

Lewes Board of Public Works  
Special Meeting for approval of rate adjustments and budgets  
April 6, 2022

**The Wednesday, April 6, 2022, special meeting of the Lewes Board of Public Works was held at 1:30 pm at the City Hall Council Chambers.**

**1. CALL TO ORDER**

President Lee called the meeting to order at 1:30 pm.

**ACTION:** *Mr. Owen motioned to adjourn to executive session. Mr. Panetta seconded the motion, which passed unanimously.*

**2. ROLL CALL**

Board Members

*D. Preston Lee, P.E.- President*

*A. Thomas Owen- Vice President*

*Thomas Panetta- Secretary*

*Earl Webb- Treasurer*

*Richard Nichols- Assistant Treasurer*

Ex-Officio Members

*Austin Calaman- General Manager*

*Robin Davis- Assistant General Manager*

*Michael Hoffman- Legal Counsel- Zoom*

*Theodore Becker- Mayor*

Others

*Robert Kennedy- Rate Payer*

*Nick Roth- Cape Gazette*

*Kimberley Bellere- BPW*

*Sharon Sexton, BPW*

VIA Zoom

*Kristina Keller- BPW*

*Suzanne Powell- BPW*

*Laura Oakley- BPW*

*Doug Spelman*

*Tim Ritzert- City Council*

*Mike O'Neill*

*Cameron Wolfson- Legal Counsel*

*Andrew Williams- City Council*

*Sumner Crosby III*

### 3. EXECUTIVE SESSION

**ACTION:** Mr. Owen motioned to adjourn to executive session. Mr. Panetta seconded the motion, which passed unanimously.

President adjourned to executive session at 1:31 pm.

### 4. RETURN TO OPEN SESSION

Returned to open session at 2:00 pm

### 5. Open forum/general discussion for the approval of rate adjustments. INFORMATION/DISCUSSION/ACTION (A. Calaman)

President Lee stated that the BPW received one letter concerning the difference of rates of in city and out of city.

President Lee stated that:

*(1) The BPW has been working with Utility Financial Solutions LLC for the past several months to evaluate the appropriateness of BPW rates;*

*(2) The Board discussed Utility Financial Solutions LLC's conclusions and recommendations during a public workshop meeting on February 10;*

*(3) The proposed increases were discussed in a Cape Gazette article covering the workshop discussion on February 21, 2022;*

*(4) The Board published a letter to the editor in the Cape Gazette on March 18, 2022 discussing the proposed increases and inviting public discussion during the Board's March 23 meeting;*

*(5) The Board heard public discussion during the March 23 meeting and held the public record open until today's Special Meeting, which has been specifically scheduled for the Board to discuss and vote on the proposed rate increases;*

*(6) In other words, anybody would be hard pressed to claim that they did not have notice and an opportunity to present their views on the proposed rate increases;*

*(7) The issue has been well published, well vetted, well discussed, and is properly before the Board for consideration and decision;*

*(8) Throughout this process, we have not received any opposition from the public concerning the proposed rate increases. That, I think, is a testament to the service provided by the Board and the fact that our already low rates will still be very competitive even after the proposed rate increases;*

*(9) Although there has been no opposition expressed concerning the proposed rate increases, one resident has been consistent in expressing his concern over the longstanding BPW practice of charging different rates for in City and out of City residents;*

*(10) I am sure I speak for the full Board when I say that we have taken this concern to heart, and while we respect the perspective from which it has been offered, I frankly reach a different conclusion on the issue;*

*(11) The bottom line is that while the BPW governs itself independent from the City and while there is a material separation between the BPW and the City, the BPW nevertheless retains an inherent connection with the City. And that connection and associated classification as a municipal utility affords the ratepayers certain benefits; benefits that are shared by the out of city ratepayers;*

*(12) Due in part to these benefits, it's not surprising that other municipalities such as Newark, Dover, Felton, Magnolia, Rehoboth Beach, Bethany Beach, Milford, Georgetown, and Smyrna all charge different rates for in city versus out of city ratepayers. The BPW's practice is not unique;*

*(13) In my opinion, the rates the Board charges, even with the proposed increases, are competitive, fair, and reasonable, and I have to believe, especially in a City where the public is not shy to let its voice be heard, that if the public, whether they are in City or out of City ratepayers, disagreed with this position, we would have heard those concerns and those opinions during the past two months when we were actively soliciting public feedback*

*(14) But the simple fact is, as I noted before, that we have not heard such public opposition and concern. What we have heard is a well researched and documented recommendation from Utility Financial Solutions LLC supporting gradual rate increases across the next several years. I appreciate Utility Financial Solutions LLC's efforts, and the efforts of the BPW staff in evaluating this issue, and am personally comfortable proceeding with the recommendation as proposed.*

President Lee stated that since there has been extensive discussion there will be no comments from the audience today. Mr. Calaman stated that the only change since the last meeting is the industrial rate. MS. Lund recommend a fixed industrial rate, similar to commercial and residential. This is based on PCA (power cost adjustment).

Mr. Webb stated that no one wants to raise rates, but it is necessary to do it. There have been times in the past where rates have been reduced. Mr. Calaman stated that Ms. Lund pointed out that the stated market is volatile and the BPW should keep an eye on cash balances. If something shifts, like inflation, the BPW has the ability to decrease rates. Mr. Panetta stated that the public is well aware of capital program in place to keep utility infrastructure up to date which contributes to the rate increase.

**ACTION:** *Mr. Panetta motioned to read the resolution by title only. Mr. Owen seconded the motion, which passed unanimously.*

Mr. Hoffman read the resolution 22-003 by title only.

**ACTION:** *Mr. Panetta motioned to accept the rates as proposed. Mr. Owen seconded the motion, which passed unanimously.*

**6. Open forum/general discussion for the approval of proposed 2022- 2023 operations and maintenance budget. INFORMATION/DISCUSSION/ACTION (A. Calaman)**

Ms. Bellere stated there were two changes since last meeting. Ms. Bellere added \$33,820 electric repair and maintenance to decommission lines and rebuild circuit 2. Mr. Calaman stated that this would be underground from the end of Schley across to American Legion Road and back to the draw bridge. This line will be decommissioned and brought down. Out towards east of Maui, poles had been eaten away by birds. The BPW is using mats to get to these areas. President Lee questioned how long the BPW has known about this issue. Mr. Calaman stated that it was brought to attention recently. Mayor Becker stated that there have been a lot of trees cut and asked if they were to be cleaned up. Mayor Becker questioned the mats on the Savannah side of the trail and if they are the BPW's. Mr. Calaman stated that the mats had to be put out and trees cleared to gain access. The BPW is still working out there and will clear the debris.

Ms. Bellere stated that the second change was to the administrative line and was increased to last year's amount to account for an additional employee and IT assistant. Mr. Calaman stated that he met with city of Seaford yesterday and previewed their AMI system. Seaford had four Customer service representatives where Lewes has just one, Suzanne. Seaford relayed that switching to AMI take the burden from lineman and adds to the office staff. Lewes IT department is Josh, and he is only one person who maintains the WWTP and all offices. Mr. Panetta stated that this frees up linemen to do other lineman work rather than reconnects, disconnects, and so on. It's a shift but has a cost savings in the long term. President Lee questioned how long-ago Seaford implemented AMI. Mr. Calaman stated that it was implemented 2018.

Mayor Becker stated that he has a tenant move in and had to take picture themselves of the meter. Mr. Calaman stated that they can do it themselves or BPW can go out to do it. Mayor Becker stated that he did not get that impression. Mr. Calaman will follow up.

**ACTION:** *Mr. Owen motioned to approve the proposed 2022-2023 operations and maintenance budget. Mr. Panetta seconded the motion, which passed unanimously.*

**7. Open forum/general discussion for approval of the 2022/2023- 2026/2027 capital budget. INFORMATION/DISCUSSION/ACTION (A. Calaman)**

No changes were made to the capital budget since March 23rd meeting.

**ACTION:** *Mr. Nichols motioned to approve the 2022/2023- 2026/2027 capital budget. Mr. Webb seconded the motion, which passed unanimously.*

**8. CALL TO THE PUBLIC**

Mr. Kennedy made a statement regarding the recent wastewater treatment plant workshop:

*"Of the three proposals discussed, I believe that participating with Sussex County seemed to be the best long-term solution, for the BPW and its customers. Partnering with the county addresses future BPW wastewater treatment plant issues, such as susceptibility to flooding, increase costs to operate the plant from both an operator and equipment perspective, damage to the marsh land as a result of accidental discharges, and improve the aesthetics if the wastewater treatment plant is demolished after the transition occurs. Before entering any binding obligations or*

*agreements with the county more information needs to be obtained regarding costs to process BPW effluent and whether or not such charges would be subject to negation. Also, I was wondering if the BPW could tie the cost into a processing charge to the county for canal discharge using BPW assets and permits. More information is needed but based on the options available I believe partnering with the County seemed to be the clear cut, best choice for all.”*

#### **9. CALL TO THE PRESS**

None

#### **10. EXECUTIVE SESSION**

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

President Lee adjourned to executive session at 2:18pm.

#### **11. Return to open session**

Returned to open session at 4:15 pm.

#### **12. Discussion and action items from Executive session, if applicable.**

#### **13. Adjournment**

**ACTION:** *Mr. Owen motioned to adjourn the meeting. Mr. Panetta seconded the motion, which passed unanimously.*

President Lee adjourned the meeting at 4:15pm.

Respectfully Submitted  
Sharon Sexton  
Executive Assistant