

Lewes Board of Public Works
Regular Meeting Minutes
February 22, 2023

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

2. ROLL CALL

Board Members

Thomas Panetta

Earl Webb

D. Preston Lee, P.E.

Richard Nichols

A. Thomas Owen

Ex-Officio Members

Andrew Williams, Mayor

Austin Calaman, General Manager

Robin Davis, Assistant General Manager

Michael Hoffman, Legal Counsel

Others

Mike Wolgemuth, Inframark

Scott Lynch, DEMEC

Charlie O'Donnell, GMB

Vince Luciani, GMB

Ben Hearn, GMB

Kimberly Bellere, BPW

Tim Ritzert, City Councilperson

Sharon Sexton, BPW

Josh Gritton, BPW

3. Executive Session- A strategy session including those involving legal advice or opinion from attorney-at-law where an open meeting could have adverse effect on the position of the public body with respect to pending or potential litigation. 29 Del C § 10004(b)(4).

4. RETURN TO OPEN SESSION

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

Returned to open session at 4:00pm.

5. CONSENT AGENDA

- a. Receive Vice-President Report**
- b. Receive Secretary Report – approval of minutes for December 7, 2022, regular board meeting.**
- c. Receive Treasurer Report**
- d. Receive Asst. Treasurer Report**

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

6. Receive the Inframark Report.

Mr. Wolgemuth presented:

- Headworks- Inframark continues to utilize the dewatering roll off container to capture screening while the Lipactor is offline.
- Oxidation Ditch-Cracks were identified in the concrete tank walls. BPW is working with their consultants to determine the best path to resolve this problem. BPW is scheduling work to be completed spring 2023.
- Filters- De-ragging UF Train 4 is scheduled to start March 6, 2023
- A rental emergency generator is online at Pump Station 4 while plans for a permanent solution are being evaluated. A Pump and valve replacement proposal was accepted for PS3. Three proposals to replace wet well piping in PS2 have been received for review.
- Personnel- Jeffrey Kerrin, DE Level IV Wastewater Treatment Operator started as Project Manager on 12-30-2022. Master Electrician, Andrew Courtney, and DE Level IV Operator, Mathew Davis, started at the end of January.

Mr. Calaman stated that the staff is working with the University of Delaware to apply for grants for funding for pump stations. Mr. Wolgemuth stated that PS5 and PS6 would be ideal candidates.

Mr. Webb questioned if the oxidation ditch repair can be done sooner. GMB is working on an updated proposal because there is a crack on the common header. The Board approved up to an allotted amount and will move forward once the proposal is back.

Mr. Wolgemuth stated that there is a foaming issue. Inframark is chlorinating the surface. Inframark will do some extra maintenance and was partially impacting the TMPS.

Mr. Webb noticed a lot of activity at PS4. Mr. Wolgemuth stated that a rotating assembly pump was frozen. Inframark hooked up the bypass pump. The assembly pump was fixed quickly and replaced.

7. Receive the President's Report.

President Panetta reported:

- Attended Chamber of Commerce breakfast with city.
- Held a joint meeting with the city.

- Held WWTF workshop that was well attended.
- Met with DRBA.
- Met with SPI Pharma and SPI provided valuable information regarding their usage and plans.

8. Receive the General Manager's Report

Mr. Calaman presented:

- Spoke with University of Delaware about a possible risk mitigation grant.
- The Lead Copper Rule program has begun.
- Attended Delaware State Police presentation on cyber terrorism. BPW has security measures budgeted for next year.
- Finalized Donovan Smith Mobile Home Park and project is moving forward.
- Held budget workshop.

9. Open forum/general discussion on AMI. INFORMATION/DISCUSSION/ACTION (Austin Calaman and Scott Lynch)

Scott Lynch, DEMEC, presented a power point on AMI. See attached.

Stephanie Dove, DEMEC CFO, was present.

Mr. Webb questioned the AMP approval process. Mr. Lynch clarified that the Department of Energy (DOE) will approve AMP's application. Lewes BPW commitment letter will be included in AMP's application. DOE will only cover the electric side of AMI.

Mr. Calaman clarified that the water portion would be the replacement of the of the ERT. This cost is included. Full replacement of all water meters, the cost of the meter, and the installation would have to be funded by the BPW. Mr. Lynch stated that anything related to the electric or electric component of the water meter can be financed through DEMEC. President Panetta questioned why the BPW would replace all water meters? Mr. Calaman stated that it would be done so that meters are on the same schedule. Water side is not impacted by the due dates for GRIP grant.

Mr. Webb questioned how to exit AMI program. Mr. Lynch stated that the program is a 10-year contract.

Mr. Webb questioned the benefits of customers viewing energy usage and rates and adjusting usage, like air conditioning. Mr. Lynch stated that the customer portal will show usage and both the customer and customer service representative can view the data.

AMI is the backbone/foundation for add-on services in the future. President Panetta stated that with AMI, the BPW could shave the peak which affects the rates and impacts everyone's bill.

Mr. Calaman stated that the \$83,317 is the base price and the Board can add on features.

If denied by DOE, the letter of commitment is no longer binding.

President Panetta referred to letter of commitment and if there was an "out" since there are not contracts to review. Mr. Lynch stated that if the contracts had different pricing, then the contract would

be a non-starter. If the Board does not like the terms, then the letter can be withdrawn. Sooner the better.

Mr. Calaman questioned if the grant is capped at 50%. Mr. Lynch confirmed. Ms. Dove stated that DEMEC waits to finance until more members come together for a better rate. Final financing will be 2024. The standard is 10-year financing because the equipment is only good for 10 years.

Mr. Webb questioned if prevailing wage included. Ms. Dove stated that it is not.

Mr. Nichols questioned the equipment being good for 10 years. What happens next? Ms. Dove stated that the equipment may still be good, it just cannot not be financed any longer than the 10 years. May just need software updating.

Mr. Lynch stated the contract will be the same as other members of DEMEC. Same terms and conditions. Mr. Lee requested a draft of contract language. Mr. Lynch will provide a draft contract.

Mr. Webb questioned giving power to end users and what the interest is. Is there an analysis of how often people use the technology. No customer survey data available. Mr. Lynch stated that the information that is available is there is a population that would rather look online than rather call to get an answer.

Mr. Calaman stated that there will be more people interested in the program as PCA increases.

President Panetta stated that AMI is needed because of the electrification of the country.

Mr. Nichols questioned what the customers' options are to interact. Mr. Lynch stated that the customer will go online to the customer portal and analyze the usage pattern. Mr. Calaman stated that NISC will need to implement the new system.

Mr. Ritzert questioned if all four towns pursuing AMI would be bundled as one application. Mr. Lynch stated that it is not required that everyone participates but is more impactful if more members participate. AMP is reaching out to 133 members.

Mr. Ritzert stated that a critical piece of a time of use meter is an incentive program and a modified rate schedule. The current rate schedule does not recognize the time of usage and will be beneficial.

Mr. Lynch stated the AMI program is for residential, commercial, and industrial customers.

Mr. Ritzert referred to the constant growth in the area and if the additional meter orders can be financed. Ms. Dove stated that the orders can be rolled into the financing and ordered through DEMEC.

Discussed the impact of EVs on the electric system.

ACTION: *Mr. Webb motioned to authorize staff to execute a letter of commitment to the AMI program, consistent with the terms presented tonight, conditioned on the grant being approved and further conditioned on staff review of drafts of existing contracts. Mr. Owen seconded the motion.*

DISCUSSION: Mr. Owen clarified that the letter of intent is only for the electric portion.

The motion passed unanimously.

10. Open forum/general discussion on a letter to be sent to customers related to the new Net Metering legislation passed in 2022. INFORMATION/DISCUSSION/ACTION (Austin Calaman)

Mr. Calaman stated that several DEMEC members have sent out letters regarding the net metering changes. There were some changes to Delaware state code 26 chapter 10. BPW has compiled a letter to customers that includes the changes as to what is coming. Changes include:

- The cap, the amount of net metering that can be allowed within the community.
- Net metering is a rolling average, but at the end of the year if there was an excess, it would return to the utility. Previously returned to customer.
- Utilities can now charge a fee, up to \$200, to review applications. Staff recommends \$200.

The letter is like Newark's letter that gained traction. BPW will send letters to solar customers and vendors.

Mr. Calaman stated that when net metering started there was a subsidy to encourage solar. From a consumption standpoint, a solar customer has a larger impact because their demand is instantaneous. The utility will now have the chance to review if solar customers change hands or changes usage.

President Panetta stated that that market is trying to move so that it is more equitable to everyone, while still trying to encourage solar.

Mr. Calaman stated that the BPW is finishing this fiscal year based on previous language since the legislation passed well into the fiscal year. Will take effect April 1, 2023.

Mr. Webb stated that this is Delaware Law.

The letter will be sent out by the beginning of the month.

11. Open forum/general discussion on the BPW cross connection control plan. INFORMATION/DISCUSSION/ACTION (Robin Davis, Austin Calaman, HydroCorp and DRWA)

Mr. Davis stated that the Board has contracted HydroCorp.

Paul Patterson, HydroCorp presented:

- HydroCorp has put together a program and steps to comply with state regulations.
- HydroCorp will assist with the implementation of the plan.
- The first step is public education, to water customers. What the program is and why it is being done. Program to protect drinking water from becoming contaminated.
- Assessment/ Survey needs to be completed to determine if customers are high hazard or low hazard. Low hazard customers could be using water in ways that would change the aesthetic quality, the average individual will not get sick. High hazard customers will get sick or worse.
- Next phase is to start notifying those customers, low or high level.
- On the commercial, a record review will be done to determine highest priorities.
- Surveys will need to be completed by a certified ASSE surveyor. The onus would be on the water customer to schedule work and have completed. Need to determine if backflow prevention is needed.
- The database is web based. The BPW will have access.

Mr. Owen questioned how to enforce the requirements. Mr. Patterson stated that it would be enforced through local ordinances or a local water use contract. State of Delaware regulation states that utilities have the right to terminate water for noncompliance.

Mr. Patterson stated that a program typically rolls out the commercial side because they are more of a hazard. Will be a multi-year process.

Mr. Davis stated that BPW has until February 1, 2024, to implement regulations. Rehoboth has started commercial inspections with contractors and is looking to complete residential in house. BPW will go through HydroCorp. HydroCorp will provide the customer with a list of contractors. Customers will pay contractors. Mr. Patterson estimates that it will cost customers \$150-\$175 for the survey and about the same for the test on the commercial side.

Mr. Lee questioned what constitutes a residential issue. Does everyone with an irrigation system need a survey? What level are the customers identified as a problem. Mr. Patterson stated that on the commercial side containment, or backflow preventer, needs to be at the meter. For residential, containment at the meter is not required. Those with irrigation will be impacted the most. A backflow preventer should be installed on the irrigation line. Without one, customers will need to test every year and will be tested each time. Mr. Lee stated that not all irrigation customers have meters. Mr. Patterson stated that everyone needs to be assessed because it is an unknown.

Mr. Calaman stated that Lewes is not alone, this is Federal Regulations.

Mr. Lee is concerned with flooding and frequent sea level rise and does not think that vacuum breakers are not supposed to be submerged. Mr. Patterson agrees and stated that some stated install above the 100-year flood line so that the vacuum breakers are not submerged. This needs to be discussed.

Mr. Webb questioned what the cost is the BPW will incur. Mr. Patterson stated that the cost to BPW is minimal, funded through the water customers. The administration is falling on HydroCorp, the enforcement would be needed from BPW if it gets to that point.

Mr. Webb questions how much time will be spent at the commercial properties, surveying and doing inspections. Mr. Patterson stated that a typical restaurant could take 30 minutes to an hour. The worst-case scenario is that a degree of hazard is assigned. Mr. Webb confirmed that for the 30-60 minutes is over \$100.

Mr. Webb questioned if there is a level of education needed to conduct surveys and assessments. Mr. Patterson stated that the plan provides that the American Sanitary Engineers must have a surveyor certification. DRWA teaches the class and certifies people in the state of Delaware.

No action. A final draft will be produced at the next meeting.

12. Open forum/general discussion on a proposal from Asplundh Tree Expert, LLC for trimming of the 69KV transmission line and Circuits 2 and 4. INFORMATION/DISCUSSION/ACTION (Austin Calaman and Robin Davis)

Mr. Calaman stated that this proposal is like the contract a year ago. The only other company interested is Asplundh's sister company. Staff will maintain the public outreach. The smaller circuit will be done in March/April. The larger circuit will be done after the summer season. Expectation that the job would be

complete by the end of the calendar year. The goal is for the BPW staff to maintain once job is complete. Trees will only be cut on the primary side, no service drops.

ACTION: *Mr. Owen motioned to accept the proposal from Asplundh Tre Expert, LLC for trimming circuits 2 and 4. Mr. Nichols seconded the motion, which passed unanimously.*

13. Open forum/general discussion on an agreement to allow 16161 Lynn Rd to connect to sewer while acquiring the CPCN for water at which the property owner would connect to water. INFORMATION/DISCUSSION/ACTION (Austin Calaman and Robin Davis)

Mr. Calaman stated that this is an agreement that the property owner at 16161 Lynn Road could connect to sewer and pay outside city rates while acquiring the CPCN for water. Customer is experiencing severe issues with his sewer and the process for a CPCN is long. Staff is looking for a vote work on an agreement that outlines that the property owner owes the impact fees and all fees associated. Mr. Hoffman stated that it is the Board's policy to connect to both sewer and water. The Board would be authorizing the owner to obtain sewer service before the water on the condition that the owner enters an agreement to and will pursue water CPCN and obtain water. Mr. Webb if this will cause billing issues. Mr. Calaman stated that there are no billing issues, and the owner is still responsible for impact fees.

The agreement would have to be executed before the connection to the sewer.

ACTION: *Mr. Nichols motioned to allow to connection to the sewer system without water while water is pending, and directing Staff, including legal, to document the arrangement with the property owner in an agreement. Mr. Owen seconded the motion, which passed unanimously.*

14. Open forum/general discussion on sizing and style of the new BPW water tank to be located on the Jones Farm. INFORMATION/DISCUSSION/ACTION (Austin Calaman, Robin Davis and GMB)

Mr. Calaman stated that the BPW is seeking a loan through the state for \$5.2 million, for the new water tank and there are a few details that need to be determined before moving forward. Size and style of the elevated storage tank impacts the engineering and costs. President Panetta stated that the revised report takes in account SPI Pharma's future needs.

Mr. O'Donnell stated that there are a few parameters that go into sizing tanks.

1. Fire Reserve- related to what the State Fire Marshal requires.
2. Operating Storage- based on average daily flow.
3. Equalizing Reserve- based on the demand throughout any day.

Mr. Nichols questioned if the fire reserve is a duplication of what the existing water tower has. Mr. O'Donnell stated that GMB is sizing what the city needs in overall storage up in the air and subtract 300,000 gallons already in place. The fire reserve and equalizing reserve will account for what the BPW already has.

GMB will present an elevated storage tank to account for demand in 2042. GMB has factored in SPI, biggest water customer. During the wintertime, SPI accounts for 40-50% of the demand. Mr. O'Donnell stated that it his opinion that Lewes will not need another tower due to demand, with this new tower.

Mr. Hearn stated that data was gathered from the BPW water treatment plant specific demand pattern. The BPW demand pattern is very different than the typical patterns. This is affected by SPI Pharma's constant draw from the system and irrigation in the morning. The elevated storage tank is needed when the peak demand time is higher than the well production capacity. In the existing condition (today), 244,000 gallons are needed. When combined with the fire reserve and operating storage, 620,000 gallons are needed. Currently have a 300,000 tank, so another 300,00-gallon tank is needed for today. For future demand, total required storage would be 1.15 million gallons, an 860,000 tank would be needed. The recommendation is a 1-million-gallon tank.

Mr. Calaman reminded that this is full build out under the current CPCN. Mr. O'Donnell stated that the process for petitioning for open CPCN is difficult. Mr. Webb questioned if the city annexations could affect the process. Mr. Ritzert stated that the city cannot hopscotch properties, as they must be contiguous. It would be an incremental growth. President Panetta stated that annexed properties would have to get their water from the BPW and as the city boundary moves so does the area for potential CPCN.

Mr. Lee stated that his biggest concern is SPI Pharma and if they decide to change locations. The BPW will have spent a lot of money dependent on SPI Pharma's demand. Mr. Webb is concerned that residential customers will bear the cost of the water tower.

Mr. Webb questioned the life of the water tower. Mr. O'Donnell stated that the tower could last forever if properly maintained. Mr. Webb asked what the hurricane wind rating was on the current tower. Mr. Hearn stated that the manufacturer estimated 90mph without data on the foundation. Mr. Lee stated that the mitigation committee was recommending 120mph loading for future projects.

Mr. O'Donnell stated that the loan for \$5.25 million includes upgrading the header pipe at the well field.

There are different styles of water towers available. Some have storage facilities underneath. Mr. Luciani stated that the water spheroids are the most popular, but may have to do with cost, as it is the least expensive. President Panetta stated that from an aesthetic point of view, the composites are much more massive on the bottom. Mr. Luciani stated that the Hydra Pillar and Composites potentially will have a less expensive foundation system.

Mr. Webb questioned when a decision is needed. Mr. Calaman stated that the engineering cannot move forward without size and style. Mr. Luciani stated the height of the tank will be the same no matter the style of the tank. GMB would like to get started on the geotechnical work as soon as possible.

BPW has a planning grant, and the design and the bidding could be done through the planning grant. Expiration is July 31, 2023.

ACTION: *Mr. Nichols motioned to approve the one-million-gallon elevated tank with the water spheroid design. Mr. Owen seconds the motion.*

Discussion: Mr. Lee would like to get a second opinion on the size of the tank. Mr. Webb would not be opposed to a second opinion. Mr. Lee feels that the one-million- gallon tank is a huge tank for the Lewes community. Mr. O'Donnell stated that 25 years ago, GMB recommended a 500,000-gallon tank. President Panetta stated that a 750,000-gallon tank would get the BPW where it needs to be and could be revaluated down the line.

For a water spheroid:

750,000 gallons= \$2.92 million

1,000,000-gallons= \$3.64 million

Mr. Lee feels that it is a big difference. President Panetta stated that there is a time value of money.

Mr. Webb would prefer to build the 1-million-gallon tank and would rather have too much than not enough.

The Board voted on current motion without an amendment.

Yay	Nay
Thomas Panetta	
Earl Webb	
	D. Preston Lee, P.E.
Richard Nichols	
Thomas Owen	

Motion carries.

15. Open forum/general discussion on the BPW obtaining a pollution insurance policy.

INFORMATION/DISCUSSION/ACTION (Austin Calaman, Thomas Owen, Richard Nichols, and HMS-Mike Sutherland)

BPW staff reviewed flood and pollution insurance policies to replace the current self-insurance policy. Mike Sutherland, HMS, provided a proposal. Current reserve policy states that the BPW must self-insure \$1 million for pollution insurance.

One proposal includes all pumps stations and the wastewater treatment plant (WWTP). One proposal covers all the pumps stations. Inframark has a pollution insurance policy with the BPW being additionally insured on that policy. Inframark covers \$2 million. Mr. Sutherland has reviewed Inframark's policy.

Mr. Owen stated that if the BPW bought the insurance policy, \$1 million dollars would be freed up in the cash reserve. Mr. Sutherland stated that the WWTP can be removed from the policy at any time. Mr. Owen recommends buying the insurance and including the WWTP and all the pump stations.

Mr. Webb questioned if both BPW and Inframark carry a policy, how would a claim work. Mr. Sutherland stated that the lawsuit comes to HMS, and the carrier would tender to the contractor and decide if there is any participation in the claim. The HMS policy would be excess to the Inframark policy. The first loss position is Inframark. Without the additional policy, the risk is that the Inframark policy will cover the claim. BPW is under the Inframark policy and would share the limits. This is liability coverage.

Mr. Owen and Mr. Nichols feel that the extra coverage is worth it.

The policy has a \$1 million per occurrence limit and \$2 million aggregate. Do not get over \$2 million in a year.

The HMS policy is broad and includes but not limited to onsite clean up, off-site, third-party property damage, third party bodily damage, etc. HMS has a pollution expert that is paid independently, and they have identified the biggest exposure lies.

HMS is reviewing the Inframark policy. Mr. Calaman will bring this back to the Board at the next meeting.

**16. Open forum/general discussion on an EV charging rate for the City of Lewes.
INFORMATION/DISCUSSION/ACTION (Austin Calaman and Thomas Panetta)**

Lewes is looking at rates for EV charging stations. Not a lot of data out there. Many municipalities have not started charging yet. New Castle has begun and is working on a rate using a consultant. Lewes has started the process of putting in stations that would be owned and maintained by the city. The question is the rate that the BPW will charge for the electric. Mr. Calman is considering using commercial small generation rate with the standard ready to serve charge.

Mr. Webb questioned what is the voltage? Mr. Calaman stated that a tier two is a standard 240v. Mr. Webb questioned if the city was planning on purchasing a two tier or higher. Mr. Ritzert stated that no decision been made. Level two is what has been mostly being focused on. Many towns shying away from three-phase because you want people to linger, and it is good for business.

Mr. Ritzert stated that the quality of the charging equipment other than Tesla is not as reliable.

Ms. Townshend stated Milford is installing level three chargers, but Lewes has not discussed level threes at all.

ACTION: *Mr. Lee motioned to implement an EV charging rate to the city, the small general commercial rate. Mr. Nichols seconded the motion, which passed unanimously.*

17. Open forum/general discussion on the WWTF Long Range Plan and selection of the date for a special meeting. INFORMATION/DISCUSSION/ACTION (Thomas Panetta)

President Panetta stated that the wastewater treatment facility (WWTF) public comments will be posted and FAQs. The next public workshop will look at what has been developed so far. The Board has not made any decision at this point.

The next WWTF workshop is scheduled for March 22nd at 6:30pm.

The regular Board meeting will be held on March 29th at 4pm.

City will stay coordinated. This affects the ratepayers but the city of Lewes.

18. Call to the Public.

None.

19. Call to the Press.

Aaron Mushrush, Cape Gazette, questioned what the solar benefits are to customers and will the legislation negate the benefits. Mr. Calaman stated that the if the system over produces one month and

under produces the next the credit can be used. The only difference is if there is an overage at the end of the year.

20. Executive session

None

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

None.

22. Adjournment

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

President Panetta adjourned the meeting at 7:47pm.

Respectfully Submitted

Sharon Sexton

Executive Assistant