

Lewes Board of Public Works
Special Meeting
November 19, 2024
City Hall Council Chambers
1:00pm

1. Welcome, Call the meeting to order and the pledge of allegiance

Panetta called the meeting to order at 1:01pm and led the pledge of allegiance.

2. Roll Call

Board Members

Thomas Panetta, President
Barbara Curtis, Vice President
D. Preston Lee, P.E., Secretary
Richard Nichols, Treasurer
Bob Heffernan, Assistant Treasurer

Ex-Officio Members

Andrew Williams, Mayor
Austin Calaman, BPW General Manager
Robin Davis, BPW Assistant General Manager
Michael Hoffman, Legal Counsel- Zoom

Others

Kimberly Bellere, BPW Finance Director
Vince Luciani, GMB
Charlie O'Donnell, GMB
Bill Shull, Cape Gazette
Jonathan Garcia, City of Lewes
Kristina Keller, BPW Office Manager
Sharon Sexton, BPW Special Project Coordinator

3. Open forum/general discussion on awarding the bid for the new Lewes BPW water tower.

Mr. Calaman reviewed the water tower project. The Board went out to bid at the beginning of October and received one qualified bid. The Board needs to decide between a 750-thousand-gallon tank and one-million-gallon tower. Proposals did come in higher than expected. Staff and GMB have developed value engineering costs to counter the higher bid proposals. Staff have started the request for supplemental funding up to a million dollars.

Mr. Calaman stated that the existing water tower, which can only store 300,000 gallons, is nowhere close to future demand and fire flow. Mr. O'Donnell stated that under current well supply conditions, there is a one million gallon deficit. With the new well-header pipe operational, the Board will be at a deficit of 700,000 gallons before the addition of a new tower. Modelling suggests that the Board could go with 750,000 but modelling may be off 10% or so. GMB recommends the one-million-gallon tank if funds are available based on economy of scale.

President Panetta stated that the tower does not have a life span if well maintained. The cost of building a new tank to replace the current tank in the future would be more than saving time, value, and money now by going with the smaller tank.

Mr. Lee stated that there is a trade from getting water out of the ground and into the tank and that the 750-thousand-gallon tank is sufficient. Mr. Lee believes that another well in the future would alleviate any capacity concerns. Mr. Lee stated that the Board is not flush with cash. Mr. Nichols questioned whether the future projection of the 750-thousand-gallon tank or one-million-gallon tank will have sufficient capacity. Mr. Luciani stated the projected growth is through 2042. Ms. Curtis stated this timeframe is not that far off.

Mr. Calaman stated that the service area growth is in the Board's hands. Ms. Curtis is worried about increasing demand. President Panetta disagrees that there is not that much open, buildable space available. Mayor Williams agrees with President Panetta.

Mr. Calaman reviewed costs and funding.

Ms. Curtis questioned why estimates were so off from the bids? Mr. Luciani stated estimates were provided almost three years old. Inflation was a factor. All estimates were based on a standard foundation design. During the geotechnical survey, soft clay layer was found, which necessitates deep piles. This resulted in a \$600,000 to \$700,000 escalation. The funding process started two years. CB&I was the low bidder and the one who provided estimates.

Staff looked to cut costs and have provided options that could potentially be cost savings. Mr. Calaman stated that the fence would still cost money but would not be included in the funding package. By not including options in the funding, the options are not subject to prevailing wages.

Mr. Nichols questioned the Delaware License Surveyor. Mr. Luciani stated that the contractor is not licensed in Delaware. GMB will be involved in the survey.

Mr. Nichols questioned the concrete floor coating. Mr. Luciani stated that bid included an epoxy coating, Mr. Luciani stated that the use of the coating is not needed. This was a top-of-the-line option. The coating would be on the floor inside the pedestal and could be done later.

Mr. Nichols questioned waiving the 1/16" corrosion allowance. Mr. Luciani stated that the need for the allowance depends on how well the tanks are maintained. This is a top-of-the-line option. The steel is 1/16" thicker to allow for corrosion. President Panetta stated that it

is reasonable not to include this option, given the Board's history maintaining the current tank.

Mr. Nichols questioned the item "grind the large welds". Mr. Calaman stated that the quality of CB&I welds are good and is a big ticket item at \$121,000. President Panetta reiterates the quality of CB&I's welding. Tidewater did not upgrade at the Beacon school.

Ms. Curtis questions if there is concern that CB&I is being sold to a private equity firm, Mason Capital Management, and whether quality will suffer. GMB was unaware of this transition. Mr. O'Donnell stated that in the engineering industry, generally the new owners still allow firms to continue to operate the way they have in the past.

Mr. Calaman stated that supplemental request has a closing associated with this, just like any other loan. The supplemental request does not have to go back to WIAC.

Mr. Nichols stated that part of the increase is due to the required prevailing wages. Mr. Calaman stated that prevailing wages are required in order to get the money at lower interest rates through the state. Inflation was a factor in the increase.

Mr. Lee stated that related to capacity, it is an issue of production versus storage. Mr. Lee questioned what the cost would be to install another well. Mr. O'Donnell stated that a well would add to a long-term maintenance cost. Mr. Luciani stated that there is a possibility that the Board may need new, deeper wells because of PFAS. Generally, with deeper wells, they pump less, and flow rates decrease. The treatment process for PFAS will also decrease flow.

Mr. Nichols questioned if there is an expectation with the completion of either size tank that residents will see a pressure increase. Mr. Luciani stated that those next to the tank may see a slight increase in pressure, but nothing detrimental.

Mr. Heffernan asked for the recommendation from GMB and staff. Mr. Calaman stated that for future-proofing, the one-million-gallon tank makes sense. Mr. Lee's view is that the cost savings for the 750,000-gallon tank and capacity could be offset by the addition of a new well in the future. Mr. Calaman stated that if a well goes down, additional storage in the air adds more protection. President Panetta stated that another item to consider is the condition of the aquifer and the concern of a drought occurring more frequently.

GMB has performed hydraulic modelling for the new well header pipe. Mr. O'Donnell stated that with the current system, the Board can pump 250,000 gallons per minute. With the new pipe the system will pump 350,000 gallons per minute according to the hydraulic modelling.

Mr. O'Donnell stated that if the Board can afford it, then a one-million-gallon tank would be the recommendation.

Mr. Luciani stated that Ten States has a Rule of Thumb that the tank capacity should be equal to the average flow rate per day. The Board is still on the edge of recommended capacity with the one-million-gallon tank.

President Panetta feels that the Board would be short sighted and risky not to accept the one-million-gallon tank option. Ms. Curtis agrees unless the Board commits to not allowing any more outside of the city services. Mr. O'Donnell is hesitant to recommend not allowing more services because it would allow other utility providers to infringe on the Board service area.

Mr. O'Donnell stated that the Board receives impact fees from every development and recently the fees have significantly increased. Mr. Calaman stated that impact fees can go to capital projects.

ACTION: *Mr. Heffernan motioned the award the bid for the one-million-gallon tank as submitted. Mr. Nichols seconded the motion.*

Mr. Calaman questioned if the cost-savings items would be a change order deduction. Mr. Hoffman stated that the motion needs to incorporate the language to potentially seek cost savings.

Mr. Calaman questioned if the Board wished to keep the thicker steel. Mr. Hoffman recommends awarding the bid and direct staff to pursue cost reductions.

Mr. Heffernan would like to move forward with thicker steel. GMB agrees with Mr. Heffernan.

Mr. Heffernan withdraws the motion.

Mr. Lee does not feel that extra steel is needed. President Panetta stated that the option for the thicker steel is only \$51,000 and would like to include this option.

Mr. Nichols questioned what the actual thickness of the steel without 1/16" variance. Mr. Luciani stated that the thickness varies. The tower is thicker at the bottom and thin at the top. 1/16" is the discussion to allow for corrosion.

ACTION: Mr. Heffernan motioned to award the bid to CB&I for the one-million-gallon tank to include the 1/16" corrosion allowance and to direct staff to pursue the other cost reduction opportunities available. Ms. Curtis seconded the motion.

Yay	Nay
President Panetta	
	D. Pres Lee, P.E.
Barbara Curtis	
Richard Nichols	
Bob Heffernan	

Motion carries.

4. Open forum/general discussion on pursuing supplemental funding of \$1,000,000.00 from DHSS for the additional cost of the water tower project.

Mr. Calaman stated that staff has started the process of supplemental funding. DHSS staff is moving forward with supplemental of one million dollars. BPW staff are asking for binding

commitment letters today. A resolution will be needed before going to closing and documents will come back through the Board and city council for approval per the Charter. Mr. Hoffman added that additional money is available through an administration process.

ACTION: *Ms. Curtis motioned to direct staff to pursue the money that is available administratively through the supplemental funding for the water tower project. Mr. Nichols seconded the motion, which passed unanimously.*

5. Open forum/general discussion on hiring RKL for recruitment services.

The Board received a copy of the RKL engagement letter. President Panetta stated that RKL has performed work in the past for the Lewes BPW. Two changes were made, and one change is needed regarding the insurance being listed in the State of Delaware. Mr. Hoffman stated that this is a form agreement and believes that the change is administrative.

President Panetta stated that the RKL contract is a time and materials contract. All candidates will go through recruiting. Mr. Hoffman clarified the contract is for \$200 an hour.

ACTION: *Mr. Nichols motioned to approve the contract with RKL for recruitment services. Mr. Lee seconded the motion, which passed unanimously.*

6. Open forum/general discussion on the appointment of Robin Davis to Interim General Manager.

President Panetta stated that the Board is using the same protocol to hire Robin Davis as interim general manager as they have previously. Mr. Hoffman stated that Mr. Calaman last day is technically December 28, 2024, but will be on vacation for the last week. The appointment will take effect on December 21, 2024.

ACTION: *Mr. Nichols motioned to appoint Robin Davis as interim general manager effective December 21, 2024. Ms. Curtis seconded the motion, which passed unanimously.*

7. Open forum/general discussion on an Interim General Manager salary adjustment.

President Panetta deferred item 7.

8. Call to the public.

None.

9. Call to the Press

Bill Schull, Cape Gazette, asked for clarification on the numbers for the water tower bid.

Mr. Calaman reviewed costs for the one-million-gallon tank:

Bid: \$ 6, 277,330

W/engineered savings: \$6,011,830

Seeking Supplemental funding: \$1,000,000

Mr. Schull questioned the tank logo and if the cost was included. Mr. Calaman stated that the logo is included in bid. The side facing King's Highway will have the Lewes BPW and City logo and the Cape school district logo will be on the other side. Mr. Hoffman clarified that the costs have been specified but the logos have not been formally approved.

Mr. Schull asked for clarification on the function of the water tower. Mr. Calaman stated that the water tower will be used for pressure equalization and emergency storage for huge demands. The water in the tower is already treated. President Panetta stated that the tower allows the wells to get a rest. Mr. Calaman stated that the old tower is staying in service.

10. Executive Session

ACTION: *Mr. Lee motioned to move to the executive session. Mr. Nichols seconded the motion, which passed unanimously.*

President Panetta moved to executive session at 2:09pm.

11. Return to open session

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

13. Adjournment

President Panetta adjourned the meeting.

Respectfully Submitted
Sharon Sexton
Special Project Coordinator

D. Preston Lee, P.E., Secretary

Date