

**CITY OF LEWES
BOARD OF PUBLIC WORKS
Board Meeting Minutes
August 19, 2021**

The Wednesday, August 19, 2021, board meeting of the Lewes Board of Public Works was held at 4:00 P.M. at City Hall Council Chambers.

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

President Lee called the meeting to order at 4:00p.m. and led the pledge of allegiance.

2. ROLL CALL

BOARD MEMBERES

*D. Preston Lee, P.E.
A. Thomas Owen
Thomas Panetta
Earl Webb
Richard Nichols*

EX-OFFICIO MEMBERS

*Theodore Becker, Mayor
Austin Calaman, General Manager
Michael Hoffman, Legal Counsel*

OTHERS

*Ann Marie Townshend, City Manager
Charlie O'Donnell, GMB
Scott Lynch, DEMEC
Jeremy Johnson, Sargent & Lundy
Jordon Moree, Sargent & Lundy
Sharon Sexton, Executive Assistant*

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

President Lee revised the agenda to move item 14 to follow item 8.

4. CONSENT AGENDA

a. Receive Vice-President Report

b. Receive Secretary Report

- 1. Approval minutes covering July 23, 2021, regular board meeting, minutes covering July 16, 2021, and August 5, 2021 Workshops, and minutes covering August 4, 2021 special meeting.**

c. Receive Treasurer Report

d. Receive Asst. Treasurer Report

ACTION: *Mr. Owen motioned to approve consent agenda. Mr. Nichols seconded motion, which passed unanimously.*

5. Receive the Inframark WWTP Report – (Mike Wolgemuth, Richard Plack, Inframark)

Mike Wolgemuth reported:

- The new SCATA computer at Wastewater plant is installed and online. It was tested for a week and ran parallel with old SCATA computer. Combined into one and working well.
- The headworks equalization control panel project is moving forward. Held meetings with Keystone, Josh, and Hills Industrial.
- Inframark met with Mr. Calaman and GMB regarding headworks project. Discussion was to eventually to do as one project with one contractor. Discussed replacement not refurbishment of grit system. Has a life of 15-20 years.
- Continued using dewatering container and capturing debris from 2mm screen. 5 mm screen is offline and there is a buildup in EQ tank. This causes pumps to be clogged more frequently. Clog at pump station 4 is at the bottom of the suction pipe and very difficult to access. The EQ pumps at the wastewater treatment plant are easy to access.
- President Lee questioned when Mr. Wolgemuth first noticed the buildup. Mr. Wolgemuth stated that this one isolated issue was noticed last week, and pumps were cleaned. Two mechanics from Pennsylvania came to service pumps. Equalization pumps at wastewater plant did have some debris. Mr. Wolgemuth spoke with Mr. Calaman about getting prices to get EQ tank cleaned out. This was a build up and was cleaned last summer.
- The 5mm screen was not working as well as the 2 mm screen. Bearings were ordered in January and arrived this week. If 5mm screen was online, the pumps would not need to be cleaned.
- There was an invoice from last years cleaning, around \$14,000.
- When there is a clog, the flow visible slows down and can be heard as walking by.
- Bypass is not grinding up ragging may be a factor to why clogging so quickly this week.
- Both pumps are back online at pump station 4. Mr. Webb questioned if problems are harder to recognized at pump station 4 because it is submersed. Mr. Wolgemuth stated that it is not, because the clog can be heard. Inframark goes to pump station 4 every day. Can be heard from inside the building.
- There are floats in pump station 4 and there is an alarm that will trigger if the level is not where it should be.
- Mr. Webb questioned if there was any significant in ragging. The pump was blown out, not pulled out. Mr. Panetta inquired if the ragging could be analyzed. Mr. Wolgemuth showed what was pulled out of pump, that was cleaned on Monday. Described as filling half of a five-gallon bucket.
- The valves on pump station 3 on Pilottown Road failed. Checking to see if there is a bypass.
- The United Rental is still at pump station four. The Godwin pump is at Wastewater plant. Recommend keeping the better pump not the cheaper.
- Mr. Webb questioned the backup capability. Mr. Wolgemuth stated that there is two rental diesel pumps, and only keep one as a backup. Each pump cost about \$3500 a month to rent. Approximately \$50-60 thousand to purchase. The county uses Thompson pumps, larger pump, cost into six figures.
- Mr. Wolgemuth stated that there was not bypass piping at smaller station. A hose would be needed to use bypass. Inframark has everything needed if incident occurs.

- Mr. Calaman stated that Inframark would still use CDI because the BPW has a combination of a jet and vac truck that can do about 800 gallons. Clean Delaware can do 4200 gallons but does not jet, just a pump truck.
- President Lee stated that there was concern on Friday night and questioned if it should have been addressed at that time. Mr. Wolgemuth stated that in hindsight, yes. Mr. Plack was off due to a funeral. The unit from United Rental did not arrive until 5:30 pm. Mr. Wolgemuth instructed Mr. Plack to monitor the situation and he would call backup help from Elkton to help with the install. President Lee questioned if Mr. Wolgemuth considered correcting the situation on Saturday. Mr. Wolgemuth stated that in hindsight, yes.
- Mr. Webb questioned how far resources are from the plant/pump station. The closest is a 14 person staff in Elkton, Maryland. Mr. Calaman stated that the next closest would-be Lancaster, Pennsylvania. Mr. Wolgemuth is two and half hours away. Currently do not have the capability on staff here.
- Pumps and motors at station 4 were submerged. Inframark purchased 2 new sealed motors at \$1400 apiece. The old motors will be cleaned and baked giving BPW spares.
- Mr. Webb questioned if the other locations that Inframark serves, is having the same issue with ragging. Mr. Wolgemuth stated that there are issues everywhere with ragging and collection systems. Some systems have bar systems, or grinder.
- Since COVID, Mr. Wolgemuth saw an increase in ragging at other plants. Mr. Wolgemuth stated that Inframark had to educate the businesses.
- Mr. Panetta questioned if Inframark will be doing a root cause analysis. Mr. Wolgemuth stated that yes, they do have a process for reports and should be able to produce this in about a week.
- Mr. Wolgemuth stated that the 5-day report was sent to DNREC on Tuesday.
- President Lee stated that the Board did stress to the media about the ragging situation, and it was in a few of the reports.
- Mr. Webb questioned if Inframark was 100% prepared if this issue happened again today. Mr. Wolgemuth stated yes.
- President Lee questioned what could be done to help with the ragging. Mr. Wolgemuth stated that a bar screen could be installed, however it is unpleasant to look at. The generator at pump station 8, the transfer switch does not work but can be used manual. The general at pump station 4 does not work and has a rental ready to be hooked up.
- Mayor Becker questioned if something like this occurs, can Inframark notify the county that flow cannot be accepted. Mr. Calaman stated that they were notified immediately. Contract with the county gives the BPW sole discretion on accepting flow.

6. Receive the Presidents Report

President Lee stated that this incident was embarrassing and unfortunate. President Lee stated that the BPW will get to the bottom of the incident and make sure that it does not happen again. It was not a good thing for the environment or ratepayers.

7. Receive the General Managers Report

Mr. Calaman summarized incident over past weekend. Mr. Calaman stated that he was personally on site for many hours and in the early morning hours. Mr. Calaman stated that he will be getting the public involved with the ragging. Mr. Calaman will have the water department camera the lines to see if there is any correlation to a high rain event and where the debris is coming from. Mr. Gordon had in the past had DEMEC transfer green energy fund money to fund the EV charging stations.

\$1500 was put on each one. A leak detection study was completed and included 57 miles of pipe. Twelve leaks were detected. Ten leaks were hydrants, one valve, and one irrigation meter. The valve had no visible water but there was sound that could have been a leak. The water department has list and will repair leaks. Mr. Calaman attended the clean water meeting and discussed ARPA. The state received 926 million dollars, but there is no plan or consensus how to divide out. Mr. Calaman stated that he attended a meeting with RKL regarding handbook and will be presented next board meeting.

Mr. Nichols questioned the EV report and if it is a 40-year timeframe starting in 2017. Mr. Calaman confirmed. Mayor Becker recommended sending out a notice on how the EV is being paid for. Concerns from ratepayers have been raised. Mayor Becker stated that this is a pertinent time to have this discussion, because the city is considering adding more EV stations to city lots. President Lee stated that the Board is researching what is happening country wide.

PRESENTATIONS

8. Presentation by Scott Lynch from DEMEC on Automated Metering Integration offering for the Lewes BPW. INFORMATION/DISCUSSION/ACTION (Scott Lynch and Austin Calaman)

Scott Lynch, DEMEC, presented on Automated Metering Integration:

- Information had been presented to the board previously and had three areas that wished to be discussed.
- DEMEC partners with American Municipal Power. DEMEC is a joint action agency of 8. Lewes BPW takes advantage of Energy Smart.
- Advanced metering integration is the natural progression of utilities. Delmarva Power and the COOP have had their AMI systems in place since 2008/2009.
- Three areas to look at when considering AMI:
 - How will it enhance utility operations?
 - What is the return on the investment?
 - What is the customer value?
- Enhance the Utility operations
 - Could see spikes in usage: prepare for the impact of new technology with more renewables, electric vehicles, battery storage, etc.
 - Impact of solar. Alerts can be sent
- Maintain reliability and mitigate cost: change from a reactionary utility to a proactive approach
 - Receive calls for service and other customer needs. With AMI system the BPW could anticipate these service calls.
- Determine rate structures accurately
 - Time of use: look to see time of day rather than the time of the month
- Increase staff efficiency
 - Ability to call meters one time; reduce staff time and number of trucks
 - How to better utilize staff
- Responding to customer demands and interests
 - Faster responses, instant access, government transparency, climate change, etc.
 - Customers looking to be more in charge of their data.
 - Customer online portal available 24/7
- Return on Investment
 - Has organizational and social benefits
 - Meter reading and Services: remote and on demand reads and commands

- Field Operations: preventative maintenance, use of trucks, etc.
 - System Losses: device accuracy, loss identification, voltage regulation
 - Revenue and Finance: accurate billing, increased collection, fee restructuring, and process improvement
 - Social Benefits
 - Employee Safety and Engagement: fewer chances for physical and vehicle accidents
 - Customer Experience and Engagement: customer self-service portal
 - Culture Change: Proactive vs. Reactive
 - New/Improved Capabilities and Support: Modernize infrastructure
- Added Customer Value
 - Instant access to account information, what is available, and get answers
 - AMI provides alerts for automated bill monitor and notifies customer when they hit a milestone.
- No customer satisfaction surveys have been conducted in the cities of Milford or Seaford but have seen little negative feedback. These cities would welcome the BPW to visit and discuss AMI system.
- Customer Views on Government's Role in Energy/Environmental Issues
 - The source is Smart Energy Consumer Collaborative 2021 State of the Consumer Report.
 - Customers are working to become more engaged with smart systems
 - 87% of respondents felt the government had a role in protecting the environment.
- AMI is a billing system, information system, and an action system
- Project is eligible for DEMEC's financing. DEMEC provided price options: meter data management system, slow roll out, and full out.
- Full out price was around 1.5 million dollars.
- Financing is over 10 years.

Mr. Calaman stated that the one of the biggest issues in the past was the AMI communicating with current billing system. The BPW's new system will be able to integrate easily.

President Lee questioned return of investment and manpower needed on the BPW's end. Mr. Calaman stated that AMI allows for less manpower to be used for both water and electric. No need to roll out a truck and can take readings with a press of a button. Same goes for disconnects, which are minimal. The BPW does have quite a few transfers, which could save money. Mr. Panetta stated that there are a lot of intangibles. Mr. Panetta stated that the benefit would be when those are not home and using less energy. Mr. Calaman stated that solar is being installed frequently and this system will allow for the BPW to monitor that.

Mr. Calaman stated that spending 1.5 million dollars in cash does not make sense at this time due to upcoming expenses for the headworks. The financing would benefit the BPW.

President Lee stated that the BPW has discussed upgrading the meters for years and buying that type of meter going forward. Mr. Calaman stated that the BPW has done this but will need to analyze what the BPW has and what will be needed to procure.

President Lee questioned the meters stored on Schley Avenue. Mr. Calaman stated that it is his understanding that there are 3 levels of meters: smart, smarter, smartest. The BPW purchased smart. Mr. Lynch stated that he would be able to find more information with the type of meter the

BPW has in stock. Mr. Lynch continued it was logistics and whether there may be an add on needed.

Mr. Panetta stated that the AMI will be beneficial to the rate structure. With the readings, there will be peak shaving and congestion. This will help decrease peak rates and will benefit both the BPW and customers. A smart meter can control when EV chargers can come on, off-peak at a discounted rate. Mr. Panetta stated that this gives the BPW the flexibility to control financing over the long term.

Mr. Webb stated he was the one pushing back and requested the ROI, savings for BPW and customers, and surveys. Mr. Webb questioned the price; he believed the initial price was 1.7 million dollars. Mr. Calaman stated that it included add-ons. Mr. Webb questioned if there was a monthly cost. Mr. Lynch responded that once the system is installed there was a yearly cost. Mr. Webb questioned if that was \$47,000. Mr. Calaman stated that depending on the services that were chosen, then that figure could go up to six figures. Mr. Lynch stated that how many units were installed will determine annual cost. \$80,000 is the annual base cost, depending on the add-ons chosen.

Mayor Becker questioned if the city of Seaford and city of Milford have any information regarding how many customers are taking advantage of AMI. Mayor Becker questions how many people would take advantage of the program. Mr. Lynch stated he had no information on the city of Milford, but the city of Seaford opened the portal to council first to see if worth opening to open to public. Mayor Becker stated that there is no actual data. Mr. Lynch stated that it is customer choice to use the portal. President Lee stated that there must be data nationally, maybe through APPA. Mr. Lynch stated that there is not a lot of data available.

Mr. Calaman questioned if the cities that have implemented AMI, did they make it from a customer perspective or a utility perspective. Mr. Lynch responded that it was mostly a utility perspective.

Mr. Panetta stated that 60% of utilities, in the world, have converted or are in the process of converting to AMI. Mr. Webb stated that there is no cost justification. Mr. Panetta stated that some are mandated, like California. Mr. Panetta stated that this is being driven by climate change and energy conservation. Mr. Panetta continued that it is proactive and benefits the capital budget by identifying hotspots in the grid.

President Lee stated that it would be interesting to see how this would affect customer rates. Mr. Webb stated that this data does not exist.

Mr. Webb stated with Lewes having an average population age of 67, there is a diminished desire to use these tools and is a factor. Mr. Lynch stated that it is an information source and the BPW is a young utility and would want to keep it modern. Population demographics could change, and this will help to plan for those changes.

Mr. Panetta agrees that not everyone will be able to use these tools, but that 38% of costs are congestion charges. This tool will help reduce rates and affect customers directly. Mr. Webb stated that if we know when the peaks are, the BPW could use batteries or solar to help. Mr. Panetta stated that solar does not help the peak. Mr. Webb argued that with batteries, the BPW could store the energy if desired.

Mr. Webb referenced the New York Times, that in 2035, 25% of all car sales will be electric. Only 13% of total cars will be electric because last so much longer, 10-20 years. Mr. Webb believes that it will come faster than what was referenced. President Lee stated that there is an environmental push to get rid of gas vehicles. Mr. Panetta stated that EV population is geographical dependent Mr. Webb questioned where Lewes and Delaware would fall. Mr. Panetta guessed on the higher end as Lewes is a wealthy, educated, transient population.

Mr. Owen stated he would be interested to find out how many EV's are currently in Lewes. Mr. Owen stated that he would probably not ever purchase one, unless forced to. Mr. Owen stated that he fills up his vehicle less than once a month. Mr. Owen stated that a lot of people are similar to him. Mr. Owen is concerned about the cost of AMI and would prefer to put the money in the ground. Mr. Owen stated that the BPW has a meter reader, and it takes 5 days to read every meter in Lewes. Mr. Owen stated with the AMI, it is \$80-100 thousand dollars for the ongoing cost. The BPW cost currently would not come close to that. Mr. Owen is more concerned that Lewes is an old town with old infrastructure. Mr. Owen stated that ratepayers would probably replace the Board if they spent 1.7 million dollars on this system.

Mr. Panetta stated that there are an average of four houses per transformer and if a majority purchases EVs, it will overload transformer. The BPW would not have a proactive notification. Mr. Panetta stated that forecast of EV use was conservative. Mr. Owen stated that it was a good point, but he was not personally worried about it at the moment. Mr. Panetta stated for those just driving back and forth to Church on Sunday, the justification of an EV is not there. Mr. Panetta stated that studies show that if a consumer drives 12-15 thousand miles per year than an EV will be cheaper. Mr. Panetta stated that most people do drive 12-15 thousand miles per year.

Mr. Webb questioned when someone gets an EV charging station at their home, is there a permit or notification. Mayor Becker stated that it would likely come through the BPW. Mr. Panetta stated if there was a new service, there would be an electrical permit. Mayor Becker stated that the BPW would need to monitor the upgrade of electrical service.

President Lee stated that he feels that Lewes has a high number of EVs.

Mr. Calaman stated that since May 2020 through May 2021, the usage at Otis Smith has tripled, and doubled in June. For Schley Avenue, it doubled from May 2020 to May 2021.

Mr. Panetta stated that if the BPW does not address issue with EVs, it will affect tourism. Mr. Webb stated that he has searched rental properties with EV charging stations, and it was not an option. Mr. Panetta argued that was 2021 and questions what it will be in 2025.

Mr. Lynch stated that the standard market for EVs is a level two charger, just a step up from a standard outside electrical outlet. The difference is the charging speed. Most EVs come with an adapter. Mr. Panetta stated that a level one charger is 110 volt and level two is 220 volts.

Mr. Webb stated that he is looking to purchase a vehicle and it will not be an EV, since it will used to travel. Mr. Webb does not want to sit and wait to charge or sit and wait behind someone else charging. Those chargers that charge faster will pull more from the transformers.

Mr. Nichols questioned the timing of implementation of the different packages. Mr. Lynch stated that the software package would go much faster, as it is just interaction between American Municipal Power and the BPW IT department. The slow rollout and full rollout would need to

precure meters and currently there is a 16–20 week turn around. Mr. Lynch stated that the first level would be around 3 months, depending on cooperation.

Mr. Calaman questioned what the rollout time was for Seaford and Milford. Mr. Lynch stated that Middletown was faster because they did not stagger between water and electric. Rollout time for Middletown was around 6 months. Seaford and Milford focused on electric first, because most water meters were inside residents' homes. These cities did begin water meters with new homes to get the system in place. The water meter "talks" to the electric meter.

Mr. Nichols questioned if the BPW were to start with the software and then gradually add on. Mr. Lynch stated that this can be done and that the software package will allow for some analytics but will only feed the data once a month.

President Lee stated that Lewes has a lot of growth coming and that this would be the time to get the right meters.

Mr. Webb stated individually that this project is needed but needs to be compared with all the projects as a whole. Mr. Webb would like to Board to prioritize the projects. Mr. Panetta stated that DEMEC can finance this project and the BPW would not be taking 1.7 million from the budget. Mr. Panetta questioned what the cost would be per year. Mr. Lynch stated that it would depend on the package selected. Mr. Calaman stated that there would be an ongoing O&M cost of \$100 thousand a year. Mr. Lynch stated that there is consolidation in the market, manufacturers. Mr. Lynch stated that the price of money is relatively low right now and, in the future, no one know s what it will be.

Mr. Panetta reiterated that the BPW would not be taking money out of projects. Mr. Webb argued that the BPW would be taking on debt. Mayor Becker added that the BPW would also be taking on annual maintenance fee.

Member of the public, Robert Kennedy, addressed the Board. Mr. Kennedy questioned if AMI is needed now and is it a priority. Mr. Kennedy stated that it appears that the priority should be other capital expenditures discussed in previous agenda, 42 million dollars over the next five years. Mr. Kennedy referenced a previous study conducted by Sargent and Lundy, that the BPW electrical system had enough capacity even with 50% EV increase, for the next ten years. Mr. Kennedy stated that because of the BPW size, the electric system can be monitored by current electric department personnel. Even though it does not provide real time data, it is a system that has met the BPW needs. Mr. Kennedy stated that unless the BPW institutes voluntary or involuntary load control, he does not see a compelling reason to install AMI now. Mr. Kennedy stated that this system would be complex, and many would have difficulty adjusting. Mr. Kennedy feels that focusing on the battery project would be the better option.

Mr. Panetta stated that the conclusion of Sargent Lundy report does not address 2 or 4 people on a block using an EV. Mr. Webb responded that if this does occur, the BPW would have notice. Mr. Calaman stated that the BPW would only get notice if the customer changed amp service. Those stations that charge fast would have to be given noticed if upgraded. Most homes that have heat pumps or geothermal, probably have a 200-amp service and would not necessarily need to upgrade service to charge EV.

President Lee questioned course of action. Mr. Calaman stated that the choice is up to the Board, whether to pursue or visit another municipality. Mr. Calaman stated that the interest on a loan with 3% interest on a 1.5-million-dollar loan would be \$176,000 plus \$81,000 O&M a year if

base package selected. Mr. Webb and President Lee would like to visit Milford. President Lee stated that he would like to see what this would mean for the rates. President Lee stated that the BPW has low rates currently and doesn't believe that the rates would be bumped up to an unreasonable level. Mr. Panetta suggested going back to UFS to see what rate structures they would use with an AMI system.

Mayor Becker suggested assessing the meters sitting on pallets and if they would work with new system. President Lee agreed. Mr. Calaman stated the meters were purchased during pandemic with anticipation of delays with ordering inventory. Some meters came from Milford. President Lee stated that if they upgraded to AMI, those meters may not have technology needed. Mr. Calaman stated that changing meters at one time with same meters will be easier than piecing different meters to complete the system.

Mr. Webb stated that the rate study that was completed suggested the BPW increase rates or get a 6-million-dollar loan. Mr. Webb believes that this is a lot of debt to take on. Mr. Webb suggested looking at all projects and prioritize. Mr. Webb does not want to take on that much debt.

Mr. Panetta agreed and stated that the battery project is a more expensive project and AMI may address the congestion issue.

Mr. Owen questioned if a consensus was needed at this point or if another workshop is needed. Mr. Owen stated is not interested in voting for AMI at this time. President Lee stated that he is. Mr. Webb stated that a comparison needs to be done. Mr. Owen agreed that prioritization needs to be done. Mr. Panetta stated that the battery project presentation was next and if decided to go out for bid, then numbers could be submitted and would allow for better comparison of the two. MR. Owen stated that he was not willing to spend money on AMI at this point.

Mr. Lynch stated that comparison is a great idea and AMI could be the tool to help with the comparison. AMI is the measuring kit.

President Lee asked Mr. Webb and the financial committee to gather information for comparison and present in six months. Mr. Calaman questioned if the committee will look at overall cost of project distributed among customers or the impact of time of use rates. President Lee would like to see what this would cost the average user. Mr. Panetta stated that this gives the BPW the flexibility to look at rate structures and its impact on customers. Mr. Panetta would like to go back to UFS and see what they have seen with AMI and congestion charges. Mr. Webb and Mr. Panetta will work on the impact of AMI together.

Mayor Becker suggested that new meters would be installed in the new homes being built and may give a snapshot of the impact. President Lee agreed that the 10% growth is coming up quickly.

**9. Open forum/general discussion of RFP for the Battery Energy Storage Solution.
INFORMATION/DISCUSSION/ACTION (Sargent and Lundy, Austin Calaman, Tom Panetta
and Scott Lynch)**

Jordan Moree Presented from Sargent & Lundy:

Overview:

- Battery Energy Storage Systems
- Project site

- Request for Proposal Documents:

Battery Energy stored systems are a great way to store electric on the BPW system and discharge it when needed. Have become more popular and used for: Load shedding, ancillary support, frequency response, black start capabilities, solar & storage, additional capacity, and energy arbitrage (buy low and sell high).

BESS has three major components: Batteries, Inverters, and Padmount

- Batteries can be stored inside a building or inside weatherproof container. Come with fire protection system and heating and cooling system. Two major battery chemistries: Magnesium/nickel/cobalt and Iron/phosphate. MNC is a higher density battery, more expensive, and harder to regulate.
- Inverters benefit the grid. Inverters allow to switch from AC to DC and controls what frequency and voltage to set.
- Padmount transformers which increase voltage where transformer is connected to the system.

The proposed site is across the street from interconnection and electric grid. At this site, batteries are stored inside the building.

Mr. Webb questioned if the location is where the parking lot is today. Mr. Moree confirmed that it is.

Mr. Hoffman clarified that the four transformers on site are in the pending category.

Mr. Moree stated that transformers and inverters put out noise, but batteries are quiet. There is an ordinance concerning the number of decibels of noise allowed, and this project meets those standards and is stipulated in RFP. The current transformers would be louder. President Lee questioned if Mr. Panetta could hear the transformers from his home. Me. Panetta is unable to hear the transformers.

Mr. Moree stated that the conduit would be run underground. The foundation is already laid and existing lines. There would be some modifications that battery vendor would pay for and BPW would own.

RFP Document

- Outlines the roles of Battery Contractor Bidder
- Design requirements to be followed by Battery Contractor (EPP)
- Industry codes to be followed by Battery Contractor (EPP)

Benefits/Interests for Lewes

- Rent paid by the contractor is a fixed fee.
- Savings on capacity charges, benefits DEMEC as a whole
- Reduce transmission costs
- Shared profits from participating in utility markets

President Lee questioned what percentage range benefit is anticipated. Mr. Lynch stated that the amounts received would be related to certainty. For example, rent payments is a certain amount. Transmission costs are less certain. Shared profits are affected by the market at that time. The

benefit correlates to the BPW comfortable risk level. To get the reduced transmission costs, the BPW must state that the BPW wants access to the battery during certain times of the year.

Mr. Panetta stated that the typical peak demand is two hours and if 4 hours is chosen then there would be adequate time. Mr. Lynch agreed that the larger amount of time will mitigate the risk.

Mr. Panetta questioned if Mr. Lynch has seen the numbers the past week, with the heat index so high. Mr. Lynch has not but can get them. Mr. Lynch stated that there have been 90-degree streaks, but each 90 degree is not the same. Mr. Calaman stated that there is language in the RFP that states if the peak is not met then the cost is covered with penalty. Mr. Lynch stated that this grants access to marketplace and the marketplace determines what your availability is worth. If the BPW submits a certain day that the battery is needed to perform and is right but is unavailable, the BPW can claim a portion of that money back. It is a way to be compensated for their inaction.

Mr. Moree stated that there is an islanding scheme lined up for the hospital and primary/essential loads. If there were an outage, circuit can be arranged to feed that primary load. This would be another source in addition to the hospital's generator.

Mr. Moree stated that there is an increased ability to incorporate distributed resources (i.e. wind and solar).

Battery Contractor would be responsible for:

- Design, build, own, operate, and maintain the BESS equipment.
- Responsible for all upgrades to Old Power Plant Building, and Schley Avenue Substation.
- Provide training to Lewes BPW and local fire department.
- Dispatches the battery to meet LEWES and DEMEC load shedding needs.
- Coordinate execution of the islanding scheme in vent of power outage.
- Respond to any emergent maintenance needs.

President Lee stated that the general public is not going to be interested in something that may blow up and asked Mr. Moree to describe the risks. The biggest risk is thermal runaway; batteries get hot and cannot cool down easily. The fire protection requirements that come with the containers are redundant and have an emergency system. There are rigorous safety standards that need to be met.

Mr. Panetta referred to the Arizona event that caused the fire, and there has been a lot of analysis. It has been determined that lack of training to local fire and emergency personnel in the area was a factor. This is stated in the Sargent & Lundy RFP. The hope is that with multiple vendors it will make the BPW smarter.

Jeremy Johnson, Senior Project Manager at Sargent & Lundy spoke via zoom:

"I wanted to respond to the question and piggyback off Tom. The general public there really isn't a safety risk here, similar to the Schley Avenue Substation across the street. The access will only be available to those with the appropriate permissions and so forth. The real safety concern is around the BPW staff, and the fire department staff. This is something that is very important to us, to make sure that having the battery contractor and their experts really show the folks entering the facility how to handle it, how to maintain it, and in some cases to the

fire department to just let it burn down. Don't attempt to put out any fires and save the equipment."

Mr. Moree added that there are a lot of fire protection engineers on staff and contracted to do the bid event and will be making recommendations as what the contractors offer as fire protection means.

President Lee questioned if the RFP identifies the type of battery to be used or if the contractor can choose. Mr. Moree responded that the contractor can choose but it was specified four hours, the space available, and load data will be provided. Then recommend what is best for the BPW.

President Lee questioned a low-priced bid. Mr. Moree stated that Sargent & Lundy have a matrix. Price, revenue generated, and technical data are all part of the matrix. President Lee questioned if the BPW must go with the lowest bidder. Mr. Moree stated no, absolutely not.

Mr. Panetta stated that the bids may not be apples to apples and may require a second round based upon what is learned. Mr. Panetta stated that there is so much uncertainty and technology that the BPW wants the vendors to provide their best package and educate the Board.

Mr. Webb questioned if there was a benchmark of how much money a battery would generate. Mr. Moree stated that the amount of power that could be saved can be determined but costs is utility/DEMEC dependent. Sargent & Lundy is not privy to that information. Mr. Moree stated that the amount of power can be shaved in four hours, how much can be charged and discharged on peak days could be looked at with DEMEC and see how much money can be saved.

Mr. Webb questioned if the batteries deteriorate over time. Mr. Moree stated that there is degradation and there will be an augmentation plan, either overbuild the batteries at the beginning or build for what is needed now and add more units later to keep capacity. That would not be at BPW cost.

President Lee stated that in the past the cost of this project was substantial and does not remember the number, but there was a regulatory change that made it less attractive. How does that affect the BPW now?

Mr. Calaman stated that when Alevo presented, there was a large incentive.

Mr. Johnson spoke on how much dollar wise savings would this project mean to the BPW. Mr. Johnson stated that today Sargent & Lundy is looking to get the authorization to move forward and understand what the battery vendors will put forth. Mr. Johnson stated that the next presentation there will be a better idea of what is out there using the matrix.

President Lee questioned if the market has deteriorated enough so the original decision will be different. Mr. Calaman stated that the only thing that deteriorated was the PJM market side. Transmissions and capacity have not changed and will not be any different than then. Mr. Panetta stated that the prior package did not address peak shaving but was strictly an ancillary market. President Lee stated that he thought that peak shaving was a key part in package. Mr. Calaman stated that Alevo was giving the BPW a large portion of their savings in combination of rent. President Lee stated that there was peak shaving. Mr. Lynch understood that Alevo was mostly participating in the frequency market, which pricing has gone down. Mr. Panetta stated that the Alevo contract was majorly made up of regulation. There was no confirmed number but there was a percentage. Mr. Lynch stated that those batteries were ideal for frequency regulation because

they could be turned off and on. Mr. Panetta stated that the frequency regulation market has bottomed out. Mr. Lynch stated that the Alevo contract is not as viable.

Mr. Moree stated that Sargent & Lundy will provide owner's engineer and/or construction management services during implantation.

President Lee questioned if this was an active market. Mr. Moree stated that yes, it is active and has identified four to five companies. President Lee questioned if the BPW's size would be attractive to those companies. Mr. Moree stated that it much more common to have a size like this. Mr. Moree stated that the BPW's set up, with the substation across the street is appealing to a vendor.

Mr. Panetta stated that Sargent & Lundy, DEMEC, and Mr. Calaman have done a wonderful job putting this RFP together. It contains a lot of detail.

Mr. Johnson stated that Sargent & Lundy is currently supporting Delaware Electric Coop, Choptank Electric, and A&M with system studies. Both are looking at Battery Energy Storage.

Mr. Calaman questioned if the Board would like to digest information before giving feedback and moving forward with solicitate bids.

The Consensus of the Board is to move forward.

OLD BUSINESS

10. Open forum/general discussion on the formation of a finance committee INFORMATION/DISCUSSION/ACTION (Earl Webb)

Mr. Webb stated he is not a CPA but did have 20+ years in the banking and financial industry. Mr. Webb stated that having a committee with these skillsets allow the Board to gain more knowledge. Finance committee will not make decisions but recommendations. The Board will take that information and decide what to do or not do with it. Mr. Webb believes that if board has this committee, it will make them smarter. The treasurer for the city would be on the committee as well.

Mr. Webb stated that he and Mr. Nichols would be co-chairs and is initially recommending four meeting a year. Mayor Becker stated that the city holds four finance committee meetings a year.

Mr. Webb stated that the finance committee is an information board for the BPW to pull out and leverage that skillset.

Mayor Becker questioned the meeting not being open to the public. Mr. Webb stated that he was not sure if the city's meeting were open to the public initially. Mayor Becker stated that they have always been open to the public. Mr. Webb stated that he like transparency and openness but also likes to get things done. Mr. Hoffman stated that the general rule of thumb is that any committee conducting public business is subject to FOIA which is required to be open. Mr. Hoffman stated that there is an oddity; any committee would have to be made with specificity of a resolution. Mr. Hoffman will review what is necessary. Mr. Hoffman stated that the subcommittees are messy given the board will need to make a resolution; create committee and create discrete tasks. Since it is a board committee and board business it is FOIA.

Mr. Webb stated that he would like the finance committee meetings to be open, due to transparency. Mr. Hoffman recommends that the next step is to put it in a resolution and then the Board can review approve said resolution.

Mr. Hoffman stated that the BPW bylaws do not address committees. This does not mean it cannot be done but if the BPW will have committees then there should be a parallel change in the bylaws.

Mr. Panetta questioned the membership. Mr. Webb recommends 3-5 members with one-year terms. Mr. Panetta is concerned with lack of continuity. Mr. Panetta referred to the city committees, as they have three-year terms and are staggered. Mr. Webb agrees with longer terms and staggering but it unsure of how hard it will be to get the resources. Mayor Becker stated that the staggered terms would be best and reminded everyone that all recommendations would come to the Board for approval.

The Board consensus is to move forward.

NEW BUSINESS

11. Open forum/general discussion of the Lewes BPW Bylaws. INFORMATION/DISCUSSION/ACTION (Mike Hoffman)

Open forum/general discussion of the videoconference guidelines pertaining to attending Board meetings. INFORMATION/DISCUSSION/ACTION (Mike Hoffman)

Mr. Hoffman requested to loop Item 10 and 11 from the agenda together. The bylaws themselves require the Board to review the bylaws every year at least 90 days of election officers that happens at the annual meeting. The Board is within those 90 days. This is an opportunity for the Board to question or revise the bylaws, with no obligations to change anything.

Mr. Hoffman recommends that along with the resolution for the finance committee, that the bylaws be amended to acknowledge the committee. Mr. Hoffman will draft the amendment if it is the will of the Board.

Mr. Hoffman stated that FOIA was changed at the end of the last legislative session. With COVID, the people have learned there is some benefit and value to videoconferencing if done well and appropriately. Previously, FOIA prohibited elected bodies to participate via videoconferencing. It is now allowed for elected bodies to participate via videoconferencing. The Board must comply with the specifics and state law, which include adding videoconferencing capability to the agenda, an anchor location with a person present, and any witnesses for presentation need to visible and heard.

Mr. Hoffman requested to modify the bylaws to acknowledge that participation can occur via videoconferencing. Mayor Becker stated that the Rollins Center is set up the same as Council chambers and they have begun using it. Mr. Hoffman stated the Board does have the capability in the upstairs conference room and is the new way of the world.

Mr. Owen agrees and likes the flexibility. Mayor Becker pointed out the committee on resiliency prefers to come to the council chambers for the interaction.

President Lee inquired if there could be conditions or requirements. Mayor Becker stated that there could have caveats for health reasons, emergency situations, etc.

President Lee asked for suggestions for changes to the bylaws. Mr. Hoffman stated modifying to add videoconferencing and resolution for the committee.

President Lee referenced the bylaws, section 3.5 regarding email correspondence and the use of non-confidential communications. Mr. Hoffman stated that the purpose of this item is for the use of secured email. Emails sent to any other email besides the BPW, leaves our server and is considered unsecure. Mr. Gritton, IT, stated that emails that remain on the server are secure channels. Mr. Hoffman stated that there are different levels of secure. For example, there could be links that expired, notification emails are open, or passwords required. This could be considered secured email.

Mr. Hoffman will draft changes and return to the Board.

12. Open forum/general discussion regarding an update on Donovan Smith Mobile Home Park water and sewer project. INFORMATION/DISCUSSION/ACTION (Mike Hoffman)

Mr. Hoffman stated that the property owner has secured council and is working on securing approval from the bank regarding the MOU and the grant. This remains ongoing and is separate from the violation that also remains ongoing. Mr. Hoffman would like to place this discussion on the next agenda.

Mr. Webb questioned who owns managing this process in terms of getting the desired outcome. Mr. Hoffman stated that the ball is in the property owner's court. There is a lot of interest from the BPW, the city, the state, and the county. All are providing the assistance they can, but at the end of the day it falls on the property owner. The state has the money and has asked the Board to receive the money and manage the project. For the Board to receive the money and move forward with the project, the property owner needs to sign the MOU and grant the easements. The bank has been holding up the stop sign.

Mr. O'Donnell, GMB, is anxious to get the project started and questioning if it is the bank that is holding up the project. Mr. Hoffman stated that the property owner must work with the bank and the bank and master server is engaged. The Board and the state are standing by. All are eager to go forward. There is active progress but has been slow.

President Lee stated that Mr. Hoffman has been doing things that the property owner should have been doing themselves in order to move things along. Mayor Becker stated that the NOV has moved things along.

Mr. Webb questioned if the bank says no, who would be called. Mr. Hoffman stated that once the bank has the information and makes the decision, they will inform the property owner. The property owner would then inform the BPW and the state. Mr. Webb stated that there was not one single person on the lead. DNREC issued the NOV and is essentially holding the ball. Mr. Hoffman stated that future next steps is going to be an executive session topic. Mr. O'Donnell stated that it was heard that the underserved are a top priority with the Governor.

13. Open forum/general discussion of the potential projects that could be submitted to the State for funding. INFORMATION/DISCUSSION/ACTION (Austin Calaman and Charlie O'Donnell)

Mr. Calaman stated that this is an extension of Mr. Gordon's last presentation to the Board. There are monies out there through ARPA funding. The state received 926 million dollars and does not

have a plan on how to divide it up. The BPW requested Mr. O'Donnell to compile all projects for the next 5-10 years and request funds for these projects. Mr. O'Donnell stated that with environmental finance group at DNREC, they will request entire list of projects and then take to the federal government in hopes to get as much money from the EPA. The BPW wants to get as much in front of Greg Pope, so he knows that we have a list. Mr. O'Donnell stated he does not expect to receive funding for all projects. Mr. O'Donnell stated that as of yesterday, August 18, 2021, the Governor has not decided how to compartmentalize the funding between water, sewer, and broadband. Mr. O'Donnell stated that the AMI and Battery Projects previously discussed, should be included on the list.

Mr. Webb questioned the criteria and if the projects need to be completed by a certain date. Mayor Becker stated that 2026 is the deadline. Mr. Calaman stated that it must be allocated by 2024 and spend the money by 2026. Mr. O'Donnell assumes that Mr. Pope, the Chairperson of the finance group for the EPA, will facilitate the funds when it filters down to the water and sewer divisions.

Mr. Webb questioned if more detailed language was need or tie the projects to COVID. Mr. O'Donnell stated that the initial step would be to get the list in front of Mr. Pope. Each project has its own environmental, safety, or efficiency benefit. Mr. Calaman stated that the list is to show that the BPW along with 57 municipalities have "X" amount of money allotted for upcoming projects.

Mr. Webb stated that projects like the headworks is because of ragging and COVID and believes it correlates to what the money is for. Mr. O'Donnell stated that he could list the benefits of each project.

Mr. Panetta stated that if AMI were to be added to the list, it would add another .2 million dollars. Mr. O'Donnell is unsure if it falls into the category of water, sewer, and broadband even though it does have environmental benefits.

Mr. Nichols questioned if the list has been submitted. Mr. Calaman stated that the meeting was yesterday, and that Mr. Pope was systematically sending the Governor the list of projects. This list is still the BPW's and has not been submitted yet. To send the list will be at the Board's consensus.

President Lee suggested that identifying remaining lead connections should be added to the list. Mr. O'Donnell stated that the Lead and Copper Rule revisions will take effect in 2024 will require the Boards to know what every service and to have a plan to replace. It will also require replacement all the way to the house. It will be the BPW's responsible to see that this gets done as part of the new rule. Mayor Becker stated that developments include that in their financing.

Mayor Becker questioned the cost for Monroe Avenue. Mr. O'Donnell stated that he has not developed that yet, but the main part of that job is on the railroad. The utilities are in good shape and estimates about one million dollars.

President Lee would like to add the lead project to the list, identify and replace. President Lee would like to add the AMI as well. Mr. O'Donnell will check to see if it qualifies first.

Mr. Webb referred to the sea-level rise mitigation of the treatment plant is an environmental and safety issue because of the hospital. Mr. Webb believes that if the projects were categorized the impact gives a different filter to consider.

Mr. O'Donnell stated that when the Board moves forward with a project, a notice of intent and application to DNREC. The impact of the project and the benefits must be reported.

President Lee referred to item 8 and 11 on the list, and there is no description. Mr. O'Donnell will edit.

Mayor Becker asked if there was a due date. Mr. O'Donnell stated that there is no date and no formal process. Other municipalities are doing the same. Mayor Becker anticipates that New Castle County will go for 1/3 of the ARPA funds.

Mr. Webb questioned if daily wages do not apply. Mayor Becker stated that municipalities of certain size came directly from the state. Mr. Webb stated that this may change how we prioritize the projects. Mayor Becker stated that there is not enough manpower in the state to do all the projects on the list.

Mr. Calaman shared that a water tower project in progress had an 85% in the cost of steel in the last 4 months. Mr. Webb stated that the raising costs are a factor and the BPW may want to pair the list down. Mayor Becker stated that some material costs may come down, but labor costs will not.

The hope is to have the project list sent off next week.

14. CALL TO THE PUBLIC

None

15. CALL TO THE PRESS

None

16. EXECUTIVE SESSION

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

Board entered executive session at 6:58 P.M.

17. RETURN TO OPEN SESSION

ACTION: *Mr. Owen made a motion to return to open session. Mr. Panetta seconded the motion, which passed unanimously.*

Board returned to open session at 8:24 P.M.

18. DISCUSSION AND ACTION ITEMS FROM EXECUTIVE SESSION, IF APPLICABLE.

None

19. ADJOURNMENT

ACTION: *Mr. Nichols made a motion to adjourn. Mr. Owen seconded, which passed unanimously.*

The meeting adjourned at 8:25 P.M.

Respectfully Submitted,
Sharon Sexton
Executive Assistant

