

**Lewes Board of Public Works
Budget Workshop
February 21, 2023**

- 1. Welcome, Call Meeting to order.**
- 2. Roll Call**

Board Members

Thomas Panetta

Earl Webb

D. Preston Lee, P.E.

Richard Nichols

A. Thomas Owen

Ex-Officio Members

Austin Calaman, General Manager

Robin Davis, Assistant General Manger

Others

Charlie O'Donnell, GMB

Sharon Sexton, BPW

Kimberly Bellere

- 3. Discussion of the Capital Budget and the Operations and Maintenance Budget.
INFORMATION/DISCUSSION (A. Calaman and K. Bellere)**

Mr. Calaman reviewed the Capital Projects 5-year budget.

WATER

Lead service line replacement includes \$50,000 each year as placeholders. Can change as the project progresses.

Mr. Calaman stated that everything in yellow under the water section is part of the water pipe assessment with GMB. Samples are being taken throughout the city to determine priority projects. BPW cannot physically do all the projects on the list within a five-year period. The red highlighted numbers are expenses, not negative. Projects highlighted in salmon, are on hold.

Monroe/Railroad was a city project that the BPW was piggybacking on. The city has put the project on hold.

The Kings Highway project was discussed doing the project after or conjointly with DelDot.

Some of the projects may be three-year projects.

The Canal Crossing project has three crossings. The crossing closest to the bridge has issues and the BPW has done repairs as a Band-Aid and is totally offline currently. In the middle of a 50/50 matching grant. Mr. Lee questioned if the crossing is safe to be offline for a year. Mr. Calaman feels that the crossings are in decent shape but both crossings are the same age.

Sussex Drive/ Dupont Loop is an older line. The school district is replacing a portion of the line. The question is should the BPW replace the whole thing or eliminate it?

Projects in yellow will fluctuate with priority. President Panetta stated that it is known that the projects need to be done. Priority must include cost as well.

Will look at hydraulic flow throughout the entire town and ways to not have a bunch of dead ends.

Side roads off Pilottown Road are included in the budget. Samples were taken during Pilottown Road project.

Mr. Owen is questioned about how the water pipe assessment is being done. Mr. Calaman stated that GMB and the BPW are collecting coupons from other projects. Mr. O'Donnell stated that GMB knows the age of most pipes and pipe type.

Mr. Lee questioned if there have been any complaints. Mr. Calaman stated that the BPW is trying to track rusty water when pipes are open for a hydrant for a flow test. Found that there are pockets where that water tends to go. Flow tests are going to be the second Wednesday of every month, so that it is easier to track and allows customers to plan accordingly. Mr. Lee stated that he has not noticed issues with the water quality. President Panetta stated that SPI will be sharing data with the BPW and will benefit both the BPW and SPI. SPI is a key account for water production, 50% of the demand in the winter. SPI uses 165 million gallons a year.

Mr. Lee questioned if there are issues with lead. Mr. Calaman referred to the first line under the water category. The BPW will be able to use the predictive modeling of 120 Water to get a handle of where the lead areas are. There is a lot of money available for lead and cooper projects. This year will be information gathering. Mr. Lee questioned costs associated with the cross-connection project. Mr. Davis stated that there should be no cost to BPW, except HydroCorp. Mr. Lee is concerned with pushback from the public and possible administrative costs.

WATER PRODUCTION

GMB will discuss adding a new water tower and the sizing at the next regular Board meeting. Replacing the entire common header with the water project. Every well feeds into the common header. BPW is working on relining the wells, well one is finished. Adding security fencing at the treatment facility and around the water tower is included in the budget. Additional facility building and an additional well has been discussed. Mr. Calaman stated that well four and five have the bigger production. PFAS was done last year and is compliant. BPW is looking for redundancy in water production.

Mr. Webb questioned how much water the WWTF takes. Mr. Calaman stated that water is used for cleaning filters and keeping them wet. President Panetta reminded the Board that the BPW contracted with the state to study the aquifer.

Mr. Webb questioned the hurricane rating for the water tower. Mr. O'Donnell stated the current standard is 125mph. The design factors in the structure integrity and foundation integrity. The final specs need to be finalized.

President Panetta stated that there is not a security fence on one side of the water facility. The current fence keeps vehicles out, but that's about it. Mr. Webb stated he would like to do the security fence now. Mr. Calaman stated that once the budget is approved, then the staff can go out for bids. Mr. Lee questioned if there is funding for security. Mr. Calaman stated that the staff is working with the University of Delaware on grant writing and there is going to be a possibility of money for cyber security. President Panetta stated that there are no security cameras.

SEWER

Water vehicles are tied to sewer vehicles.

Mr. Calaman stated that the BPW is trying to team up with water projects. If sewer pipe is terracotta and in good shape, the BPW can line it. Mr. Webb questioned the life expectancy on lined pipes. Mr. O'Donnell stated that the lined pipes are plastic on the inside.

The King's Highway project is being planned around DelDot project.

Mr. Webb questioned if the Devries Circle pipe upsizing project will take care of the bubbling. Mr. Calaman stated that it would not because it is related to water, not sewer.

Grease inspections are done bi-annually.

Lift stations upgrade project will utilize the \$900,000 from the city. Also working on grants with the University of Delaware to upgrade flood gates and generators. Discussed moving the electronics and going toward the mitigation standards and elevating the panel.

For sewer manhole lining, a couple companies have expressed interest in doing a pilot project.

WASTEWATER TREATMENT FACILITY (WWTF)

Belt Filter Press is a project that has been discussed for a while. In current discussions about the county accepting the BPW liquid. Drying beds work but the rainy season doesn't work as well and needs to be pumped a couple times a week and hauled out by CDI. Hauling with the county will eliminate the need for the belt filter press and hauling with CDI. This may be removed.

The Oxidation Ditch lining project is in progress. Discovery process and working towards sealing the cracks. Plan in place to seal cracks. Mr. Webb questioned if there would be anyone from BPW to supervise. Mr. O'Donnell stated someone will be there (GMB).

The electrical upgrades are a placeholder. This will be dependent upon meager testing.

President Panetta stated that everything in this section is subjective to the other major decision for the WWTF (harden, move, County). Mr. Calaman stated that the BPW is moving forward

with the Headworks project. The long-range planning option has not been decided on. President Panetta questioned if a placeholder amount should be added for a Geotech study. Mr. Calaman stated that some of the money allocated for WWTF projects will shift to the long-range planning. President Panetta stated some of those projects will still need to be done, because the long-range plan may not take effect until five years. Mr. Calaman stated that a study would not be capital costs.

Mr. Owen stated that the headwork project is not listed. Mr. Calaman stated that the headworks project is already approved and funded.

STORM WATER

MS4 continues to be a place holder.

Budgeted for an additional VAC truck. The BPW heavily uses the VAC truck and is used across all departments.

Standard pipe relining and catch basin replacement is budgeted. Trying to designate what is the DelDot responsibility is regarding of right-a-ways; who owns and maintains?

ELECTRIC

AMI is on the agenda for tomorrow. DEMEC is looking for a resolution or letter of commitment and funding is to be determined but will be a huge portion towards the project. Can be a DEMEC project and funded through them.

Vehicles budgeted on depreciated. A bucket truck and line truck are on order, and it is expected for one to be delivered this year.

Jefferson Apartments and Bay Breeze developments will be undergrounded. Coordinating with future DelDot projects so it will not need to be done twice.

Substation improvements and transformers at Schley Avenue are budgeted for fencing security upgrades and infrared testing. The testing is done every 2 or 3 years.

Draw bridge pole decommissioning is budgeted for redundancy. Mr. Lee questioned what goes into decommissioning? A company will take the pole because the BPW does not have the equipment. Spoke with property owner.

SUPPORT

Building improvements to Schley Avenue pole buildings are budgeted.

Army Reserve is a placeholder. Unknown what to allocate to the project.

Budgeted Security Measures.

Items for IT department: ITRON, GIS Trimble unit and server/computer upgrades.

Mr. Webb questioned what the city is doing with the Army Reserve building. Mayor Williams stated that the property has not been transferred yet to the city. The city did not add anything to this year's budget.

Ms. Bellere stated best practice to budget for 5 years, can slim down to 3 years.

The Cash Reserve Policy and Insurance for pollution needs to be looked at.

OPERATION and MAINTENANCE BUDGET

Ms. Bellere stated that the revenues look at averages and included the increase in rates that were set for the next five years.

President Panetta questioned what is driving the industrial budget? Ms. Bellere stated that the PCA is the big factor. Three-year average + 2.5% increase + PCA average of .008. Mr. Calaman stated that staff does not see too much of a shift in the next five years on the electrical side. (Due to Beebe and SPI)

Others: Lewes Waterfront Preserve payment is coming in the next fiscal year.

Expenses: Account for CPIU. The biggest impact to the electric utility is Indian River Power Plant and power supply cost increase.

Mr. Webb questioned the driver for the salary, wages, and benefits. Mr. Calaman stated that the increase is for an additional lineman. Water, wastewater, and storm water has an additional employee this year. Training is included in the salaries, wages, and benefits.

President Panetta questioned the other supplies in the electric utility. Ms. Bellere stated that it is the fleet entry from admin.

Depreciation and Amortization needs to be updated: \$12,000 increase for electric and \$5,000 increase for water.

In lieu of franchise IS 5% of revenue. Mr. Calaman stated that as revenue increases, that number increases.

Non-operation income: used same interest income from this current fiscal year.

Interest expense is from loans.

Impact fees: Half of Lewes Waterfront Preserve because the development should be coming online this year!

Ms. Bellere stated that overall, the electric utility and water utility look healthy. Wastewater looks healthy because of the \$900,000 but without it, wastewater utility would be operating at a loss.

Storm water will start making money.

CASH RESERVES

Ms. Bellere reviewed the cash reserve policy numbers. Mr. Nichols questioned the \$900,000 for stormwater self-insurance. Mr. Calaman stated the pollution and flood are about a million dollars each. Sewer and storm water is holding the bulk of the insurance.

Mr. Owen questioned why count the capital twice? Ms. Bellere stated that it is the most certain and would like to continue to count twice. Backloading the first year just in case. The budget is counting 15% of capital expenditures and removed projects that would most likely be funded. Some items for sewer may not be needed depending on the option for the wastewater treatment plant chosen.

Ms. Bellere stated that the total is about \$3.2 million short. There is a \$3 million line of credit. Mr. Calaman stated that a better reserve policy is needed and should be reviewed. Mr. Webb stated that just because money is in another account does not mean that money is still owed.

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

President Panetta adjourned to executive session at 3:46pm.

4. Executive Session

5. Adjournment

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

President Panetta adjourned the meeting at 5:38pm

Respectfully submitted.
Sharon Sexton
Executive Assistant