

JANUARY 22, 2013

Minutes of the monthly meeting of the Municipal Services Commission held January 22, 2013 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Robert S. Appleby, President, Commissioner, presiding.

Attendance Report:

Present:

Robert S. Appleby, President, Commissioner  
Daniel F. Knox, Commissioner  
Dr. Roy J. Sippel, Commissioner  
Pamela A. Patone, Secretary

Guest: Walt Cooper, Riverbend lot owner

### MINUTES

With the concurrence of all the Commissioners the minutes of the December 11, 2012 regular monthly meeting were approved without alteration.

### MEETING WITH WALT COOPER, RIVERBEND LOT OWNER

Secretary Patone reported that the Commission's attorney Dan McCollom drew up a written agreement for the Commission to consider regarding providing electric and water service at 803 Lamprey Lane, New Castle, DE. The agreement was necessary because of the lack of a plan to complete the electric and water infrastructure in the Riverbend Community, specifically the interconnection to Centerpoint. Commissioner Sippel indicated that the agreement did not address timing of the completion of the infrastructure but acknowledged that he was not opposed to the agreement. After discussion the Commissioners agreed they were ready to make a decision. Upon motion made and unanimous approval, the Commissioners approved the agreement and gave Secretary Patone the ability to sign on behalf of the Commission.

### FINANCIAL REPORT

Commissioner Sippel questioned Secretary Patone on the new employee at the front desk and she reported that to fill the part time position, Sally Denton was hired and was being trained as a Customer Service Representative. Secretary Patone reported in "Collections" that Converting Solutions had vacated the building they were occupying and after applying their deposit owed \$5,604. McConnell Development has put the electric service back in their name as the landlord.

She went on to report on the financial statements that "Cash" decreased \$553,000 from the previous month which was largely due to the \$500,000 that was invested in the Prudential bond funds and reflected in the investment line item. In "Revenue and Expenses" the "Change in Net Assets" was a deficit of net assets of ( \$80,000). This is \$191,000 excess in the Water Department and (\$271,000) in the Electric Department.

The Prudential bonds were purchased 12-13-12 and by 12-31-12 the value of those bonds had decreased approximately \$9,000 and Vanguard decreased in value \$6,000. These bonds are three to five year bonds so the intention is to hold for that minimum to realize the return.

Secretary Patone reported the end of last fiscal year a \$159,000 liability to DEMEC was recorded due to under billings for the purchase of power. Supervisor Blomquist has been working with DEMEC and Delmarva to reconcile the billing, but there has been no follow up by Delmarva. Secretary Patone would like to resolve this issue and remove the liability from our books if Delmarva does not intend to reconcile and invoice. Commissioner Appleby felt that she should not be in a hurry to remove the liability. Secretary Patone will be contacting the auditors to determine whether a restatement of the previous year financial statements would be necessary.

Secretary Patone went on to report that she has made a change to the presentation of the financial report regarding capitalized labor. The Commission presents financial statements in accordance with GAAP which requires the capitalization of labor, however, in comparing our actual versus budget figures the line item for operation salaries show as significantly under budget due to the current year capitalization figure of \$170,725. This also affects the reported change in net assets. The Secretary has been reporting the capitalized labor in the past and is now also showing the figure on the financial report. The financial statement presentation in the audit at year end will differ from the monthly reports by the capitalized labor amount.

The Secretary indicated the final invoices for engineering fees should be coming in within the next month so that a final report on the Substation financial activity can be prepared. She mentioned again that in office operations Sally Denton had been hired, Sandy Scott continues to investigate answering service options and training of new staff is going nicely.

She said in "Control Procedures" Assistant Supervisor Artie Granger reviewed the bank statements for December.

Commissioner Appleby inquired about the PNC on-line bill payment activity. Secretary Patone indicated that there was not a significant increase in the enrollment. She also reported that in 2011 when the operating checking account was switched from M&T to PNC it was decided to retain the M&T account so that the customers that pay by phone through M&T would be able to continue to do so. Since then the number of individuals have reduced and currently there are about 30 customers who pay through M&T pay by phone. Funds have accumulated in the M&T account and Secretary Patone transferred everything above \$500,000 to the PNC operating account. She will begin to contact customers and advise them that the M&T account will be closed and how they can make their payments moving forward.

Upon motion made and unanimous approval, the Commissioners accepted the financial report for the month of December and approved the payment of the December bills attached hereto.

## SECRETARY'S REPORT

Secretary Patone said DEMEC's Board did not meet this month due to training classes and information was sent electronically which she provided to the Commissioners. Secretary Patone asked DEMEC to clarify the presentation of the Rate Stabilization Fund in the financial reports and is waiting for a response. She reported that all members of DEMEC had completed an AMP survey and Commissioner Appleby was interested in reviewing the Commission's responses with the other Commissioners. An extensive review of the responses took place. The Commissioners discussed the possibility of smart meters and recommended Secretary Patone investigate the feasibility and cost.

Secretary Patone reported on Riverbend. She reminded the Commissioners the supervisors had met with Verizon a few months ago to discuss location of utilities in the Riverbend community. Verizon has contacted Supervisor Guyer requesting a follow up meeting. Commissioner Appleby inquired about the propane gas in Riverbend and whether it was one tank for the community or if each individual home had their own tank. Secretary Patone believes that it is a community tank and advised she would confirm.

The Secretary reported in the Business Parks no further contact from Tire Rack in Twin Span Business Park regarding their light ballast and their request for a power quality study. No information to report for Centerpoint or Riveredge Business Parks.

The Secretary reported for Supervisor Blomquist in the Electric Department. The Secretary said Utility Engineers completed the as-built for the Wilmington Road substation. Three ammeters are not functioning and have been sent back to the manufacturer since they are under warranty. The load was moved off of the Dobbinsville substation to the Wilmington Road substation and the hot spot on the main breaker connection that was discovered with the infrared testing was repaired. Supervisor Blomquist is working with Utility Engineers to address the capacitor locations and sizes in our system. Regarding Seeds of Greatness Church, the electric crew is scheduled to pull the wire next week. A puller had been rented to perform the work. Supervisor Blomquist has also obtained load information for the church from their engineers so that a deposit amount could be calculated for the estimated three months usage. The Washington Street Project electric work has begun and a few poles and cross arms have been installed. The Medori property, former Brosius Eliason site, electric service has been completed and Supervisor Blomquist will be reconciling the costs within the next month. The new bucket truck is expected to be delivered on January 23, 2013. Arrangements are being made to dispose of the T-7 bucket truck which has been placed out of service. Lastly, Supervisor Blomquist and Assistant Supervisor Granger have been working on operational budgets per Secretary Patone's request.

The Secretary reported for Supervisor Guyer in the Water Department. She reported a hydrant on Lamprey Lane broke during flushing and was placed out of service. Commissioner Appleby questioned whether there was a fire at this location. Secretary Patone clarified that a hydrant on Hewlett was placed out of service after a fire took place. The Seeds of Greatness construction is complete, the main has been pressure tested and bacteria tests are complete. The remaining

items are the as-built and the certificate to operate. Norfolk Sothern portion of the Washington Street project is closed to completion. The bore under the railroad is complete, the main and valves are installed, backfilling has begun and testing of the main will begin tomorrow. Commissioner Appleby questioned the additional \$10,000 charge for backfill. Secretary Patone reported that when the quote was obtained from Brandywine Construction that there was a miscommunication on the need for select backfill "not" suitable. The quote was prepared for suitable backfill and select backfill is required. The Washington Street Project is expected to begin next week, the majority of materials have been received and DelDOT has approved Penonni to do inspections and the details of reimbursement of costs are being worked out with DelDOT. The mapping system training will begin February 25, 2013. AC Schultes has obtained the permit for the Penn Farm well. Commissioner Knox asked whether we were required to put in all the hydrants that were installed on the multi-use trail along Rte. 273 because there were not any hydrants there before. Commissioner Appleby responded that when you install a water line you must install a hydrant every 500 or 800 feet. The Backfield Grading Project survey has been completed by McBride & Ziegler and we are waiting for approval from the Conservation District. Supervisor Guyer was contacted by McBride & Ziegler asking for a meeting to discuss the Cirillo property on Rte. 9 potentially being annexed into the City and the water and electric service.

Commissioner Knox questioned whether former Chip Patterson had been in the office recently. Secretary Patone reminded the Commissioners that the agreement was that in order to allow Secretary Patone to act as Secretary and rearrange offices it would be best to utilize Mr. Patterson on an as needed basis. Therefore, he is available for questions and meetings as necessary but does not report to the office daily. Mr. Patterson is being paid until his retirement date of March 29, 2013. Commissioner Appleby and Commissioner Sippel confirmed their understanding of the agreement.

### OLD BUSINESS

Secretary Patone briefed the Commissioners on the status of labor negotiations. She described the types of requests that are being discussed and that an agreement had not yet been met.

Secretary Patone described the process that she utilized to create the supervisor job descriptions and pay scales which included using industry information from American Public Power Association. She made recommendations for supervisor increases and asked for approval of the job descriptions. The Commissioners agreed to consider the information.

### NEW BUSINESS

The Secretary requested that the Commissioners approve the renovation of the former Secretary Patterson's office and purchase of office furniture for an estimated cost of \$6,000. The labor for renovations would be water operators and linemen. Barry Granger, one of the newest water operators is a carpenter and would lead the work. Secretary Patone reported that Technology Matrix, the Commission's internet support provider, has advised that one of the two servers is in need of replacement. A quote has been provided and is being considered. The Commissioners

agreed to allow Secretary Patone to make a decision regarding the server up to a total of \$10,000 50% of which would be the City's cost.

Commissioner Appleby reported he has been investigating a retirement gift for former Secretary Patterson. He recommended that a cell phone with two years of service be provided as a retirement gift. Commissioner Knox asked whether it should be given as a lump sum payment.

Secretary Patone reviewed the preliminary budget assumptions. A discussion ensued regarding workman's compensation insurance rate increases that took place in January 2013. The Commission's policy will be affected in November 2013 when it comes up for renewal. Health insurance premium increases were discussed. The State of Delaware cannot currently provide information on the expected increases that would take place in June 2013. Commissioner Sippel advised that he believed health insurance increases would be higher than 5% and that the Secretary should consider a higher budgeted rate increase. The City appropriation is limited based on the Memorandum of Understanding with Governor Markel.

Commissioner Knox questioned the changes taking place in the office specifically regarding credit cards. Secretary Patone reported that currently there is one credit card that she holds, former Secretary Patterson's credit card was destroyed. Supervisor Guyer and Supervisor Blomquist will be provided credit cards within the next few months.

#### FEBRUARY MEETING

The Commissioners set the date of the next monthly meeting to be February 19, 2013 at the office of the Commission, 216 Chestnut Street.

#### ADJOURNMENT

By motion made and unanimous approval, the Commissioners voted to adjourn.

Approved 2-19-13  
Date

  
Pamela A. Patone