

Lewes Board of Public Works  
City Council Chambers  
Capital Projects Workshop  
10.18.21

**The workshop meeting of the Lewes Board of Public Works was held Monday, October 18, 2021 in City Council Chambers.**

**1. Welcome and call the meeting order.**

President Lee called the meeting to order at 10:00 am.

**2. Roll Call**

Board Members

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

Ex-Officio Members

*Mayor Theodore Becker, Mayor*  
*Austin Calaman, General Manager*

Others

*Kimberley Bellere*  
*Vince Lombard, GMB*  
*Charlie O'Donnell, GMB*  
*Tim Ritzert, City Council*  
*Kristina Keller, BPW*  
*Robert Kennedy, Rate Payer*

**3. Open forum/general discussion on the 5-year capital projects budget  
INFORMATION/DISCUSSION/ACTION (Austin Calaman and Charlie O'Donnell)**

Mr. Calaman stated there have been a lot of new projects come to light. Cost changes have occurred due to labor and material market. There were administrative changes such as Mr. Gordon's departure and Mr. Barne's retirement. Mr. Calaman has discussed, the electric department's plan with Rhett Passwaters, which included some changes. The BPW is continuing to look at ways to harden the wastewater treatment plant and wastewater facilities due to past failures. There are funding mechanisms through the state and the Feds.

Mr. Calaman presented two sheets: one is straight costs for all projects. The old 10-year capital project list is about 33 million dollars. Due to funding, material, and the ongoing water study the list was updated and Mr. Calaman incorporated much of the cost as possible. Cedar was not on

the previous list, now listed as a cost component for 12 million dollars. Mr. Calaman stated that Lewes is the first town in the first state and has a lot of older sections and infrastructure that has been problematic over time as time as progressed. This is how the 5-year capital projects has become 44 million dollars.

President Lee questioned two items that were left off: the School Lane and Devries. Mr. Calaman stated that have been several instances where there were backups on the sewer side with Devries but has not been as prevalent. The other projects are more problematic. Mr. Calaman used Cedar as an example. Cedar was the priority, but BPW was able to get a sample out of Kings watermain and was very rusty. To Mr. Calaman, this would bump in priority since it is unknown what cedar looks like. Cedar is much larger project. Water/sewer. The problems area was fixed by Teal. On the spreadsheets, the items highlighted are anticipated funding: Cedar, King's Highway, water tower, bi-directional flow Gils Neck Road mitigation project, and the headworks. The headworks has been expanded due to the GHD study and what is recommended.

Mr. Calaman stated that the market is insane, and vendors only give a five-day quote. Labor is the same. With ARPA funds, municipalities will be fighting for the same contractors. It is great that the funding is there, but it is going to cost just as much if not more. Teal gave a lead time of six months for PVC and ductal pipes. Mr. O'Donnell stated that in terms of construction time, may need to bid a month or two ahead.

President Lee questioned if nutrient trade, tree trimming, transformers, and items like that should be in the maintenance and operation budgets. Mr. Calaman stated that this a decision for the board and kept what was in the capital budget and can be pulled. Tree trimming can be on the electric side O &M. BPW had received prices from ASPLUNDH last year, but Delaware Co-op takes priority with ASPLUNDH. With storms in three phase areas, looking to do a program where circuit one and circuit two start one year. Move to circuits three and four following year and then take a year off.

President Lee stated that the mayor has been talking about EV stations a lot. President Lee questions if EVS should be a BPW or city project. Mayor Becker stated that he has a meeting on Thursday and will have discussions on a cooperative effort. Mayor Becker stated that EV stations would be in municipal lots not on the streets, where easily available. Mayor Becker will get back to the board. With all manufacturers moving away from combustible engines, the city will be pushed the do more. Usage has gone up considerable in the past year.

Mr. Calaman stated that the ARPA funding most likely geared to water and wastewater. The BPW will be focused on aging infrastructure at the treatment plant and pump/ lift stations. Because of the agreement of bi-directional flow with the count in case of emergency. DNREC will view as high priority.

Mr. O'Donnell stated that he has spoken to Greg Pope and has questioned how the billion dollars is going to filter down. Mr. Pope has no direction yet. There is supposed to be an update

on Wednesday. Mr. Webb questioned if the update would provide guidance on the process. Mr. O'Donnell guesses that it will be like the SRF process. At least a full application process and the whole thing takes a year unless an emergency. Mr. Webb questioned if the BPW should start coming up with documentation on why projects are important. Mr. O'Donnell stated that documentation sent already. Mr. Calaman stated that there was a description added for the justification. Mr. Webb questioned if there is a structure of presentation that is developed on Is there a structure more granular level. Mr. O'Donnell stated that they are looking at environmental benefits and social benefits. Mr. O'Donnell used the Donovan Smith Park as an example and eliminating whole system, both water and sewer. Showing the benefits will be part of how they rank. Some more important than others like the elimination of septic systems and items of that nature. Mr. Webb questioned if the BPW can start putting benefits together now. Last month the Board was given the list, added the benefits. The project benefits broken down individually and to community, board, and environment. Mr. Calaman stated that currently the way the BPW is structured, there is no way to do all 45 million in the timeframe. The money is to be allocated by 24 and done by 26.

Mayor Becker stated that two things will have to happen: streamline the application process and since there is not enough contractors to get the work completed the deadline needs to be pushed. Mayor Becker stated that the restrooms at Rollins Center project have contractors are out of Easton. The assisted living facility also uses out of state contractors. Not enough contractors, let alone engineers.

Mr. Webb questioned what the process is for selection. Mr. O'Donnell stated that DNREC will have a ranking system. The rankings will be based on several factors such as environmental factors, cost of the project, etc. Mr. Webb questioned if the BPW can get a list of the prioritized rankings. When municipalities submit applications, DNREC puts together a project priority list. Mr. O'Donnell will provide criteria what that looks like. Mr. Webb questioned if there were any other avenues to get the funds. Mr. O'Donnell stated that behind the scenes talking to people from DREC about finishing headworks for example. Mr. O'Donnell found that one on one conversations work best.

Mr. Calaman stated that the emergency funding on the headworks is benefited from GMB and a second opinion coming in from GHD. Mr. Calaman anticipates 4-6 weeks from going out to bid. Mr. Calaman anticipates the project will cost 1.75 million and has room for any findings including bar screens at four and eight, changing SCATA out, and pumps out. President Lee questioned if the funding would be loans rather than grant. MR. O'Donnell stated that it would depend on the project. Projects cost goes to the users and each resident versus median household income. If it is more than the resident can afford, that is when the grant money comes into play. President Lee stated that the headworks is the citizens of Lewes and ratepayers. Mr. O'Donnell stated that on the face of it, the headworks would not be a grant. Mr. Webb stated wants another avenue to advance our cause. Mr. O'Donnell encouraged the board members reach out to legislators and political avenues.

Mr. Calaman presented two sets of cash reserves policy: one at a loss and one as a gain. With this capital project list at 44 million dollars, the cash reserve policy says that the BPW needs to come up with 2.5 million dollars to replenish the reserve. Can be done through funding of projects, bonds, or rate increases. One sheet shows project list with funding at 23 million and one without. As it stands the cash reserve will be fine funding 23 million, but the BPW still have to fund the future projects.

Mr. Calaman stated that Ms. Bellere took the current cashflow to date to and forecasted the budget for the rest of the year and to where 25% of the working capital lag is. Ms. Bellere used that capital budget information as placeholders in current depreciation. Mayor Becker questioned what growth factors were included in these calculations. Mr. Calaman stated that it would be in growth depreciation and every project is becoming increasingly more expensive. Impact fees will be associated with these projects and are only geared to capacity. Those revenues not factored in and is not a guaranteed number.

Mr. Owen stated that the new business (new developments) is paying for themselves. Mr. Calaman stated that there is a cost the BPW is responsible for and is included in the spreadsheets. President Lee stated that the additional capacity is anticipated and will be paid in the future. Mr. Webb stated that the board approved 23 million dollars capital budget but the second is a wish list of 44 million dollars because of funding and priority. Projects were added and moved up, especially on wastewater side such as the headworks, Jones Farm, and water tower. Mr. Webb confirmed that the Board never agreed to 44 million. Mr. Webb recommends sending to Ms. Lund to redo rate study and prioritize this list.

Mr. Calaman stated that the most realistic approach is to take the on the priority projects. Cedar depends on study and is a huge project, 12 million dollars. Prioritizing the projects sooner than later. Water Study currently being conducted and there is a meeting next week to prioritize. President Lee questioned that when flushing the hydrants, he did not notice as much iron on the roadway. Mr. Calaman stated that he discussed this with Mr. Foraker, water supervisor. Kings Highway project would be priority over Cedar. Proof at two connections: Kings and Madison and at Big Oyster. Cedar was very clean.

Mr. Panetta questioned project for external funding and a 2% loan and what it will cost. Mr. Calaman referred to the page where the dollar figures were all 0s. At the bottom it shows what the debt service payment would be and is compounded every year until debt projects come online. Mr. Panetta stated that the debt payment includes principal plus interest. Question is how much the interest is. Mrs. Bellere stated that it would be the projects minus the total.

Mr. Webb questioned if the cost included uplift for preventive wage. Mr. Calaman confirmed. Mr. Panetta questioned what the cost impact of interest payment is specifically. Mr. Calaman stated that previously the general manager broke it out into individual projects. Mr. Calaman encompassed the entire three-year project. Mr. Owen is concerned with the infrastructure and questioned if this is encompassing the real issues or there lurking issues. Mr. O'Donnell stated that the biggest projects are state owned roads. The BPW is in good shape in beginning to

address those streets. The wastewater treatment plant is reaching the end-of-life expectancy. Mr. Calaman stated that there are changes being made to headworks as to what works and what does not. The underlying factor is the supply chain. Mr. Owen stated that lift station pump station four has a poor design and whole station needs to be redone. Mr. Calaman stated that there is funding including in the capital budget and the study is being started this week. Mr. O'Donnell stated that water tower should be priority. Mr. Calaman stated that BPW has paved all state roads except New Road. Mr. O'Donnell stated the state is planning on widening King's Highway and should be prioritized before DelDot begins their project.

Mr. Panetta commented on the supply chain. Expectation is not going to recover and has drastically changed and will be stuck with this supply chain. Mr. O'Donnell agreed and stated that for planning purposes, the supply chain needs to be a factor.

Mr. Calaman stated that the BPW may need more staffing, for upcoming projects.

Ms. Bellere state that the interest would be about 5.4 million dollars. Mr. Panetta confirmed that this was for the 23.8-million-dollar loans and compounded over the 20-year life.

Mr. Webb confirmed Mr. Calaman's priorities: WWTP headworks, water tower, harden utilities; electric, and mitigation.

Mr. Calaman stated that sea level rise is always a factor and correlates with most projects. Opening a road; it must be taken into consideration. Storm water will be looked as well.

Mr. Calaman stated that it should be a priority to harden the utilities. For example, tree trimming. If a storm comes through it will be a big issue. Bypass flow at pump stations and the water tower, all this to consider in a storm.

Mr. Calaman stated that the bi-lateral flow is in mitigation.

Mr. Webb questioned the water tower as a second priority. Mr. Calaman stated that there are five wells that has a capacity. BPW runs off tank level and that is correlated to pressure. When demand kicks on the water in the tower fluctuates. During hydrant flushing, the BPW had to stop because we were drawing so much demand from the water tower. Having two-fold or three-fold storage gives the ability to store vertically. If something catastrophic were to happen between the water tower and wells there is 30 minutes to respond or out of water. Mr. Panetta stated that when the water tower has to come out of service for maintenance or catastrophic event, there would be strictly well service. The Jones Farm purchase was for that specific purpose.

Mr. O'Donnell stated that with elevated storage and peak high demands the BPW was able to equalize the flow. Fire reserve must be considered. Mr. O'Donnell recommended a tower in 2002. The Board has operated with using the aquafer as an emergency flow. Mr. O'Donnell is not in agreeance with this.

Mr. Webb questioned what projects the board should not do as a priority. Mr. Calaman stated the expansion for developments are contractual agreements. For example, Canal crossing and a permanent fix was not done. President Lee questioned if DelDot ever agreed to do a permanent fix? Mr. Calaman stated, he did not believe so. Mr. Webb stated the BPW did not cause that problem. Mr. Calaman stated that the BPW using a camera on as many as possible and teaming up with city when they are doing street improvement projects. Water pipe assessment will confirm or contradict what is assumed.

President Lee questioned if non construction vehicles are factored in for 20 years. Mr. Calaman stated that vehicles are paid with cash and paying the BPW back with depreciation. Recent vehicles that were purchased were that factored in. President Lee questioned if the BPW is pulling from depreciation funds to pay for that asset. Ms. Bellere stated the depreciation is accounted for all assets.

Mayor Becker questioned if there is anything in the capital budget for stormwater management. Mr. Calaman stated that the biggest issue is the relining old, corrugated pipe mainly in Pilottown Village. This is not a cheap fix. For Cedar the question is, does the BPW put in porous pavement or full stormwater system. Mayor Becker stated that there is no stormwater management on the beach needs to be addressed.

President Lee discussed Overbrook Falls. Mr. Calaman and Mr. Panetta stated that putting in stormwater management may not be practically feasible.

President Lee stated that the board should send budget to Ms. Lund to review. Mr. Webb stated that 44 million is not a livable number and would like to take some projects off the list. Mr. Calaman stated that the BPW would give Ms. Lund one with no funding and comeback with how much funding would be needed plus rate increases. Mr. Webb stated that it could do it backwards. Mr. Panetta stated that this budget assumes the current rate structures with current rates and there is not enough information. Mr. Panetta requested Ms. Lund to report what it would take with rate increase and with funding. Mr. Panetta does not have a good feel on the impact of impact on customers.

President Lee stated that Ms. Lund can provide reasonable increase for the situation. Mr. Panetta stated that partial rate increases would be part of the solution. Mr. Calaman stated that the cash reserve is a funding mechanism for the board. Any fluctuations will affect minimum cash reserve. Mr. Panetta would like to understand the rate/bonding impacts are.

President Lee questioned what the impact the ARPA funds for the entire 44 million. Mr. O'Donnell stated that if the BPW submits the applications for all projects, even if decided not to do them, the state would keep them in their files. The state will utilize all the information and take to the federal government to get even more money. President Lee stated it would be to the BPW's the benefit to submit the application of the budget. President Lee questioned when they make decisions. Mr. O'Donnell responded typically applications are due in January. By April should know if project is above or below threshold. We do not know what the ARPA process will be. Mr. Panetta agreed that with larger list if there is more funding out there,

would be wise to submit more. Mr. O'Donnell stated the state looks at projects that are shovel Ready. The BPW is in good shape. For example, Cedar Avenue has a lot of work done already.

Mr. Webb stated that Ms. Lund will look at three different models. There will be reasonable rates and the rest becomes funding. Mr. Panetta stated that it is separated in electric, water, wastewater, and sewer. President Lee recommends doing it for the whole budget and the worst-case scenario.

President Lee questioned if projects that are in the O&M budget should be removed because it seems to be redundant. Projects were moving from budget to budget and not capitalizing items like tree trimming. Mr. Calaman will look at projects done on a yearly basis or as needed basis.

President Lee recommends putting Devries Circle back in the budget. President Lee questioned the consensus of the board. Mr. Nichols stated that he would like to authorize Ms. Lund to run several scenarios on the large budget and remove those items needed to be in O&M budget.

Mr. O'Donnell stated that he can break into utilities for Ms. Lund's purposes. The consensus of the Board is to proceed with Ms. Lund.

Barbara Curtis spoke. This was her first meeting. Ms. Curtis is concerned with sustainability and the treatment plant location. Are there thoughts of moving in the long term? President Lee stated that there is no conclusion, very tough to find location and expensive project. President Lee stated that there are ways of attacking issues at current location. Treatment plants are usually located at the lowest point. Mr. Panetta stated that it is critical of the end of useful life of the plant and this budget takes us well before then, 2026. President Lee stated that everything would need to pump everything to another location. That would be a large project. Ms. Curtis stated that she is thinking long term and that it will be below water if nothing is done. There are other countries such as the Netherlands operate below sea level. GMB has begun looking at vulnerabilities and can it be done by elevation or diking. President Lee stated that it is within our vision. Mr. Webb stated that it is his belief that the plant does need to be moved.

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

Adjourned to executive session at 11:22 am.

#### **4. EXECUTIVE SESSION**

#### **5. Return to open session**

Returned to open session at 12:30 pm.

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

None

**7. ADJOURNMENT**

Meeting was adjourned at 12:30 pm

Respectfully Submitted  
Sharon Sexton  
Executive Assistant