

**Lewes Board of Public Works
Finance Committee Minutes
BPW Conference Room**

January 23, 2026

10:00am

1. Welcome, Mr. Nichols called the meeting to order at 10:03am.
2. Roll Call

Members

Richard Nichols, BPW Treasurer, Co-Chair
Bob Heffernan, Asst BPW Treasurer, Co-Chair
Robin Davis, BPW General Manager
Sharon Sexton, BPW Asst General Manager
Kimberly Bellere, BPW Finance Manager
Trina Bown-Hicks, Ex-Officio City Council
Mike Hogan, Committee Member
Calvin Jaber, Committee Member
Carolyn Jones, Committee Member

3. Review Finance Committee minutes from August 4, 2025

Ms. Bellere made corrections to administrative expenses. Wastewater should be 24%, and stormwater should be 5%. Also corrected spelling of Mr. Jaber last name.

Mr. Jaber questioned the reassessment of the administrative allocations and if the copy of investment policy was ever sent. Ms. Bellere states the reassessment of the administrative allocations will be talked about in this meeting and the investment policy soon.

Mr. Jaber requested progress meetings for the Financial Committee during the audit.

Mr. Jaber questioned if subgroups were added to Financial Report, Ms. Bellere advised they have.

Action: *Mr. Hogan motioned to recommend the approval of the August 4, 2025 Finance Committee meeting minutes, Mr. Jaber seconded the motion, which was approved unanimously.*

4. Present Financial Framework with Audit proofing for FY 24 and 25 and receive questions and comments from the committee. Possible action of recommendation to use for O& M and Capital Budget to the Board.

Ms. Bellere presented the framework as our new in-house budgeting tool.

Due to the previous reliance on consultants, which affected rate settings, debt issuance, cap projects, policies, and audits, Ms. Bellere and Mr. Hogan worked together to create an internal budget document. The document shows the cash flow of each utility. The cells are color coded with the hard entries in blue, which can be updated to reflect new information, adjustments, or other

possibilities versus the no fills are the formulas. The report consists of high-level summaries down to the details, with the final pages feeding the first pages. In previous presentations, the concern of accuracy was expressed so pages 2-3 were added to be able to compare the model to the audit. There will also be a cost-of-service study and five-year projections to further prove accuracy of the model and possibly keep more responsibilities in-house.

Page 51- Inflation projections

Pages 47-50- Capital expenditures by each utility and payment method

Pages 45-46- Stormwater utility revenues and expenses

Pages 38-44- Wastewater utility revenues and expenses

Pages 25-37- Water utility revenues and expenses

Pages 18-24- Electric utility revenues and expenses

Page 17- Allocated expenses

Page 16- Debt coming from capital expenditures

Pages 14-15- Working capital

Pages 9-13- Reserves

Page 8- Net income

Pages 5-7- Breakdown of each section of the cash flow statement

Page 4- Model cash flow statement

Pages 2-3- Model and audit comparison

Page 1- Definitions

Mr. Jaber questioned the term model and the accuracy. Ms. Bellere states that the model consists of two years of actuals, the current year being worked on and the 10-year forecast. From there the actuals from the model are being compared to the actuals from the audit to show the comparison. Mr. Hogan stated that when a model is made there must be assumptions, while the cash flows in the model are not realistic, after comparison of the audit numbers and the model numbers they are close enough to make decisions.

Mr. Nichols questioned how to continue checking if the model is working and the rate study. Ms. Bellere stated that accuracy is checked every audit, there will be cost-of-service studies and five-year projections. Mr. Nichols agreed that the model is useful information to have when conversing with consultants.

Mr. Jaber questioned the timeframe of when the model will be done. Ms. Bellere stated the audit comparison will be yearly, and the budget update will be quarterly.

Ms. Bellere suggested the term actual be changed to historic on the model.

Mr. Jaber questions the assumptions that are built into the model. Mr. Hogan stated there are assumptions on every page/ category.

Mr. Jaber stated that while he does understand the framework that is being presented, he would also like to take a more detailed look into the model. Mr. Hogan suggested a separate meeting with those who would like additional information.

Mr. Heffernan suggested a separate meeting with all board members to keep them knowledgeable about financial side and model.

Ms. Brown-Hicks questioned who the backup was for Ms. Bellere. Mr. Nichols, along with Ms. Bellere, stated that there will be standard operating procedures made for this framework structured enough for someone to come in and continue with the model.

Mr. Heffernan suggested keeping a log for the assumptions that are being made.

Mr. Hogan further described this model as a cashflow framework which enables you to see future cashflow, which is important in the value of a business.

Mr. Heffernan questioned whether they should formally adopt the model. Mr. Nichols said the model should be adopted formally and present it to the board to see if they have recommendations to make it even better.

Action: *Ms. Jones motioned to recommend the framework to the Board, Mr. Heffernan seconded the motion, which was unanimously approved.*

5. Discussion and decision about administrative distributions.

Ms. Bellere stated that the current administrative distributions are 45% electric, 26% water, 24% wastewater, and 5% stormwater, which has been this way since before she came to Lewes BPW. Ms. Bellere is not familiar with the history of this, and it was stated in the audit to review this. Operating income, revenues, and cost to operate are all acceptable options for distributing administrative expenses. Based on numbers and expenses Ms. Bellere recommends revenue due to stability.

Mr. Heffernan questioned what the auditors thought. Ms. Bellere stated there was a question during the reviews of what the actual distribution was and when Ms. Bellere advised that it has not been reviewed it was suggested that the distribution be looked at.

Mr. Heffernan suggested that capital expenditures be distributed in a different direction. Mr. Heffernan thought expenses are too noisy and small.

Mr. Hogan questioned whether there are other options besides the three picked to distribute administrative expenses. Ms. Bellere stated she would need to research this further.

Mr. Jaber stated he feels expenses more directly represent that allocation.

Action: *Mr. Hogan motioned to distribute on cost to operate, Mr. Heffernan seconded the motion, which was unanimously approved*

6. Future agenda

Mr. Nichols will review the framework with the Board and feels it is the correct thing to do and see if the Board wants to move forward with the framework. Ms. Jones suggests presenting the framework in a simplistic form.

Ms. Jones suggested distribution be put in the next agenda.

Mr. Hogan was concerned about the cash pool that is in Fulton Bank and UBS and suggested moving money into a money market be an agenda topic. He felt that due to the amount of money in Fulton Bank and only being insured for \$250,000 moving the money should be a priority.

Mr. Hogan suggested review of the reserve policy.

Mr. Hogan Suggested the review of how it is determined which projects are debt, grant, reserve or internally funded.

Next finance meeting February 20, 2026, at 10 A.M.

7. Adjournment

Action: Ms. Bellere motioned to end the meeting, Mr. Hogan seconded the motion, which was approved unanimously.

Mr. Nichols adjourned the meeting at 11:57 A.M.

Respectfully submitted,
Melissa Rowe
Executive Assistant



D. Preston Lee, P.E.



Date