

**CITY OF LEWES
BOARD OF PUBLIC WORKS
Regular Meeting Minutes
October 25, 2017**

The Wednesday, October 25, 2017 regular meeting of the Lewes Board of Public Works was held at 4:00 P.M. in Lewes City Hall, 114 East Third Street, Lewes, Delaware.

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

In the absence of President Alfred, Vice President Lee called the meeting to order at 4:00 P.M. and led the Pledge of Allegiance. A moment of silence was observed for our troops serving our country.

2. ROLL CALL

Board Members Present:

D. Preston Lee, P.E.
Jack Leshner
A. Thomas Owen
Robert J. Kennedy, III

Board Member Not Present:

C. Wendell Alfred

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 Dennis Reardon
Jackie Doherty, Recording Secretary

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

Mr. Lee stated he has been asked by residents if there are plans for a rate change for in-town vs. outside-of-town. A rate change has not been considered, there has not been any decision made, or is it planned as a future agenda item.

4. CONSENT AGENDA

- a) Receive the General Manager Monthly Report
- b) Receive the White Marsh Environmental Systems, Inc. Report
- c) Receive President Report
- d) Receive Vice President Report

- e) Receive Secretary Report approval of Regular Meeting Minutes dated September 20, 2017 and Special Meeting minutes dated October 4, 2017
- f) Receive Treasurer Report
- g) Receive Assistant Treasurer Report

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

5. Open forum/general discussion of financial review of the 2017/2018 fiscal second quarter and year-to-date report. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon reviewed the 2017/2018 fiscal second quarter and year-to-date report including revenues, operating expenses, and operating income ending September 30, 2017.

Review of revenue included:

- Water revenue 16.9% increase in residential, commercial 52% increase in water revenue all mostly due to irrigation meters, home usage and accuracy of the readings from the new replaced water meters
- Other revenue increases are from penalties, Alevo, Comcast, underground services for Jefferson Apartments, water tower rental, plumbing permits, and water meter sales

Review of expenses budget included:

- Professional contractual expense increased 27%
- Administrative costs are down 12%
- Expenses are up 1.26% with purchase power up 3.19%

Expenses for this year are up from budget at \$6.3 Million with last year being \$6.8 Million.

Non-operating revenue has increased from impact fees for water and sewer due to new-home growth.

Mr. Kennedy questioned if there has been a change in the chart of accounts to reflect new lines.

Mr. Gordon stated there has not been a change in the chart of accounts with more careful attention to have the expenses booked according to correct projects etc.

Mayor Becker requested information on the amount of revenue from the irrigation meters.

6. Open forum/general discussion of the Utility Construction Reimbursement Policy received at the September meeting. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated according to current policy, established customers should not need to pay for the new with the new customers required to pay for their structures needed for service. BPW is trying to establish a reimbursement policy for the structures already built and being used by new customers, and to also be sure BPW is serving everyone within CPCN required service areas. A draft resolution has been presented for a reimbursement policy with BPW funding main lines, interceptors, and infrastructure (mainly sewer) being shared by everyone inside a certain geographic area. Costs will be

shared equally according to EDUs in the area with BPW being reimbursed by individuals with only an annual 2% interest increase. The previous reimbursement policy is being taken off the table.

Discussion included:

- This new policy will be more consistent with the current policy and more efficient
- Swaanendael Acres will not be receiving service; Donovan Smith Park is still deciding; the new Beebe property will be added to help reduce costs for the residents
- Design capacity will allow the addition of Swaanendael Acres if they decide to receive service in the future
- Will allow BPW to better plan and engineer its expansion throughout the service area with less cost
- Because of the large cost for a customer to connect, consider a financing option be included in the policy for BPW to extend the loan
- Discussion is needed about financing of new developments vs. existing
- The infrastructure applies to what is being built to reach the development for connection to their internal distribution system and does not apply to vacant lots

Audrey Cordrey, 2023 Savannah Circle, stated the County has said only Lewes BPW can provide the sewer service.

Cheryl Bayer, 2020 Savannah Circle, asked if there is an estimate for the cost per household; stated she has concerns about inflation and the increase in the costs of usage; to state increase would not exceed a certain percentage, which would be consistent with the County. It is a very good idea for BPW to carry the cost of the infrastructure, but could there be a cap on the amount for a new development to pay.

Mr. Gordon stated he will check to have an answer for Ms. Bayer including any available financial help from the State for homeowners.

Ms. Cordrey questioned if there was an answer on the grant for the residents of Donovan Smith Park.

Mr. Gordon stated there has not been an answer because all the information from the residents has not yet been reported.

Mr. Gordon stated since there have been no objections, he will proceed and provide more information for discussion at the next meeting.

Mayor Becker requested GMB to calculate the amounts to answer the concerns of the residents present today from Savannah Place.

7. Open forum/general discussion of a proposed loan assumption resolution. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated the residents of Savannah Place have requested the ability to transfer liens to the next homeowner. In the past, BPW has refused and has now reconsidered. The request to Mr. Hoffman was for the resolution to state that if a new buyer wants to take responsibility of the lien and meet the requirements this will be allowed.

Mr. Hoffman discussed how the Board would document the automatic liens and forbearance agreements to be included in the policy. The document of policy will state that the Board would enter into a forbearance agreement with a buyer for terms identical to the existing agreement.

Discussion and questions included:

- Use of the term ‘delinquent’; the trigger for the automatic lien is when an invoice is not paid within 30 days as stated in the Charter; no need for a forbearance agreement if homeowner pays the invoice in full
- Recommendation may state this will apply to ‘special utility-extension projects’ with the notice of lien recorded
- When the ‘notice of lien’ is recorded, the owner may petition the Board to enter into a forbearance and monthly-payment agreement and the Board may elect to enter into this agreement
- Concerns about the automatic lien information being provided to lending institutions
- Whereas clause added in reference to the use of ‘delinquent’, the allowance of monthly payment and forbearance agreements

Ms. Bayer questioned the verbiage included in the Charter.

Mr. Hoffman stated the language will be in the BPW policy and the minutes. This will be a governing policy until changed that allows the Board to enter into forbearance agreements knowing that the lien exists. The purchaser must purchase the property subject to the lien.

Mayor Becker requested a change in the language on Line #78 in reference to the statement ‘the Board may approve at its sole discretion’.

Mr. Hoffman stated the change will add ‘the Board may approve at its sole reasonable discretion’.

Everyone agreed that Mr. Hoffman will make the changes discussed today to return for review at the next meeting.

**8. Open forum/general discussion receiving the Municipal Electric Utilities Renewable Portfolio Standard (“MRPS”) 2016/2017 Compliance Year Report.
INFORMATION/DISCUSSION/ACTION (D. Gordon)**

Mr. Gordon explained the State of Delaware requires utilities support renewable energy, and by 2025 25% of the electricity will come from renewable resources including wind and solar. All BPW electricity is now provided by DEMEC beginning in 2013 for the goal of 25% of power coming from wind and another 3 ½% coming from solar. This DEMEC report states BPW is meeting the goals for increased solar panels and wind turbines in the portfolio. The report also states BPW receives a percentage of the kilowatts from a wind farm in Pennsylvania; plans for “Blue Water Wind” are moving forward; Lewes has the only wind-generating system in Delaware with power being purchased by DEMEC and proceeds to provide graduate research fellowships at the University of Delaware’s College of Earth, Ocean and Environment; Lewes is one of the leading per-capita installers of solar.

9. Open forum/general discussion of a presentation of the offerings of the Delaware State Energy Utility (DESEU). INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Lee stated there was an agreement to participate in the DEMEC Green Energy Program and are now researching the program provided through the State.

Mr. Gordon stated DEMEC is about \$70,000 per year which includes rebates to the community for energy-efficient lighting and appliances, branding for BPW and energy audits for commercial and industrial businesses. DESEU will offer home energy audits and provide a grant for the homeowner to only pay a \$100 charge. Audits are also offered to churches with an outreach and education program.

Mr. Owen stated the DEMEC program with a cost of \$70,000 per year does not meet the needs of Lewes. DESEU provides more at less cost.

Mr. Kennedy questioned if DESEU offers the educational information provided to the community as they do with DEMEC. Considered is needed in reference to use of the \$70,000 not being spent for the DEMEC program.

Mr. Lee stated DESEU does not provide the educational events but are willing to help with any BPW's planned events. The appliance rebates and branding are not offered but they do coordinate with the University of Delaware in the energy audits, offer low-interest loans for solar and have a full-time office in Georgetown.

ACTION: *Mr. Owen made a motion to pursue the DESEU program and withdraw from the DEMEC program; Mr. Leshar seconded the motion, which passed unanimously.*

10. Open forum/general discussion of January 4th Strategic Planning meeting INFORMATION/DISCUSSION (D. Gordon)

Mr. Gordon stated a representative from Hometown Connections is scheduled to speak at the strategic planning meeting on Thursday, January 4, 2018. A list of questions and concerns from the Board is provided for review.

Mr. Lee stated Hometown Connections gave a presentation at the APPA Conference discussing their strategic planning. The first meeting will include a plan for future meetings to set up committees and to have the stakeholders, residents and Chamber of Commerce to attend.

Mayor Becker stated there has also been discussion about the installation of Broadband throughout Sussex County. Todd Lawson may be contacted for more information.

11. Open forum/general discussion of current project review. INFORMATION/DISCUSSION (D. Gordon)

Mr. Gordon reviewed the current projects including:

- Savannah Road, Gills Neck and County Interconnection Phase I, Phase II, Phase III
- Highland Heights/Mariner's Cove

- Highland Acres requested financial information on costs to review
- Savannah Place and Donovan Smith process needed to provide services
- Abbott's Park water and sewer services provided up to the manholes
- Showfield water service only for Phase II and Phase III
- Well #1 is operating at 100%
- Beebe Hospital property between Savannah Road and Kings Highway has been given a will-serve letter
- Permits required for outfall pipes to be repaired
- Electric breaker installation by Delmarva
- Cape Shores transformers **to be** replaced
- American Legion Road valve repair in about two weeks
- State Park request for sewer services to be provided
- Cape Shores water lines, issue of residents being gone for the Winter
- Alevo request to have batteries built here
- Collections—one report of theft

Mr. Kennedy requested the schedule for the Savannah Road, Gills Neck and County Interconnection be posted on the website to make the public aware of the changes on a daily basis.

12. Open forum/general discussion of the Household Hazardous Waste and Electronics Collection Day on October 28, 2017 in conjunction with the Lewes Police Department—Drug Take-Back Day. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated everything is ready and the banners have been installed.

13. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF

All Board members attended the DEMEC meeting.

Mr. Owen attended the Lewes Planning Commission and Mayor and City Council meetings.

Mr. Kennedy attended two Pre-annexation Committee meetings. Beebe Hospital's Outreach Program provided free flu shots today.

Mr. Lee attended the City's Capital Projects meeting and Energize Delaware meeting.

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

The November/December meeting will be on Tuesday, December 5, 2017 at 4:00 P.M.

Mayor Becker stated there is a Community Resiliency workshop meeting sponsored by DNREC to be held on Monday, November 27th at DelTech campus in Dover.

15. CALL TO THE PUBLIC

None

16. CALL TO THE PRESS

None

17. EXECUTIVE SESSION

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

The meeting adjourned at 6:00 P.M.

18. RETURN TO OPEN SESSION

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

20. ADJOURNMENT

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