

**CITY OF LEWES
BOARD OF PUBLIC WORKS
SPECIAL MEETING MINUTES
FEBRUARY 2, 2017**

The Thursday, February 2, 2017 special meeting of the Lewes Board of Public Works was held at 9:00 A.M. in Lewes City Hall, 114 E. Third Street, Lewes, Delaware.

1. WELCOME, CALL MEETING TO ORDER AND PLEDGE OF ALLEGIANCE

President Alfred called the meeting to order at 9:00 A.M. and led the Pledge of Allegiance. A moment of silence was observed for our troops serving our country.

2. ROLL CALL

Board Members Present:

C. Wendell Alfred
D. Preston Lee, P.E.
A. Thomas Owen
Robert J. Kennedy, III

Board Member Not Present:

Jack Leshner

Ex-Officio Members Present:

Darrin Gordon, General Manager
Glenn Mandalas, Legal Counsel

Others Present:

Austin Calaman, Assistant General Manager
Paul Eckrich, City Manager
Ellen Lorraine McCabe, Financial Officer
City Councilman Dennis Reardon
City Councilman Rob Morgan
Kristina Keller, BPW
Jackie Doherty, Recording Secretary

3. REVISIONS AND OR DELETIONS TO THE AGENDA

Agenda item #7 was moved to #4, agenda item #5 was deferred.

4. Open forum/general discussion on the assignment of rates for the electric, water and sewer rates of the BPW. INFORMATION/DISCUSSION/ACTION (D. Gordon)

President Alfred stated there were about 25 people present for the public hearing meeting last night. We answered questions raised and today the Board will make a decision on whether to raise the rates.

Mr. Gordon stated we have been discussing these rates for over a year when we first contracted UFS for the rate study. Public meetings were held on 9/22/16, 10/04/16, 1/18/17, 1/25/17, 2/1/17 and today.

Mr. Gordon stated his recommendation would be to follow and adopt the recommendations of the consultant as follows:

Water rate: Residential 5/8 meter to increase the surcharge by \$1 plus a 6 ½ percent increase as per the consultant's proposal.

Electric rate: Increase the surcharge by \$2 and decrease the actual commodity charge from .123804 dollars per kilowatt to .121207 dollars per the consultant's recommendation and following with the other industrial/commercial classes. This is a rate-neutral change.

Sewer: Hold the surcharge rate where it is and for 2018 increase the treatment charge by 2 percent, 2019 no increase, 2020 increase 2 percent per the consultant's proposal.

The cost increase for the average residential customer using 3,000 gallons will be about \$1.68 per month.

ACTION: *Mr. Lee made a motion to accept the recommendations of the consultant; Mr. Kennedy seconded the motion with discussion.*

Mr. Kennedy suggested considering having the wastewater increase every year instead of every other year. According to the consultant's analysis, we are not approaching the recommended operating target in that five-year period. We should consider accepting the recommendations for the other services but start on April 1, 2017 with a 2 percent increase for wastewater.

Mr. Lee stated it was agreed at the meeting last night, and everyone left here thinking, that the increase would be every other year. We probably should wait to see what impact the additional revenue from the County will have.

Mr. Kennedy stated he did mention this last night when discussing the billing analysis. When calculating the rate impact for the typical customer, based on what the Staff said is the typical customer's usage, the rate analysis included a 2 percent increase in wastewater. The result was a net increase of \$1.20.

Mr. Owen stated we should go ahead with the proposal to increase every other year and continue to review this through the year. There is a concern about the wastewater infrastructure replacement costs.

President Alfred stated he agrees, but since everyone left the meeting last night thinking the increase would be every other year, we will accept the consultant's recommendation. We do need to continue to review with consideration that the increase of every other year may change with the next rate review.

Mr. Gordon requested that a date be added to the motion for the changes to begin on April 1, 2017.

ACTION: *Mr. Lee amended his motion to accept the recommendations of the consultant to become effective on April 1, 2017; Mr. Kennedy seconded the amended motion, which passed unanimously.*

5. DEFERRED: Open forum/general discussion and review of Resolution 13-004, the procedure for application for utility services for areas beyond the limits of the City of Lewes, tabled from January 25th meeting. INFORMATION/DISCUSSION/ACTION (R. Kennedy)

President Alfred stated everyone agreed to table this for 90 days.

ACTION: *Mr. Owen made a motion to defer for 90 days; Mr. Lee seconded the motion, which passed unanimously.*

6. Open forum/general discussion on the approval of the General Manager to submit applications to the Delaware Office of Drinking Water for seeking assistance with the Savannah Road project. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon presented a resolution stating BPW has the right to ask for a matching grant from state funds for major construction on Savannah Road, Second Street, Pilottown Road and Gills Neck.

Mr. Mandalas read Resolution #17-002 into the record.

ACTION: *Mr. Owen made a motion to adopt Resolution #17-002; Mr. Kennedy seconded the motion, which passed unanimously.*

7. Open forum/general discussion on the DEMEC Energy Efficiency Program. INFORMATION/DISCUSSION (D. Gordon, Scott Lynch, DEMEC)

Scott Lynch of DEMEC was present stating that in October of 2016, the Board of DEMEC requested an energy efficiency plan to bring to the local regulatory body for discussion and consideration.

Randy Corbin of American Municipal Power and Dave Cawley of Efficiency Smart gave a PowerPoint presentation explaining the energy efficiency program proposal for Lewes as requested by the DEMEC Board. Efficiency Smart has had a partnership with Vermont Energy Investment Corporation (VEIC) for ten years and have just signed another six-year contract. Completing six years, 54 municipalities have been served with a guarantee to meet 70 percent of MWh savings target.

Presentation and discussion included:

- Performance-based services provided to residential, commercial, industrial through financial incentives, technical services, engineering services, community engagement, marketing and promotions, customer service, performance tracking and evaluation, measurement and verification
- Annual cost is about \$72,000, explanation of the benefits and savings for the three-year program
- Benefit cost ratio is 2 to 1
- Provided list stating the roles of DEMEC, AMP, VEIC
- Presented prospectus for Lewes
- Help with higher costs for energy-efficient appliances by providing rebates
- Provide recycling of appliances at no cost

- Business energy rebates for energy-efficient equipment
- Local retailers to stock residential lighting products including LED bulbs

President Alfred stated rebates were never received from participation in the Green Energy Fund. How will this program be different?

Mr. Lynch stated the Green Energy Fund was very successful, but the collection rate was not fast enough to pay customers. Some money in the fund has been used by BPW for the energy-efficient lighting program. The renewable energy fund has started paying these grants, but these payments are still very slow.

Mr. Cawley stated how they prevent this from happening is by providing a good customer service department, budget management to scale and size promotions so they are not overextended, having the program evaluated by an independent third-party contractor.

Presentation and discussion continued:

- First year is about 10 to 15 percent of the three-year aggregate savings and quickly increases in the second and third years
- Focus on the seasonal customer base for residential and businesses
- Participation is primary economic development tool for the business community by cutting operating costs
- 40 percent of BPW megawatt hour sales are industrial, in part from the ferry and Beebe Hospital, with a large savings potential
- Engineers will do a commercial and industrial walk-thru to identify opportunities for energy efficiency, no residential energy audits are offered
- Residential customers' incentives will mainly be for lightbulbs, appliances, heat pumps and furnace motors

Mr. Lee questioned if the \$217,000 investment in the program is worth the return since the costs for LED lightbulbs is lower, the increased use and lower costs of solar power, savings from appliances that are not usually replaced on a regular basis.

Barbara Vaughan, University Drive, asked what their relationship is with the suppliers Ace Hardware, Lowes and Home Depot.

Mr. Cawley stated they do work with retailers conducting surveys, help to reduce costs of materials and appliances purchased by providing rebates. There is a website listing of all qualifying products and our customer service can also provide this information. An online store with free shipping is available for lighting products.

President Alfred stated he paid \$300 for an energy survey of his home. The lightbulbs were all replaced, but he does not feel there has been a difference in his electric bills. How will this program benefit the citizens of Lewes?

Mr. Cawley stated even with the rate increases for Lewes, customer costs could be lowered by a decrease in usage with energy-efficient products.

President Alfred thanked everyone for the presentation stating the Board will discuss this further.

8. Open forum/general discussion of the selection of contract operations for the Wastewater Treatment Plant. INFORMATION/DISCUSSION/ACTION (D. Gordon)

Mr. Gordon stated Severn Trent has been providing the RFP service for the last 13 years. Their contract expired in December and they will continue until March 4, 2017. Three proposals were received: Miller Environmental, Severn Trent and White Marsh, which is a subsidiary of Tidewater. After interviews and discovery, the Sewer Selection Committee decided to select White Marsh. White Marsh totals were \$254,680.25 for the wastewater treatment operations and \$13,319.95 for the lift station operations for average costs per year for five years. This is a 19 percent reduction of cost from the current contract.

Members of the Committee:

Darrin Gordon
Austin Calaman
D. Preston Lee
A. Thomas Owen
GMB Engineer Scott Getchell
Russ Tatman

Mr. Lee stated the selection was not based solely on costs but also consideration of past performances and capabilities.

Mr. Gordon requested the Board approve the selection of White Marsh giving him the authority to conclude and approve the contract.

There was discussion about negotiations to include five-year escalating costs in the approved contract. Mr. Gordon will speak to White Marsh about the offer to include the escalator costs; if they refuse, the contract will be accepted as submitted.

ACTION: *Mr. Owen made a motion to accept the White Marsh contract; Mr. Kennedy seconded the motion, which passed unanimously.*

9. BOARD OR STAFF REQUESTS FOR AGENDA ITEM(S)

None

10. CALL TO THE PUBLIC

None

11. CALL TO THE PRESS

Nick Roth of the Cape Gazette was present.

12. ADJOURNMENT

President Alfred adjourned the meeting at 10:15 A.M.

Respectfully submitted,
Jackie Doherty, Recording Secretary
Lewes Board of Public Works