

# 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, October 23, 2013 at 7:00 PM.**

#### Board Members

*C. Wendell Alfred*  
*D. Preston Lee, P.E.*  
*Jack Leshner*  
*James N. Richmann*  
*A. Thomas Owen*

#### Ex-Officio Members

*James L. Ford III, Mayor*  
*Darrin Gordon, General Manager*  
*Glenn C. Mandalas, Legal Counsel*  
*Heidi Wagner, Assistant General Manager*

#### Others Present:

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

At 7:00 PM, President Alfred welcomed everyone, called the October meeting to order and led Pledge of Allegiance. A moment of silence was observed for our troops serving our country.

#### **2. Roll Call.**

President Alfred stated that all Board members, Darrin Gordon, General Manager, Assistant General Manager Heidi Wagner, Mayor James Ford, and Legal Counsel Glenn Mandalas are present.

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

No revisions and/or deletions.

#### **4. Consent Agenda.**

- a) Receive the General Manager Monthly Report
- b) Receive Severn Trent Report for September
- c) Receive President Report
- d) Receive Vice-President Report
- e) Receive Secretary Report
- l.) Approval of Regular Minutes dated September 25, 2013.
- f) Receive Treasurer Report
- g) Receive Asst. Treasurer Report

Preston Lee motioned to approve the Consent Agenda, Tom Owen seconded, and motion carried unanimously.

#### **OLD BUSINESS**

#### **5. Open forum/general discussion on 2014 Insurance renewal. (D. Gordon, W. Alfred) INFORMATION:**

**Darrin Gordon** said we have completed the renewal of our insurance. First, the HMS Insurance, which is the blanket insurance, and I have the complete proposal which covers all of our equipment, properties, and every aspect of our insurance. There are a couple of things that we do not do. One is the flood insurance, which is covered down at the wastewater treatment plant. We self-insure for that upon their direction. Plus we have done an elevation study on it, so we know that we have coverage already up to a certain point. There is no change on this from last year. Under Workman's Compensation Calculation, that is usually a good hit for anyone, and you can see that our experience mod says that we have not had any problems for a couple of years now. We are saving about \$1,759.00, and total savings is about \$10,000.00. The second thing that we self-insure for is called a

Pollution Exclusion, and this is also at the direction of HMS. If there is a problem with the wastewater treatment plant, we would exclude that, but we have that coverage through Severn Trent. The premium summary says from last year our annual cost was \$146,000.00, and this year it is \$148,955.00, so it has increased by about \$3000.00. We do have the coverage for general liability and also for you as Directors; there is also an umbrella coverage that takes care of any responsibilities for you and your actions. **President Alfred** said regarding the mod, if you are one point and above, such as 1.01, you are paying one tenth of a percent more than a business of like size. In our case our mod is 0.93, so that is seven percent credit that we are getting based on the worker's comp. The \$2000.00 increase was due to the states rates and had nothing to do with our experience

**ACTION:**

Tom Owen motioned to accept the insurance renewal program as presented by the General Manager, Jack Lesher seconded, and motion passed unanimously.

**Mayor Ford** commented to President Alfred that you referred to the proposed rate increase for the third year in a row, and the City along with the Sussex County Associate of Towns, the Delaware League, and the Board will be objecting to that proposed 40% increase. When we take a formal position we ask for the Board's support.

**6. Open forum/general discussion on proposed Resolution 13-004, the increase of the wastewater connection charges to reflect the increase in the Consumer Price Index (D. Gordon)**

**INFORMATION:**

Darrin Gordon said this in regarding our wastewater connection charges and what is called the impact fee. We have nine different areas in our community that has been determined by engineering done five years ago. They are divided into areas that would be served geographically from a single lift station. The cost of putting that infrastructure in plus the impact that those developments would have downstream, the increase in pipe size and the other lift stations that would be touched by the new addition, all of that has been figured out a dollar amount put to that. The dollar amount was assigned in 2005. The Bureau of Labor and Statistics says over the last twelve months that all items index increase at 1.5% has occurred from 2005 to August 2013. We have the Board resolution which is 13-003, and this is the resolution that I have put together. It shows all of the zones, all of the impacts, the number of EDU's that each zone would be serving, and the total impact fee that represents a 1.5% increase from the former rates. Regarding Existing Single Vacant Parcels in the city limits, it went down. That is an error. Please cross out the \$1,878.00 and replace it is with \$2,893.00. I will make sure that is adjusted correctly. It is my recommendation that you pass this resolution.

**Preston Lee** said I have never seen a system broken down this way and I think it is a great idea. It is fair to the areas being served.

**James Richmann** said the agenda wording could be confusing because it says water connection charges.

**Preston Lee reads Board Resolution 13-003:**

“A resolution of the Board of Public Works of the City of Lewes DE amending wastewater treatment system area connection charges impact fees. Whereas the Board of Public Works exists of the current and future customers of the availability and accessibility for safe, reliable, and affordable water, electricity, wastewater disposal, storm water, and other public services; and whereas the Board of Public Works provides these services for life sustaining use while being environmental stewards; and whereas the Board of Public Works anticipates growth that will impact the sanitary sewer system infrastructure and water reclamation plant treatment capacity; and whereas the Board of Public Works adopt a Resolution 07-004 on August 16, 2007 establishing wastewater system area connection charges impact fees and serviced area zones; and whereas the staff of the Board of Public Works and its Engineer have conducted the annual evaluation of the cost of providing the infrastructure and capacity to accommodate new growth; and whereas pursuant to Section 4.4 of the Charter of the Board of Public Works, being Chapter 10 Volume 77, Laws of Delaware as amended, the Board of Public Works has authority to fix impact fees for utility systems; and now therefore, be it resolved by the Board of Public Works of the City of Lewes in session met a quorum pertaining at all times thereto, the Board of Public Works hereby rescinds all prior wastewater impact fees and adopts the following wastewater impact fees effective October 31, 2013 at 12:01 AM.”

**Glenn Mandalas** reads the list of zones and the amounts that they will be going to:

Zone 1-New Road	\$4273.00
Trade Wind Estates	\$6872.00
Zone 2-Savannah Road	\$5126.00
Zone 3-Highland Acres	\$4953.00
Zone 4-Rollins Highlands	\$5917.00
Zone 5-Hornkill Avenue	\$4151.00
Zone 6-Kings Highway	\$3015.00
Zone 7-Shoffield	\$4121.00
Zone 7A-Gills Neck Rd	\$8414.00
Zone 8-Gibbs Warrington	\$4121.00
Existing Single Vacant Parcels in the City Limits	\$2893.00

**Preston Lee** said “this is to be adopted by the Board of Public Works this 23<sup>rd</sup> day of October, 2013.”

**ACTION:**

Preston Lee motioned to accept the Board Resolution 13-003, a resolution by the Board of Public of the City of Lewes pertaining to the wastewater system area connection charges impact fees, Tom Owen seconded, and motion passed unanimously.

**7. Open forum/general discussion on the Chesapeake Investment Group third quarter report. (D. Gordon)**  
**INFORMATION:**

**Darrin Gordon** said we have the Quarterly Report from the June 28, 2013 that has a list of the cash equities and fixed income. All of these investments follow our current policy for investing that we had previously passed. You can compare those numbers to the Quarterly Report ending September 30, 2013. For that quarter the increase has been about a \$103,000.00.

**Jack Leshner** asked if we have any alternative investments in our portfolio.

**Darrin Gordon** said I believe we have one, and that is the loan that we have to the City for the library. It is not stated here.

**Preston Lee** asked if this reflects cash flow into the account during that time period.

**Darrin Gordon** said yes, but there has not been any. We have not had to touch this. We also have an operating account with Fulton Bank where we do our daily work. This is our reserve fund, and we have not had to touch it.

**Jack Leshner** said so the increase equals investment growth plus income from dividends and interest.

**Darrin Gordon** said yes, but it is not a smooth increase. Certain dividends are only paid at certain times, so what we see in this quarter, we will not see in the next quarter, or have seen in the previous quarter. I know people are uncomfortable with the equity side of that, but they have told us that there is value in having that diversity.

President Alfred said this is money that we hope will go back to our rate payers and reduce our debt and be a benefit to everyone in the town of Lewes.

**8. Meetings Attended by Board Members or Staff.**

**Tom Owen** attended Coast Day and University of Delaware and the signing of the credit document between DEMEC and University of Delaware for DEMEC purchasing the credits.

**James Richmann**, along with the majority of the Board, attended the opening of the Lewes Water Plant.

**Preston Lee** met with a Professor at the University regarding oyster aquaculture and also met with an oyster aquaculture operator.

**James Richmann** announced the Annual Sussex Today and Tomorrow Conferences.

**Jack Leshner** attended Lewes Planning Commission meeting.

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

James Richmann asked for a reminder of when the Capital Planning Workshop will take place. There is not a confirmed date.

**10. Call to the Public.**

No questions or comments.

**11. Call to the Press.**

No questions or comments.

**12. Adjournment.**

James Richmann motioned at 7:27 PM to move to Executive Session on a strategy session involving legal advice or opinion from our attorney-at-law as allowed by Delaware FOIA, specifically to discuss a contract matter. Glenn Mandalas stated the reference as Section 10004, B4 of Title 29 of Delaware Code. Jack Leshner seconded the motion, and motion pass unanimously.

Respectfully Submitted,  
Stephanie Moyer