is final connection on American Legion Road. The priority is to have the pipe bacteria tested and up and running for final restoration. There will be a period of time when the bike trail will be closed per DelDOT to push the path farther toward the neighboring property. There has been discussion about installing a water bottle filling station in the area of the cement half circle at the beginning of the trail.

President Panetta stated this is a joint replacement project with the City to replace trees, and BPW will install the filling station or a hydrant to water the trees. Sussex Tree will plant trees to replace those that they accidentally removed.

Mr. Calaman reviewed the pump station list he provided that states the work completed through the month. Met with Rehoboth Beach Staff to be included on their November 4th agenda. Our press release was sent to Bill Shull of the Gape Gazette on the lead and copper submission with formal letters being sent by November 16th explaining everything related to the program. The updated lead and copper rule posted on October 8th states there are three years to establish inventory and ten years to replace. An email address will be posted for homeowners to make an appointment for inspection to determine if lead and copper pipes are present.

Mr. O'Donnell reported GMB submitted design grants for Hoornkill Avenue and the Fourth Street Park Avenue Project through the Office of Drinking Water. Draft approvals were received in the amounts of \$120,000 for Fourth Street water design and \$17,000 for Hoornkill Avenue.

OLD BUSINESS

7. Open forum/general discussion on the updated DRAFT water meter policy. INFORMATION/DISCUSSION/ACTION (Austin Calaman and Michael Hoffman)

Mr. Calaman stated the purpose is to eliminate water meters inside houses to be placed closer to the road. This version of the resolution has been reviewed by Mr. Hoffman and includes comments from Staff. The cost to the homeowner depends on distance for the meter placement and charges by a plumber. The estimate is \$2,500. Clarity added to the current policy is what constitutes the need to move the meter from inside to outside and the issues with access.

ACTION: *Mr. Lee made a motion to have Resolution #24-007 read into the record by title only for consideration and adoption by the Board; Ms. Curtis seconded the motion, which passed unanimously.*

Mr. Hoffman read Resolution #24-007 by title only into the record.

ACTION: *Mr. Nichols made a motion to adopt Resolution #24-007 with the noted addition; Mr. Lee seconded the motion, which passed unanimously.*

8. Open forum/general discussion on the 6-month review of impact fees. INFORMATION/DISCUSSION/ACTION (Austin Calaman, Kimberly Bellere, and Robin Davis)

Mr. Calaman stated the amounts used were from the last cost-of-living adjustment in December 2023 to August 2024. The difference was 2.62%. He suggested waiting a year and reviewing the data before raising the impact fees by 2.62%.

President Panetta stated this will be deferred until the December meeting when Mr. Calaman and Ms. Bellere will provide additional information on the gross run rate last year times the 2.62%.

9. Open forum/general discussion on the WWTP long-range plan update. INFORMATION/DISCUSSION/ACTION (Thomas Panetta)

This agenda item was reviewed by President Panetta in his report under Agenda Item #5.

NEW BUSINESS

10. Open forum/general discussion on setting the date for the November/December Board Meeting. INFORMATION/DISCUSSION/ACTION (Austin Calaman and GMB)

After discussion, it was decided to schedule the meeting for December 12th at 4:00 P.M. with special meetings scheduled as needed.

**11. Open forum/general discussion on approving the DWSRF grant for emerging contaminants.
INFORMATION/DISCUSSION/ACTION (Austin Calaman, GMB, and Michael Hoffman)**

Mr. Calaman stated BPW applied last July in the amount of \$414,500 for emergent contaminant funds, which was before anything passed regarding PFAS. After one year, the funds were awarded. The agreement to approve moving forward with the project is being presented to the Board today. There will also be federal requirements to be met including bids and prevailing wage rates.

Ms. Curtis stated concern about having a system in place to meet all requirements to be sure none are missed.

Mr. Calaman spoke about other grant opportunities available for BPW to consider including drilling deeper vs. treating for PFAS, looking at various treatments to include reverse osmosis, GAC, and working toward the design. Regarding concerns about meeting all requirements, Staff will be able to handle these new responsibilities.

ACTION: *Mr. Lee made a motion to approve the agreement for the Drinking Water State Revolving Fund Grant; Ms. Curtis seconded the motion, which passed unanimously.*

**12. Open forum/general discussion on the outside City limits utility plan escrow policy.
INFORMATION/DISCUSSION/ACTION (Austin Calaman and Michael Hoffman)**

Mr. Calaman reviewed the process for the current escrow policy including properties inside and outside the City limits. Changes to the policy for properties outside the City limits will include a process to have an agreement with the developer to establish an escrow based on estimated review fees. BPW would then be able to draw from the escrow account as invoices for the reviews are received.

ACTION: *Mr. Nichols made a motion to have Resolution #24-008 read into the record by title only for consideration and adoption by the Board; Ms. Curtis seconded the motion, which passed unanimously.*

Mr. Hoffman read Resolution #24-008 by title only into the record.

ACTION: *Mr. Nichols made a motion to adopt Resolution #24-008; Ms. Curtis seconded the motion, which passed unanimously.*

In answer to Ms. Curtis' question, Mr. Hoffman stated only the maximum legal rate of interest may be charged. The reason why the lowest interest rate is given to people who are late on payments is because it needs to be under the maximum legal limit. The 8% amount seems to be a reasonable amount.

Mr. Hoffman continued stating the percentage amount is not intended to make money but is to incentivize payment. This language provides taking the estimate of the review fees with 150% being held in escrow. This is an additional component, but the important part is the correct estimate of which BPW is taking 150%. The recommendation is to name the number that is reasonable to not exceed the maximum rate of interest, which is why it is 8%.

13. Open forum/general discussion on a special Board meeting date to award the elevated storage tank contract. INFORMATION/DISCUSSION/ACTION (Austin Calaman and GMB)

Mr. O'Donnell recommended taking a few extra days to review the proposals before the meeting because this is an unusual contract. After discussion, the meeting was scheduled for November 19th at 1:00 P.M.

14. Open forum/discussion on request from Excelcare at Lewes (Breakwater Village) to consider payment option for electric service. INFORMATION/DISCUSSION/ACTION (Austin Calaman)

Mr. Calaman stated when Excelcare bought Harbor Health Care, they were required to make a deposit payment of \$27,570 based on the percentage of one year's historic charges. They have not paid the deposit invoice but requested to use this money to pay their electric bill over the next six months. This is the first time we have received this type of request, and there is concern that it will set a precedent if approved. Deposits are held until the business is no longer a BPW customer and is returned with interest. These requirements are all contained in the BPW Electric Tariff.

Discussion included:

- The entire deposit amount is held in the reserve account for investments, this also applies to residential customers; \$115,000 in deposits are currently in the reserve account committed to escrow accounts.
- Concern if Excelcare was to be late with their monthly payments; is the reason they are making this request due to financial problems, and we may consider having them make two payments instead of six.
- Excelcare is a full-profit business and the owner of the facility.

Mr. Hoffman advised that from a best practices standpoint, it is better to make a positive motion with a second to begin discussion. The vote may be to deny. If no motion is made, there is no action taken on the item.

ACTION: *Ms. Curtis made a motion to approve the request by Excelcare to use the \$27,570 deposit to pay their electric bills over the next six months; Mr. Nichols seconded the motion. The motion to approve was unanimously denied.*

15. Board or Staff Requests for agenda item(s).

Discussion throughout the meeting.

16. Call to the Public

Fely Cieza, 115 Schley Avenue Unit #2, was present and asked for an overview of the canal crossing pipe project. She has previously sent questions to Mr. Calaman by email, and he did respond with answers to her questions. Ms. Cieza stated she is also speaking for her Schley Avenue neighbors.

Mr. Calaman gave a review of the locations for the pipe installation stating that everything will be underground and not seen.

Ms. Cieza asked if the tree stumps and roots would be removed. Would BPW be open to working with the Schley Avenue homeowners for the replanting remediation process.

Mr. Calaman stated the contractor will be removing the stumps and roots and replacing the area with grass. Those located on private property will be the responsibility of the homeowner. The reason for the trees being removed was for equipment purposes.

President Panetta stated the City will need to be consulted regarding the replanting remediation process since it is not within the jurisdiction of BPW. Everyone is committed to improving the experience of the trail and replacing the lost trees.

Ms. Cieza requested that BPW provide more information to the residents, including emails. She may be the contact person to forward the information to the other Schley Avenue residents.

Lewes City Councilwoman Amy Marasco was present stating she would like to help with preparing the pre-audit information needed for grant applications.

17. Call to the Press

Bill Shull of the Cape Gazette was present stating he had no additional questions today.

18. Executive Session

19. Return to Open Session

20. Discussion and action on items from Executive Session, if applicable.

21. Adjournment

ACTION: *Mr. Nichols made a motion to adjourn; Ms. Curtis seconded the motion, which passed unanimously.*

The meeting adjourned at 6:00 P.M. with no action for an executive session.

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