

BOARD OF PUBLIC WORKS

Regular Meeting Minutes

August 24, 2016

4:00 p.m.

City Hall Council Chambers

114 E Third Street

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

At 4:00 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 all Board members are present. Also present are Darrin Gordon, General Manager, Glenn Mandalas, Legal Counsel will be here shortly and City of Lewes Mayor Ted Becker.

3. REVISIONS AND/OR DELETIONS TO THE AGENDA

Item # 8 will be moved to the top of the list.

4. CONSENT AGENDA

- a) Receive the General Manager Monthly Report
- b) Receive Severn Trent Report for July 2016
- c) Receive President Report
- d) Receive Vice-President Report
- e) Receive Secretary Report, Approve Regular Minutes July 27, 2016 and Special Meeting Minutes August 17, 2016
- f) Receive Treasurer Report
- g) Receive Asst. Treasurer Report

ACTION: A motion was made by Jack Leshner with a second by A. Thomas Owen. All in favor; motion carried.

5. Open forum/general discussion on the purchase of a vacuum truck. INFORMATION/ DISCUSSION/ ACTION (D. Gordon)

INFORMATION: Darrin Gordon asked Scott Chieffo, Water/Sewer Department Supervisor the current condition of the vac truck? Is it working today. No it is broken down again. We would like you to consider the purchase of a new vac truck. The capital project budget was \$380,000. We have looked at several of them. The Vacuum truck that Scott said we need is from Vac Con. We tell them what we need and they build it. We are asking for \$7,745 above that Budget.

DISCUSSION: C. Wendell Alfred's comment is that we have sat here for the past 6 meetings discussing the vac truck and being broken down. And think that this is an emergency and we need to proceed. D. Preston Lee can you tell us why this company? Scott Chieffo there are only two companies that sell vacuum trucks and explained the difference between the companies. It is a safety reason that we chose this company. A. Thomas Owen information given needs explanation. Darrin we can go with gas or diesel. Scott said gas will be much more expensive than diesel. Scott Chieffo it comes with diesel; gas is an option. Do we have the cash to pay for it? Darrin Gordon, yes we do

ACTION: a motion was made to accept this proposal to purchase a new vacuum truck by Jack Leshner with a second by Tom Owen. All in favor. Motion approved.

6. Open forum/general discussion/action for an agreement in principal to accept effluent from Sussex County to be treated in the Howard Seymour Water Reclamation Plant. INFORMATION/ACTION

INFORMATION/DISCUSSION: Darrin Gordon, we have been approached by the county and has been in the papers about that they would take the effluent from the Wolfe Pointe, Senators, Hawskeye area and pump it to our Treatment Plant. I believe this is a win-win. And this is the agreement that would make it happen and is not a short term agreement it is for 10 (ten) years. It would help us run more efficiently in the winter months. I believe this would be the best for the BPW. When we built the Treatment plant we had the Showfield proposed develop in mind but they went another direction and this would come back to us. This would benefit on the operations and efficiency side. Would not be harming our own growth. The Wolfe Pointe lift station for the county would come to us all year long. The county would meter at their lift station on Gills Neck Road to our lift station #4. GMB will look at the design to make sure this would work for us. Glenn Mandalas is looking at the contract. I am asking that you allow me to proceed with the contact. D. Preston Lee, one comment so it does not hit the papers wrong Wolfe Runne does not have sewer. A. Thomas Owen, 10-year lease with renewal, if an Emergency is there termination language in the contract? Darrin Gordon yes 24 months. Glenn Mandalas would add a couple of minor modifications, add if act of God then we are not held liable to take their sewage. There is no third party notification, I would add the City, we are connected. Main structure of the agreement is fine. Authorize Darrin and myself to make the necessary changes. Robert Kennedy 75,000 guarantee off season, are we able to handle that. Does it do anything to our scheduled maintenance down time. Darrin Gordon, it would have very little effect on our process. D. Preston Lee, plants tend to work better at higher flow. Jack Leshner with our 1 million dollar filters, do you see it shortening the life? Darrin Gordon it would be minimal. Do not see that it would shorten their life. Mayor Becker, I see there is provision after 5 years. Darrin Gordon we can always turn them down. Glenn Mandala, as long as it is under our 75% capacity we need to accept it.

ACTION: Motion was made to Authorize General Manager to work with the attorney to make adjustments to the contract and execute. D. Preston Lee made a motion to accept with changes and Tom Owen second. All in favor. Motion approved

7. Open forum/general discussion of the 1st Quarter Financial review. INFORMATION/ DISCUSSION/ ACTION (D. Gordon, J. Leshner, Treasurer)

INFORMATION: Darrin Gordon presented the highlights of our 1st Quarter Revenues and Expense Reports to justify the numbers. Revenues are on track. Repairs and Maintenance we have no control over. The Electric main had an outage for an hour and we had our consultants and engineers look at to see what had happened but it was never determined what caused the outage. Our Electric system does not run off of a SCADA system which is how most hackers get in. The Admin line is off 82% from Budget but not from last year. We also have an extra pay period in this month. The depreciation line is off due to the adjustment our Auditors gave us at the year-end financial review. I will be asking for an adjustment to the budget for this.

Jack Leshner, Subject is money: Reserve Funds; All these numbers come from the Audit report. All Cash 1-in 2012 we had 19 million and 2016 down to 12 million. We paid off a 6-million-dollar bond. 2. How do we get cash into the Reserve funds? We have to operate at a profit because we have debts to pay. Long term debts. We have to pay. We can afford to pay our bills next year as prices keep going up. Operate at a profit for cash end of year. That's why we spend so much time on our budget that means revenues we take in have to exceed expenses that go out. 3. Now we have the money in the bank (Fulton) and how do we get funds in the reserve funds. Definition of reserve funds is everything we have at UBS. The money that gets sent there from our checking account. Here are our guidelines how we do things. 4. Guidelines: Depreciation Expense is a writing off into your expenses part of your budget real expenses, you acknowledge each year this machinery is worth less and no worth anything to us. For example: Vac truck is depreciated long than the actual life. We need to look at each truck and look at the useful life to us. Do to our conditions, sand, salt air, heavy rain and large rocks. We then charge off a portion each year called depreciation. We then write a check to put into reserves. Then we have saved enough money to purchase the original cost of a new truck and we know it won't cost the same amount but at least we know we allotted for the cost recovery. In my mind I like to think the earnings that at nominal not excessive in our investment process will provide a coverage for inflation. We acknowledge it at least. And another way we acknowledge it is #2 we need to have more money at the end of the year. #3 impact fees we collect from our new customers, if they want new serves connected to our system, Electric, Water, Sewer. No stormwater impact fee. Those go into an escrow account and are not used until we make improvements to our system. Now we are getting to the end of the story. Why we all this talk on how we get money? And how did we get to the 19 million by setting moneys aside, depreciation impact fees and the excess cash at the end of the year called profit and we that in reserve to help to cover inflation. Our grand total Cash at the end fiscal year down to 12 million dollars. We have a Capital Budget 5 year has a commitment of 15 Million and this is where I got very concerned. Need to pay more attention what we are doing and how we are doing it. 15 million on our Budget. Summarized capital budget that 10 million is to be used in the next 2 years. A little too fast. 6. Why not just borrow the money? Or not pay cash. Rate study. We are waiting for the determination on our Rates. We can pay as we go and build into our rate study. We could increase our rate structure so we could pay as we go or borrow more so we can afford to pay principle and interest. That's where I end and let everyone figure it out. Suggesting let's be careful on what we add to our capital expenditures.

DISCUSSION: D. Preston Lee I know we have a Capital Reserve policy how does this play into that? Jack Leshner we are a lot of new capital project going on that are exceeding what we put into it each year. So we are draining the pot. D. Preston Lee I had that on my notes to bring up. Darrin Gordon we review it every November with the General Manager and Treasurer. C. Wendell Alfred good stuff and we need to address it. Address at our next Workshop in November. D. Preston Lee maybe we should have looked at this before we paid our bond off. Should have evaluated this prior. Jack Leshner not creating an emergency just bring to our attention. D. Preston Lee, interesting on what they come back on our rate study. Darrin Gordon they look at the capital budget.

ACTION: No action

8. Open forum/general discussion on high speed internet and wireless meter reading project.

INFORMATION/DISCUSSION/ACTION (A. Calaman)

INFORMATION: Austin Calaman, we are working on a project to look into the demand of Internet to the community. We had three goals to offer internet, wireless meter reading and Wi Fi to public areas. Options on how to implement into the infrastructure and cost. Options available is to make the need right fight for us.

DISCUSSION: A. Thomas Owen, concerned about Broad Valley being new to meter reading. Mrs. Berrigan, as a resident I would want TV, phone and internet for any form of savings. If I drop one, the rate goes up.

ACTION: C. Wendell Alfred develop the information and necessity on Internet, Wi Fi and Wireless Meter Reading and bring back to the board.

9. Open forum/general review of the purchase of an electric car and supporting charging stations.

INFORMATION/DISCUSSION/ACTION (D. Gordon)

INFORMATION: Darrin Gordon, at our workshop we had a gentleman come in and discuss Electric Cars. To get on the map of Tesla you need to put in a Tesla Station and not charge for the Electric. We have looked at 2 locations. Lift Station #4 and 107 Franklin Ave due to looking at one for the General Manager. We would need to put a concrete pad, bore the electric underground and the station. D. Preston Lee likes the Gills Neck Road and Savannah but not sure how Deldot has a play in it plus can a car turn around if we put the bike path. Possible at the Otis Smith Park/ Daily Market. Darrin Gordon, our cost would be \$6,000. There is a second kind of charger. Clipper Creek that is a universal charging station. I have looked at Electric vehicles. The Nissan Leaf but has a full charge of 107 miles per charge and is around \$28,000. The problem I have is that once a month I go to the DEMEC Board meeting in Smyrna and from my house it is 103 miles. A used Tesla is \$48,000 and goes 208 miles per charge.

DISCUSSION; C. Wendell Alfred how many Electric Cars do we have in Lewes and what our Treasurer had brought up tonight about a possible rate increase. I don't think we should put our General Manager should be put in an Electric Car. Don't see a need at this time. A. Thomas Owen, I agree and see someone in town using it like the meter reader. Don't want the General Manager to run out of charge. D Preston Lee I think Electric cars a wave of the future. Not concerned how many are in town but having a car for ourselves. And much more green to show the we are sensitive to conservation. Darrin could possible use another car when he goes to that meeting once a

month. C. Wendell Alfred thinks it should be used in town like the meter reader and feel uncomfortable after Jack discussing the financials. Robert Kennedy would we be able to charge 3 cars at one time.

ACTION: No Action will keep the Electric Car discussion in the back of our minds.

10. Open forum/general discussion on the September Board Meeting in coordination with the DEMEC semi-annual joint action agency meeting. INFORMATION/DISCUSSION/ACTION (D. Gordon)

ACTION: No change to the date of the Regular September Board Meeting on September 28, 2016. All Board member s will be in attendance at the DEMEC Meeting.

11. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF.

A. Thomas Owen attended the Sussex County Council Meeting

D. Preston Lee attended BPW Roundtable, C & E Acquisitions group, Capital Projects Meeting for the City and the Savannah Place Community Meeting

Robert Kennedy attended ADOC annexation meeting

Jack Leshar City Quarterly Finance Meeting

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

Robert Kennedy would like the Board to reconsider two Board Resolution 09-002 and 13-004 at the next Board Meeting.

13. CALL TO THE PUBLIC: Dennis Reardon, City Council, Kristina Keller, Lewes BPW, James and Wanda Berrigan, Residents, Nick Roth, Cape Gazette, Andrew Lyons, GMB, Paul Eckrich, City Manager, Austin Calaman, Asst. General Manager, Scott Chieffo, Lewes BPW, Josh Gritton, Lewes BPW

14. CALL TO THE PRESS:

None

A motion was made to adjourn the meeting and move into executive session at 5:02pm All in favor to move into Executive Session

15. EXECUTIVE SESSION