

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, January 29, 2014 at 7:00 PM. (Rescheduled from Wednesday, January 22, 2014 due inclement weather).

Board Members

C. Wendell Alfred
D. Preston Lee, P.E.
Jack Lesher
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:

Dave Fink, Severn Trent
F. James Burk, Severn Trent
Paul Eckrich, Lewes City Manager

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

At 7:00 PM, President Alfred welcomed everyone, called the 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 - **Remove***
- c) Receive President Report*
- d) Receive Vice-President Report*
- e) Receive Secretary Report*
 - 1.) Approval of Regular Minutes December 4, 2013.*
- f) Receive Treasurer Report*
- g) Receive Asst. Treasurer Report*

Prior to approving the Consent Agenda, President Alfred reads an email to the Board from Martha Evans at 2203 West Cedar Street complimenting a BPW employee (Joe). President Alfred also extends a special thanks to Mayor Ford and the City of Lewes for handling the snow storms.

Preston Lee motioned to approve the Consent Agenda, James Richmann seconded, and motion carried unanimously.

OLD BUSINESS

5. Open forum/general discussion for the introduction of the new Severn Trent lead Operator of the Howard Seymour Water Reclamation Plant. (Dave Fink – Severn Trent)

PRESENTATION:

Darrin Gordon introduces Dave Fink of Severn Trent who has been the lead operator for several months as they moved to replace the old operator.

Dave Fink said they were very diligent and particular when looking for a replacement for Lori Brown since she left in September. It is very difficult to find a Class 4 Operator. Dave introduces Jim Burk as the new lead operator and gives a short explanation of his experience and qualifications. Dave also informs the Board that there was an accident down at the plant this morning; Charles Simpson slipped on some ice. He will be out for approximately two weeks.

President Alfred welcomes Jim Burk on behalf of the Board and expresses that the Board is here to support him.

6. It is recommended that the Board retroactively approve its annual donation to the Lewes Fire Department. (D. Gordon)

INFORMATION:

Darrin Gordon said that earlier in January James Richmann presented the BPW donation of \$25,000.00 to the Lewes Fire Department at their Annual Awards Assembly. That is the amount that I can approve and what we have donated in the past. I request, to retroactively discuss if that is the appropriate amount going forward and also approve the appropriate action.

President Alfred said that is the only charity/non-profit that the BPW contributes to. It is a BPW resolution.

ACTION:

James Richmann motioned to retroactively approve the donation of \$25,000.00 to the Lewes Fire Department, Tom Owen seconded, and motion passed unanimously.

7. Presentation of the 2014-15 Operations and Maintenance Budget to the Directors of the Board of Public Works. The Information is to be reviewed at the January 24, 2014 Budget Workshop. (D. Gordon)

INFORMATION:

President Alfred said the Budget Workshop scheduled for January 24th was cancelled due to inclement weather and we will reschedule it tonight.

Darrin Gordon said I have six items I would like to point out. First, the regarding the operating revenue, I have taken a five year consumption average. Second, there are two different rates that we are going to be charged currently from DEMEC from our electric purchase. From January to June, our rate is going from \$81.40 to \$82.40. From then on the new rate is going to be \$78.68. My estimate goes up by .98%, which has to do with higher electrical usages in the past couple of months. The purchase power is going down by 1%. Third, regarding Salaries & Wages, for most of the items listed, there is a 4.5% increase. I plan on doing merit raises for the staff ranging up to 5%. The office staff comes out of Support Services and if you look at that line you will see there is a 4.88% increase, which is partly due to raises but also the increase in staff. On the wastewater line under Salaries & Wages, I have a 184% increase in one department. I have an extra \$60,000.00 for the hire of another full-time employee in Scott's department. I have divided it as half of a person in sewer, half of a person in water, and about 10% of a person in wastewater, which I know does not equal 100% but that is what we are looking at. Growth is a small portion of the reason for this additional hire, but a larger portion of it is for maintaining the health of our water and wastewater systems. We are feeling it on the O&M side more than the Capital side of the budget. We also have some mapping and other work that must be picked up on that has been neglected and more manpower is needed.

Jack Leshner asks if we will we have to add any more people to accomplish the valve mapping.

Darrin Gordon said I am hoping not to. There is day-to-day activity going on with the mapping and you have to have someone that is trained on it. I see our guys maintaining the operations/maintenance while we have contractors take care of those things. The fourth item is our interest income which is \$88,000.00. I anticipate it being higher than that, but I do not want to become dependent on that number. I want to operate as if that is not there, so I have listed a conservative estimate. We are at about 2.5% earnings on our investment. The fifth item is regarding grants. There are a couple of blank spots. I have been working with Mayor Ford, Paul Eckrich, and Charlie O'Donnell and there is a possibility of some significant grants coming to us for wastewater under the Clean Water Act for Savannah and Highland Acres. This would be for about \$300,000.00. I have left it blank for now and will fill it in as things happen. Lastly, the change in net assets is approximately \$1,073,000.00, while our principal payment is \$800,000.00. So there is \$273,000.00 to be deposited.

Darrin Gordon provides a handout regarding the Capital Improvement Budget, which was going to be provided at the Budget Workshop. It will be discussed at the rescheduled Budget Workshop. He is communicating with the City regarding street projects. Also, he mentions that in December 2015, our General Obligation Bond becomes payable and I have it budgeted to pay the \$2,600,000.00 that is owed. The remainder of the almost \$6,000,000.0 we owe is what we escrowed and that is already earmarked and set aside. The budgets are not for approval at this time.

The Budget Workshop was rescheduled for February 21, 2014 at 8:00 AM.

NEW BUSINESS

8. Open forum/general discussion of the construction of a combined cycle generator partnering with Beebe Hospital, Delaware Municipal Electric Corporation and the Lewes BPW. (D. Gordon)

INFORMATION:

Darrin Gordon said the BPW has been approached by Beebe Hospital, who in turn had been approached by Ascent Energy. They are looking at building a natural gas combined cycle generator that will take care of their load because they want to do something to reduce the cost of their power and energy. They have given us a basic proposal. I have sat in on meetings with Pat McCullough and Glenn Mandalas. Pat McCullough is vetting the numbers that I have been given. The two locations that have been discussed are the Beebe Hospital campus. Part of the combined cycle value is that the heat off the exhaust is captured and used in their boilers. Our Schlay Avenue property has also been considered. It would be difficult to get that heat off of that property. I have said and will continue to say is that this has to be a win-win. We have to be sure that it is not shifting cost from an industrial customer to a residential customer or from a commercial/industrial customer to another class like the City, or something to that effect. We are going to have a memo of understanding with them that says that at any point in time where we feel it is no longer a win-win situation, we can pull the plug and say no. What is the value of this? I am handing out a power bill that we paid DEMEC last month. If you look at the pie chart, power is only 56% of what we are buying. The other costs are transmissions costs and capacity charges, which are due to the fact that we are taking energy that is generated in MD, and OH and NJ and all the places where we have contracts to get power. Almost half of the cost of this energy is because it is not done here. The value in bringing that generation on our side of the meter is so that we don't pay any transmission or capacity costs. This still has to be vetted, but I can see the possibility of having a generation plant here that would be able to provide very low cost energy not just to the hospital, but Pat and I have discussed going from a 5 megawatt, which would take care of the hospital peak charges, to a 12 or a 16 megawatt to generate even more than just what the hospital would be doing. We would have access to that load and be able to sell it at those costs. The second concern is who is going to run it. Part of the reason the hospital is anxious for this letter is that they are going for a grant. They believe there is some State money that can help pay for the cost of the construction of this project. Then in about a year they sell it to DEMEC. DEMEC already has two-50 megawatt generators and they have engineers that are onsite who can be used to come down here to run and maintain the plant, so the operation of the plant becomes a cost for DEMEC and not for us. If they were to use the Schlay Avenue location, we would rent that to them and that would be a plus for us. This letter is simply saying that we are OK with this and we can proceed, but at any point it does not work for us, we have the right to say no. The BPW needs to sign this letter in order for Beebe to pursue the grants. DEMEC will not sign the letter unless I tell them that it is OK to sign it.

DISCUSSION:

Discussion ensues with the opinions and thoughts regarding the location of the generator on the Beebe Hospital campus, including the concern regarding public opinion that the BPW would support a gas turbine generator in a residential area. Although it would be decided by the Planning Commission, there is concern regarding the public perception of the BPW that it supports the generator being located on the hospital campus. Discussion continues regarding signing this letter; what impression will be given to the public and all parties involved, what the interpretation would be as far the amount of support the BPW is giving to this project especially regarding the location, and the fiscal and political issues that exist and that could possibly arise. Glenn Mandalas discusses the legal aspect of the implications of this letter. Discussion continues, which includes Glenn Mandalas and Mayor Ford, regarding the wording of the letter and what the Board is comfortable with signing at this stage in the process.

“Willing to continue discussion”, “willingness to continue to explore concept”, “explore and answer questions and concerns that are on the table”, reference location being a specific concern in the letter

It was agreed to let DEMEC send a letter without any reference to the BPW. The BPW will craft a separate letter which will include the following elements: language that the BPW is willing to continue discussion but not language that indicates support (for example, “willingness to continue to explore concept”), reference the City permitting process, address concerns about the location of the generator, need to be financially advantageous to the BPW, the BPW and the City would not be making any decisions without community input and consideration of that input, and requirement that Planning Commission look at this and request this item to be on their agenda

Darrin Gordon suggests that the BPW have Glenn Mandalas draft the BPW letter with the items that were just discussed and to allow me to contact Pat McCullough to change the wording, specifically the “support” verbiage, and get this letter prepared for me to sign as soon as possible to deliver to Beebe Hospital

President Alfred requested that Darrin Gordon contact Jeff Freed as soon as possible to inform him of what was discussed and tonight's meeting.

Preston Lee was appointed to work with Glenn Mandalas to be sure the Board is represented appropriately in conjunction with the General Manager in regards to the feelings of the Board that have been expressed tonight. President Alfred and Darrin Gordon will convey this message to Jeff Freed.

No action was needed.

9. Open forum/general discussion providing a Community Household Hazardous Waste Disposal Service. (D. Preston Lee)

Preston Lee said we all generate quite a bit of household hazardous waste, such as pesticides and paint, and it is very difficult to get rid of. The next collection time in Sussex County is not until April. I spoke to the Head of Recyclables at Delaware Solid Waste and he said that we needed no special training, special vehicles, or licensing to transport this waste as long as it is in original containers and is not leaking. We can haul those containers as any resident would to their facility in Dover. I thought it would be a good service maybe every three months to have a specified date where residents can take it over to Schlay Avenue and then haul it to Dover.

President Alfred said that this is a great idea but we would want to get this information in writing and make sure a DOT registration is not required.

Mayor Ford said he thinks this is a great idea and would be a wonderful service.

It was agreed to move forward with this idea and to have a regularly scheduled drop-off throughout the year depending on the demand, and to promote/advertise this new service. Darrin Gordon and Preston Lee will work out the details to move forward. No action tonight.

10. Open forum/general discussion for the update of the city wide/system wide water system update by the George, Miles and Buhr, LLC. Architects/Engineers. (D. Gordon)

Darrin Gordon said we had a leak on 3rd Street and Savannah Road recently. We had to shut down the entire system due to many valve issues. I have a proposal for \$19,662.00, which I am able to approve. I bring it to you to let the Board and the public know that we are being proactive regarding the valve mapping. This proposal allows us to refresh the maps that exist and allows them to be kept up to date and to be able to integrate them into our future GIS system. No action needs to be taken tonight.

11. Meetings Attended by Board Members or Staff.

The entire Board attended the Blue Ocean workshop.

Preston Lee attended the aquaculture meetings, including meetings at the University and a workshop.

James Richmann said the weekly meetings with Blue Ocean continue.

Jack Leshner attended the AMP meeting with Darrin Gordon

12. Board or Staff Requests for Agenda Item(s).

Request for an Executive Session at the next Regular Meeting in February to discuss Employee Performance Reviews.

13. Call to the Public.

No comments or questions.

14. Call to the Press.

No comments or questions.

15. Adjournment.

James Richmann motioned to adjourn the meeting at 8:27 PM and to move to Executive Session. The motion was seconded by Preston Lee, and the motion carried unanimously.

An Executive Session was held.

Respectfully Submitted,
Stephanie Moyer