

# BOARD OF PUBLIC WORKS

## *Vision*

The Board of Public Works exists to improve the quality of life of the customers we serve.

## *Mission*

We are dedicated to providing our current and future customers with utility and other value added services in a safe, reliable, and economical manner consistent with sustainable growth, community involvement, and environmental stewardship.

**Regular Meeting of the Board of Public Works was held in Lewes City Hall, Council Chambers, 114 East Third Street, Lewes, Delaware on Wednesday, February 22, 2012 at 7:00 p.m.**

### **Board Members Present:**

*C. Wendell Alfred*  
*Jack Leshner*  
*James N. Richmann*  
*Candace Vessella*

### **Board Member Not Present:**

*D. Preston Lee*

### **Ex-Officio Members Present:**

*Ted Becker – Lewes Vice Mayor*  
*Paul Eckridge – City of Lewes Manager*  
*Fred Beaufait – Lewes City Council*  
*Barbara Vaughan – City of Lewes Council*  
*Darrin Gordon – General Manager*  
*Heidi Wagner – Asst. General Manager*  
*Glenn C. Mandalas – Legal Council*

### **Ex-Officio Members Not Present:**

*James L. Ford, III – Lewes Mayor*

### **Others Present:**

*Walter Baumer – Severn Trent*  
*Lori Brown – Severn Trent*  
*Dave Fink – Severn Trent*  
*Ring Lardner - DBF*  
*Andrew Lyons – GMB*  
*Joe Hoechner – Resident*  
*Bonnie Osler – Resident*  
*Rob Morgan-- Resident*

## **1. Welcome, Call Meeting to Order and Pledge of Allegiance**

At 7:00 p.m., President Alfred welcomed everyone, called meeting to order and led Pledge of Allegiance. A moment of silence was held for our troops abroad serving our country.

## **2. Roll Call**

President Alfred stated all Board Members [except Preston Lee], General Manager Darrin Gordon, and Glenn Mandalas, Legal Counsel are present. Mayor James Ford was absent; Ted Becker, Vice Mayor, presided.

## **3. Revisions and/or Deletions to the Agenda**

Darrin Gordon requested Severn Trent Report be removed from agenda for discussion and information.

## **4. CONSENT AGENDA:**

- a) Receive General Manager Monthly Report.
- b) Receive Severn Trent Report.
- c) Receive President Report.
- d) Receive Vice-President Report.
- e) Receive Secretary Report.
  1. Approval of Minutes dated January 25, 2012.
- f) Receive Treasurer Report.
- g) Receive Asst. Treasurer Report.

James Richmann moved to approve Consent Agenda with exception of Severn Trent Report, Candace Vessella seconded, and motion unanimously carried. President Alfred confirmed Consent Agenda as stated.

**b) Receive Severn Trent Report.**

Dave Fink announced Walt Baumer, Plant Manager for ten plus years, is retiring effective March 1, 2012 and will be capably replaced by Lori Brown, Assistant Manager, there for eight years. After spending time in Pennsylvania, she is returning to become Plant Manager. Dave Fink is overseeing the operations so high-quality service will continue.

**Emergency at Beebe Hospital**

**President Alfred asked Candace Vessella to read a letter from Jim Keyser, Beebe Hospital, 1/31/12, regarding an incident at 4 a.m. on 1/25/12 with water bubbling up from ground in front yard of hospital from main water feeds with possibility of ruptured pipe. A backhoe needed to dig up ground to locate broken pipe. Repair clamp was installed on the line and leak was repaired. By 8 a.m. everything was working as if nothing happened. BPW's Jimmy responded immediately. Entire crew commended for going above and beyond duty to ensure patients and staff could resume operations so quickly.**

**OLD BUSINESS**

**5. It is recommended that the Board of Public Works accept the conditions of Beneficial Occupancy for Phase I of the Canary Creek development and complete the associated transactions per Developer's Agreement. (D. Gordon)**

**INFORMATION:**

Darrin Gordon said BPW was paid impact fees through in-kind services meaning monies have been put into improvements on Pilottown Road with over 1,000 ft. of sewer line upgraded and upsized and a lift station was built. Contract spells out the fees versus the in-kind contribution. Estimate for work to be done was going to be \$367,500 for BPW's part; completed for \$345,482, a savings of over \$22,000. Final amount of their input was over \$500,000. This partnership has been working very well. Punch list for this portion has been completed and we are happy with the work. Request is to approve the Beneficial Occupancy for Phase I of Canary Creek allowing BPW to pay our part of Canary Creek contract and allowing them to start occupying the homes and using structures they built.

**DISCUSSION:**

Ted Becker asked if there would be additional impact fees paid by any of the 100 houses built. Darrin Gordon said no sewer fees but there will be some water fees. Canary Creek Phase I will appear on Lewes Council's March agenda.

**ACTION:**

James Richmann motioned to approve the Beneficial Occupancy for Canary Creek and Candace Vessella seconded. President Alfred called for a vote, everyone said aye, and motion carried.

**6. It is recommended that the Board of Public Works accept the Conditional Acceptance for Phase I of the Canary Creek development and recommended that a bond reduction be allowed per the Canary Creek Developer's Agreement and Addendum. (D. Gordon)**

**INFORMATION:**

Darrin Gordon said this is second part of Canary Creek contract and a large project to be done in three phases. Standard procedure is for developer to create a bond for whole project. Developer knew when they could do Phase I and were not positive when they could do Phase II so they asked BPW to reduce the bond by the amount of the work completed for Phase I and hold the remaining bond on Phase II and the remaining Phase III. Developer's Agreement approved by BPW and City of Lewes. Request for Conditional Acceptance allows them to say Phase I is completed to reduce the bond by Phase I amount. Work is completed with a few insignificant items on punch list to be finished. Request you approve and give Conditional Acceptance so they may move forward.

Ring Lardner said developer is in process of negotiating with bank to get next allotment of money to start Phase II. Canary Creek work is going well; starting townhouses with a few remaining lots. Bank is looking for paperwork on completion of Phase I and reimbursement by BPW. Work should begin on Phase II in late March or April at the latest.

**ACTION:**

James Richmann motioned to accept Conditional Acceptance for Phase I of Canary Creek and reduce the bond per Developer's Agreement; Jack Leshner seconded; and motion carried unanimously.

**7. It is recommended that the Angler's Nest Developer's Agreement be approved and forwarded to the City Council. (D. Gordon)**

**INFORMATION:**

Darrin Gordon stated Solicitor Mandalas negotiated with BPW, City, and developer while assisting all the way through in developing agreement document. Board has reviewed agreement. Details involving BPW utilities are acceptable. Recommend Board approve Angler's Nest Developer's Agreement before Lewes Council approves.

Glenn Mandalas said proposed a couple of minor edits found today be incorporated into agreement before approval process: (1) Section 3.5 B, page 12, "The BPW shall permit connection to the property in whole or in part of the BPW homeowner drainage system upon payment by developer of applicable fees or reimbursement of City *and BPW* expenses for storm water improvements [add "...City and BPW"]. Spoke with developer's attorney who agrees with proposed change. (2) Section 5.1 C, Page 14, Construction Inspection, "~~The developer shall provide his construction schedule to the inspector identified by the City to schedule to the inspections.~~" This sentence was **stricken** in several

other sections of document and missed here. In short, ensures BPW can inspect at any time and do not need to adhere to developer's construction schedule. Developer's attorney also agrees with this proposed change. Ted Becker confirmed deadline was extended for 60 days.

James Richmann asked Darrin Gordon to briefly explain Angler's Nest storm water plan. Darrin Gordon said plan is to take drainage from property back into marshland heading towards beach with use of a catchment basin. Off Angler's Road at the development are two separate buildings and behind that drainage will be going towards marsh to the catchment.

**Sussex County Soil Conservation District has approved the plan.**

**ACTION:**

James Richmann motioned to accept Angler's Nest Developer's Agreement provided Section 3.5 B and Section 5.1 C are amended as outlined by City Solicitor; Candace Vessella seconded, and motion carried unanimously.

**8. Presentation of the 3<sup>rd</sup> Quarter Financial Review. (J. Lesher/D. Gordon)**

Darrin Gordon reviewed financial for 3<sup>rd</sup> Quarter:

- January 2012 Consumption Report details how many kilowatts and how many gallons of water sold. 1<sup>st</sup> page, 1<sup>st</sup> line **Electric Residential** shows 4 million kWh sold same time last year and 2.8 million kWh sold this year. **Water Residential** shows 58,000 gallons sold last year and 60,000 gallons sold this year. A warm month has created unexpected differences.
- On large sheet, show **10 Months Ended Revenues and Expenditures through 1/31/12, TOTAL OPERATING REVENUES: Electric** is 7.3% below; **Water** is 9.6% below; **Wastewater** is 1.7% below; and **Stormwater** is 1.3% below totaling 4% below budget. Budget would be on target without 7.6% residential rate reduction.
- Revenues are down. Reason still in black is shown in **Operating Income** changes: **Electric** has 11.8% reduction in expenses; **Water** has 10%; **Wastewater** has 29%; **Stormwater** has 29%; totaling 12% reduction.
- **Repairs and Maintenance** indicates only significant expense increase of 32% over last year due to investment and hard work. Water meters are being replaced with goal of making them as accurate as possible; presently doing a better job of not losing water.
- **Electric Revenues** are on target; **Water, Wastewater, and Stormwater Revenues** have slight increases.
- Number of employees reduced and staff is working bone thin; employees are committed to stay the course. BPW at a good place with customers and employees.

**Discussion:**

Joe Hoechner asked about replacing of water meters; Darrin Gordon answered his question.

**NEW BUSINESS**

**9. It is recommended that the Lewes Green Energy Grant Program discontinue the acceptance of renewable energy applications. (D. Gordon)**

Darrin Gordon explained BPW has been involved with this program for several years allowing people to install home units of renewable energy [mainly solar and geothermal] with BPW paying a percentage of expenses through a green energy fund. Program is a state mandated fund and is very effective in Lewes; Lewes has largest per capita installation of renewable home units in the state; Wilmington has more but not per capita.

Funding has not kept up with demand. DEMEC handles and administers fund; DEMEC letter dated 2/7/12 shows \$120,239 as total Lewes grant dollars approved to date. Problem is expected payment delay for new applicants as of today is greater than 30 years. Letter also shows Total State Administrative Fees Due of \$6,287.26 indicating State approval of new applicants will cost more than collected.

Approval by Board of resolution to suspend acceptance of new grants is recommended. Board will continue to pay for the current list of applicants. Program may be reinstated when Board feels appropriate.

James Richmann read Board Resolution No. 12-002 into the record. Solicitor Mandalas reviewed for form and made edits that have been incorporated.

**Discussion:**

BPW communications on this program cause customer misconceptions and resolution will clearly indicate money is not available to pay grants for 30 years.

Barbara Vaughan requested Board to communicate and explain this message to community through billing process.

Barbara Vaughan also asked if reinstatement would take people currently suspended back first. Response was internal mechanisms are missing to keep track of applicants. Applications with 2012 receipts should have priority.

Candace Vessella said plan is in place to clearly convey this information to community with an information paper.

James Richmann said political leadership at State level should be told State's method of proportionately allocating funds is not fair. Grants are allocated based on per capita and not on number of outstanding grants awarded or pending. As a result, Lewes who wholeheartedly participated is not getting enough money and some communities not participating are getting enough money to pay off quickly. Problem can only be corrected at State level.

Bonnie Osler mentioned Recovery Act Program availability. James Richmann will check into Recovery Act Funding.

**ACTION:**

James Richmann motioned to accept this resolution, Jack Lesher seconded, and motion carried.

Ted Becker suggested changing word in title from ~~discontinuing~~ to **suspending**. James Richmann revised motion in incorporate this change, Jack Leshar seconded, and motion carried unanimously.

**10. Open forum/general discussion on the organizations available to distribute funds to the Citizens of Lewes from the "Round Up Plus Program." (D. Gordon)**

**INFORMATION:**

Darrin Gordon said program allows Lewes residents to designate funds in their bills to help people in need pay their utility bills. Currently, BPW has \$5,700 in the fund using \$500 to date to assist people. BPW gives to Salvation Army to distribute in Georgetown; a list of eight agencies is available. Person has to have a job as part of Salvation Army's criteria.

BPW's ability to assist is limited and money needs to go to people in need. A couple of agencies including Lewes Aid have been considered to increase access to funds without exclusion because of church involvement. Organizations on list could be contacted informing them of available funding while allowing them to qualify applicants.

President Alfred indicated Board is interested in finding resolutions. Staff may investigate and report to Board on the organizations and the process needed to help less fortunate. Driving to Georgetown when in need is inappropriate.

**Discussion:**

Glenn Mandalas said it is a policy matter rather than a legal matter since program is voluntary. Board needs to be careful expanding to some organizations while excluding others and establish criteria to receive the funds.

Candace Vessella supports having staff explore the organizations to better understand the criteria and thresholds. BPW retains the funds until applied to a person's bill; the organizations are evaluators for BPW.

James Richmann is strongly in support of the program and believes no further action by the Board is needed. Board set policy when implementing program over a year ago. Policy clearly says program be administered with no favoritism or potential for favoritism. Money does need to be disbursed but Board does not need to micromanage.

Jack Leshar said his wife volunteers on Lewes Aid; Lewes Aid Services, Inc. has been in existence for years and approved by IRS as a 501C3. Lewes Presbyterian Church is the founding entity so volunteers are members of the church. Comment is made in case there is a concern of favoritism.

Ted Becker said Lewes-Rehoboth Association of Churches is another organization to be added to this list.

President Alfred said minutes could be checked for path forward but agrees program does not need micromanaged. Since winter is almost over, funds need to be distributed where needed.

**11. It is recommended that the water contract for Bay Avenue be awarded by the Board to George & Lynch, Inc. for \$617,162.00 and award George, Miles & Buhr, LLC the Construction Management Engineering for same at \$43,500.00. (D. Gordon)**

**INFORMATION:**

Darrin Gordon stated City actually awarded contract at their last Council meeting. Request is for ratification of that award. There were two Engineering Management Contracts; URS gave a quote and GMB gave the lower quote at \$43,500.

Glenn Mandalas added two of the bidding contractors not awarded the contract have conveyed their protests through written correspondence to the City. There has not been sufficient time to thoroughly review the protests for validity; will do over next couple days. Issue is there are time constraints associated with Bay Avenue project. George & Lynch will be advised not to take on substantial expenses until there is a proper vetting. Preconstruction Meeting will not take place until sufficiently satisfied it is all right to go forward. It would be appropriate as recommended the Board ratify the award by City Council.

Ted Becker said contract was awarded last Thursday. There would be no protests until contract was awarded. Tonight, Board would be ratifying BPW's portion of the contract. George & Lynch will be advised no action will be taken until issue is cleared up.

**ACTION:**

James Richmann advised an Executive Session discussion is appropriate before a decision is made on the ratification.

Glenn Mandalas said Board may move into Executive Session under FOIA since seeking legal advice on potential litigation. Executive Session was deferred until end of meeting business. Public may want to get information on any actions taken by the Board. President Alfred said Executive Session is needed to properly answer any questions.

**12. Open forum/general discussion on the current Capital Improvement projects currently underway: Bay Avenue; Well Field Generator, Water Production Plant. (D. Gordon)**

Darrin Gordon presented a slide show.

- Efforts at Bay Avenue to date are to minimize the impacts on private property and they have been doing a phenomenal job.
- Picture of Bay Avenue with crew doing lateral installation of cured-in-place pipe. Significant to look at flags beside the mail box where the cleanout is installed on lateral of the home. Dug down approximately 4 to 4-1/2 ft. and glued a tee on top of the pipe. Later in week, pipe was filled with water to ensure it was leak proof and it was holding water. Then, they cored the top to tap down to lateral and covered very well. Installation is in driveway with a poured concrete slab. Concrete blocks were moved away to see cleanout used to install the cured-in-place pipe into the main.
- Second contractor, In Situ Form, were there beginning of this week doing cleaning in preparation of installation of

- main line liner; job will be completed in about a week and a half and is going very well.
- Second project reaching completion is at the Well Field where a standby generator is going into place. Transformer with “300” is in the front with generator to the right. In the back is the switch gear. George Hatter and Rhett Passwaters are the construction men doing this complex work. Cummings will do the start-up in about one week to make sure everything is working appropriately. Generator will be large enough to handle three wells plus the future water production plant. The stand-by power plant is an exceptional accomplishment.
- Water Treatment Plant. Picture on upper right corner is Kings Highway and high school is on the upside showing the treatment plant will be located. Not many windows; it is a utilitarian building looking very plain with all the safety features required. Plan is about 95% complete. Will communicate fully with the high school.
- Water and Electric Departments are working very hard and diligently.

**13. Meetings attended by Board Members or Staff.**

No meetings reported.

**14. Board or Staff Requests for Agenda Item(s).**

James Richmann said item is pending for a budget workshop; Darrin Gordon will determine the schedule.

Darrin Gordon said an open house is planned at Wastewater Treatment Plant; everyone is encouraged to attend along with spouses. Candace Vessella said open house is April 19, 2012; tours will be given from 10 a.m. until noon and a light lunch will be served from noon to 1:00 p.m. An information paper will be distributed in advance detailing what will be seen and why they should attend. Lori Brown, Severn Trent, has a handout illustrating how the plant works. BPW staff participated giving the tours at the last open house and were requested to do tours on April 19, 2012.

**15. Call to the Public**

No questions or comments.

**16. Call to the Press**

No questions or comments.

**14. Adjournment**

James Richmann motioned to adjourn meeting to go into Executive Session and Jack Lesher seconded. Meeting adjourned at 8:05 p.m.

Recorded by: Rosemary Shannon