

JANUARY 26, 2015

Minutes of the monthly meeting of the Municipal Services Commission held January 26, 2015 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

Also in attendance: Jay Guyer, Water Supervisor and Scott Blomquist, Electric Supervisor, Mary Jane Stubbs, Business Manager/Treasurer, Linda Ratchford, City Council President

MINUTES

Commissioner Knox questioned Electric Supervisor Blomquist regarding an estimate to complete the Riverbend electric system. Supervisor Blomquist indicated that the estimate was several years old but it was \$395,000. Commissioner Knox questioned Secretary Patone regarding the Cafeteria Plan and the questions asked at the last meeting, Secretary Patone indicated that it would be presented later in the meeting.

With the concurrence of all the Commissioners the minutes of the December 22, 2014 regular monthly meeting were approved.

ELECTRIC DEPARTMENT

Supervisor Blomquist reported the wire purchased for the Airport Plaza loop project is scheduled to be delivered in February. He went on to report that the Wilmington Road Substation Cable Trough project is more than 50% complete. He continued by reporting that the Centerpoint metering project will require an outage for one customer, Lazy Boy, in order to install some CT's. Supervisor Blomquist reported that Dale Davis of CMI and Bruce Wanex of Wanex Electrical Services provided bids for the design of the solar array at the Penn Farm in the amount of \$8,285 and \$5,000 respectively. Supervisor Blomquist answered the Commissioners questions and Secretary Patone indicated that staff was requesting the Commissioners provide approval to move forward under old business. Supervisor Blomquist went on to report that Keystone had begun work on tying in the capacitors to the SCADA system. He indicated that the materials for the wire racks were received and construction would begin shortly and that the confined space equipment was received. He reminded the Commissioners that the three reel cart that was purchased in the summer would be utilized for the Airport Plaza underground project in addition to all the future underground projects. He communicated that in the past the cart would have been rented, the staff evaluated the cost and accessibility of renting versus purchasing and the desire to convert aerial to underground and determined that the purchase was cost effective. Supervisor Blomquist reported that in the capital projects for the upcoming year he was planning an aerial to underground conversion for Penn Valley, specifically Booker Circle where the poles

and overhead lines are in backyards and are very difficult to maintain and gain access. He advised that he continues to work on obtaining quotes for the line truck that is in need of replacement. He identified condux pulling equipment and a pneumatic mole that would be needed for underground installation projects. He also reported that technology has improved since the last locator was purchased and the current locator is not as accurate for congested areas such as Boothhurst and the Commercial Parks. Commissioner Appleby indicated that he was at the Wilmington Road substation with Secretary Patone while the crews were installing the cable trough and he complimented both the electric and water staff for doing so much of the Commission's construction work in house.

Supervisor Blomquist reported that there were no outages in the past month. He went on to report that he continues to design the Van Dyke underground proposed project. Supervisor Blomquist indicated the Wilmington Road substation was placed out of service while the cable trough was being replaced. He indicated that Assistant Supervisor Granger continues to work on mapping the underground electric system and organizing the energy audits throughout the City and Commission facilities.

#### WATER DEPARTMENT

Supervisor Guyer reported that the water department continues to flush Riverbend hydrants. He advised that he had communication from Mr. Bob Schulte of DNREC that the original remediation plan would be executed with paving and a cap at the Seeds of Greatness Site. He went on to report that the Washington Street project with DeIDOT was almost complete. Mumford & Miller was delaying the completion of their punch list until the weather was conducive. He indicated that the final billing from the water department was provided to accounting. Supervisor Guyer reported that during the storm water work that DeIDOT did this past year a one inch service had not been located and was subsequently hit during excavation. He indicated that at the time he believed that the service was a dead service and therefore it was not restored. He indicated subsequently that the one inch service was for water service to an old building on the old Brosius and Eliason property. He had been approached by Mark Medori to have service restored to that location. He indicated that he developed a plan to tap the 6 inch main in the grassy area to prevent the need to excavate the road and the materials should be less than \$500. He indicated that he reviewed the plan with Secretary Patone and obtained her approval to move forward. He also indicated that Assistant Supervisor Jaeger and Jay Jones continue to finalize the water mapping system and drawing in items for the City Storm Water mapping project. He advised that the produce stand on the Penn Farm was not winterized and the service froze, the water crews turned the water off at the curb stop. He has spoken to Tom Clayton of the Trustees regarding a winterization process for the Penn Farm. He went on to report that Delaware Greenways manager Becca Manning expressed a desire to build Green Houses in the back field and Steve Borleske inquired whether there was water service to the area where the green houses are being proposed. Supervisor Guyer advised that a main was in that area but it would be expensive to tap the main due to its' depth. Supervisor Guyer advised Delaware Greenways that they would need to contact Secretary Patone in reference to their request.

Supervisor Guyer reported that water operators continue to assist with the meter reading functions and replacing of meter ERT's as necessary; in addition they have begun a meter audit.

Supervisor Guyer reported that he was contacted in January 2015 by Mr. John DiMondi's engineer regarding a driveway permit that was submitted to DelDOT for the DiMondi property on 7<sup>th</sup> Street. He advised the engineer that the water main was buried shallow in that area due to the need to go above the sewer main instead of below it. Secretary Patone indicated that a certified letter was received from Mr. DiMondi on Friday and was in the Commissioners packet this evening for review. Supervisor Guyer reported that the water main was installed within all appropriate standards and within DelDOT's right of way with their approval. He went on to report that no permit for a driveway had been submitted when the water main was installed last year nor was the Commission aware of any driveway conflicts at the time of the installation. Secretary Patone indicated that she would be visiting the site and along with Supervisor Guyer would be gathering information from DelDOT and the City of New Castle. Supervisor Guyer went on to report that he and Supervisor Blomquist had been contacted by a group from Aston PA, Techno-Polymer that is looking to relocate into Centerpoint Business Park or Twin Spans Business Park. He indicated that although they would not be a high water consumer that they may have a large demand for electric. Supervisor Blomquist indicated that the demand would possibly be 600-700 KW and that after a preliminary review, he believed the City's system would be able to handle the load.

Supervisor Guyer went on to report that 8,086,500 gallons of water were purchased from Artesian for the month of December through December 17, 2014 when the interconnection was shut down and the City's well resumed working. Supervisor Guyer reported there was a water main break on Hewlett Avenue on January 14, 2015 that lasted 2.5 hours and affected 16 customers. He indicated the repairs were completed. He went on to report that he was contacted by Dave Athey from AECOM who is an engineer working for the City of New Castle on a drainage project on 14<sup>th</sup> Street. Supervisor Guyer reviewed preliminary plans and identified 3 possible conflicts with water mains and services. He also contacted City Administrator Bill Barthel requesting information for the Municipal Street Aid and street paving projects. He communicated that he and Assistant Supervisor Jaeger continue to work on operating and capital budgets for the upcoming fiscal year in addition to the Homeland Security Grant through Arnold Maas of DEMA.

Supervisor Guyer reported that he, Assistant Supervisor Jaeger and Secretary Patone have met with Mike Donaway of Calgon and Dan Barbato of Pennoni Associates to discuss concerns regarding the PFC contaminate levels increasing in the future and the need for increased carbon contact time that may be required by the EPA in the future. Supervisor Guyer suggested the idea of going with a larger Model 12 system with the capacity for 40,000 lbs. of carbon but only purchasing 20,000 lbs. to address the immediate needs of the system. He advised this would eliminate the need for a third vessel at a later date. He indicated that a cost analysis of purchasing the larger vessel was prepared. Secretary Patone reviewed the analysis with the Commissioners, explaining the estimated additional costs associated with the larger vessel and the "lost cost" spent on the rental unit that would be foregone as it would not be the permanent solution in the amount of \$102,730. She went on to report that the estimated cost to purchase and put in place a third vessel at a later date would amount to approximately \$192,400, therefore,

assuming the Commission would need the larger capacity at some point it would be cost effective to purchase the Model 12 at this time and save \$89,670. She went on to explain that the original engineered solution was based on the current needs at the lowest cost, after meetings with the Delaware Geological group and understanding the experiences of Artesian Water Company and the possible increased regulation of carbon contact time from the EPA, the Commission staff determined that a larger model should be considered. Supervisor Guyer advised that he spoke recently to operations group at Artesian Water Company and within one year's time of installing a vessel at one of their location they had to put in an additional vessel to increase the contact time for the carbon. He explained that the model 12 vessel would be approximately 4 foot larger in diameter and 5 foot in taller in height so visually the change would not be significant. Commissioner Knox questioned whether the Commission would need to go back on the interconnection when the new system was installed. Supervisor Guyer explained that a solution was developed to transition from the rental vessel to the permanent vessels without a need to turn the interconnection back on. Supervisor Guyer went on to explain that after speaking with the Delaware Geological group he understood that the Potomac aquifer is not a confined aquifer as he originally understood and therefore is subject to these contaminants and more, therefore, he believes that going to a larger vessel would be an insurance policy and good planning for the future.

Supervisor Guyer reported that preliminary plans were received from Verizon for the possible antenna attachments to the Gray Street Water Tank. He indicated that the plans showed a structure within the Commission's yard which would be a hindrance when painting and maintenance is done. He advised that pictures were provided to show the space needed during the painting and maintenance process. Commissioner Appleby explained that the Commission would be requesting that the structures be placed within the park area instead of the tank site which would need the City of New Castle's approval. Secretary Patone advised that City Administrator Bill Barthel would be inquiring of Council whether they were receptive to the location of the structure. Commissioner Sippel inquired whether Secretary Patone was negotiating; Secretary Patone indicated that she along with Bill Barthel would be negotiating the contract. A discussion ensued regarding the safety of the Commission staff and their exposure to radio frequency. Commissioner Sippel indicated that Verizon should be contacted and questioned on the annual revenues. Secretary Patone indicated that she would contact Verizon to understand the revenue figure; in addition she would summarize the responses received from other municipalities and question Verizon regarding the specifications of the proposed antennas. Council President Ratchford indicated that the citizens of New Castle were in need of better cell service in that area and the revenue opportunities would be beneficial to the City. She indicated that she was not sure whether a tower at the Gray Street tank was feasible and that she would take copy of the information prepared by Supervisor Guyer to review.

Supervisor Guyer completed his report with an update on the reporting agencies and that the water operators completed their class for the filtration system and they would be taking a test for certification in January 2015. In addition, he advised that the Water Supply Coordinating Council (WSCC) is preparing estimated demands over the next three years. He indicated that the original projections showed .6mgd (million gallons per day) and after review of possible increases in demand with Secretary Patone he would be drafting a request for an increase in the demand projection to .7mgd. Secretary Patone advised that the current allocation is 1.6mgd, the

current demand is .5mgd and the projected demand per the WSCC is .6mgd.

Commissioner Appleby thanked the Supervisors for their attendance and they left the meeting.

### FINANCIAL REPORT

Secretary Patone reported in Collections that the updated aged receivable schedules shows an improvement in collections over the past year and the allowance is calculated at 2.6% of electric revenues. She reported that due to the cold the Commission was unable to disconnect service due to non-payment in the month of January. She went on to report that although Reach Academy lost their charter and would be out of business June 2015, the Commission holds a three month deposit on this account. She also reported she has been in contact with Family Foundation Academy regarding their past due balances and received payment for the past due amounts. She indicated that Burriss Logistics submitted a bond for their deposit payment.

She reported the financial statements for the month ending December 31, 2014 show the Total Assets of \$14,328,963 with "Cash" decreasing \$105,000 from the previous month. In "Revenue and Expenses" the "Change in Net Assets" was a deficit of net assets in the amount of (\$81,000), \$26,000 from Water Operations and (\$108,000) from Electric Operations. She indicated that the purchase of water line item is over budget due to the water contamination issue, the Artesian purchases as a result of the contamination are in the amount of \$189,000 in addition the electric revenues were down 2% compared to last year and 4% down compared to the budget due to a milder summer and some of the commercial locations being vacant for a portion of the year. She went on to report that the Water Department reflects an excess because there is a vacancy (water operator) that has not yet been filled, in addition, the meter reading position and an office position were not filled in addition there are some valve replacements in repairs and maintenance that have not been done due to time being spent on the new system.

Secretary Patone advised that in "Control Procedures" she opened and reviewed the bank statements for December. She indicated that she is making a recommendation to close the M&T Bank account under new business. She reminded the Commissioners that this was the previous operating account and it was kept open after moving to PNC because several customers had an automatic pay by phone payment being made through this account. She advised that there are only approximately six customers who have not yet made the transition to a different payment method and the fees being incurred to maintain this account are not sufficient to warrant continuing the account.

Secretary Patone indicated that accounting assistant Patricia Malloy has recorded the investment activity through December 31, 2014. She went on to report that investments are down approximately \$28,000 since inception. She reminded the Commissioners that the Prudential, Oppenheimer and Pioneer accounts were all purchased with the understanding that they would be held approximately 3-5 years. Secretary Patone indicated that she had been working with the UFS consultants on the cost of service study and hoped to have them be able to present at the February 2015 Commission meeting. She also reported that she would have draft operating and capital budgets at the next meeting. She then referred them to the treasurer's report with the listing of bills.

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 Patone requested that the Organizational Chart/Job Description/Pay Scale review under new business be presented now so that Mary Jane Stubbs, Business Manager could present. Business Manager Stubbs presented the organizational chart, job descriptions and pay scales currently in existence. Secretary Patone requested that the Commissioners review a proposed organizational chart that shows the meter reading position being eliminated and approving 4 water operator positions, in addition leaving one office position vacant until the office needs can be assessed. She advised this would have the Commission with twenty full time employees and three appointed Commissioners. Business Manager Stubbs went on to report that Form W-2 and 1099's have been completed and will be distributed this week. She also indicated that she was attending a human resource course at Wilmington University which is to prepare her for the HR certification test.

Commissioner Appleby thanked Ms. Stubbs for her attendance and presentation and she left the meeting.

#### SECRETARY'S REPORT

Secretary Patone reported that the January DEMEC meeting would be held the next day on January 27, 2015. She reviewed the agenda items with the Commissioners. She indicated that the 2015 electric rate would be .7% less than the current rate, but that future years were expected to increase due to the capacity performance changes that are anticipated. She advised that as part of the strategic planning meeting a consultant was to be hired to facilitate the process. She explained that the risk management policy was to be updated to include the renewables that have not previously been included. She went on to report that the most recent rate comparison showed that the City of New Castle Municipal Services Commission has the second lowest residential rates in the State of Delaware. She advised the Commissioners that she would be attending an AMP Finance Workshop on Thursday of this week. Commissioner Appleby raised questions regarding the contracting of a consultant to evaluate the need for capacity resources within DEMEC service territories.

Secretary Patone updated the Commissioners on the administrative staffing, she also advised that the accounts receivable module training was complete and purchase order module training is scheduled for February. She communicated that the new modules would be integrated into the current accounting system as of April 1, 2015 and would be a significant time savings for staff. She went on to report that the annual billing audit was in progress to ensure that all information and classifications were recorded properly throughout the year. She then reported that per the Commissioners request an LED light was installed at 4<sup>th</sup> and Delaware Street three weeks prior. She had not received any calls regarding the light and asked the Commissioners to take a look at it. She reminded the Commissioners that DEMEC was still working on a RFP for LED streetlights that the Commission could participate if desired.

## OLD BUSINESS

Upon motion made and unanimous approval, the Commissioners approved the \$5,000 Waynex Solar design, assistance and inspection quote.

The Commissioners questioned the potential grant funds related to the Carbon Filtration System and the total costs of the project. Secretary Patone reminded them of the possible \$500,000 USDA grant and that the entire project costs being close to \$1.1million. A discussion ensued regarding the possibility of increased regulation related to these contaminants.

Upon motion made and unanimous approval, the Commissioners approved the change from a Calgon Carbon Model 10 system to a Calgon Carbon Model 12 system.

Commissioner Appleby indicated that since more information was required for the Verizon antennas on the water tank, there was no action required at this time.

Secretary Patone advised that at the previous meeting the definition of "a consecutive period of 0 days" was questioned in the Cafeteria Plan. Secretary Patone explained that employees are part of the cafeteria plan on day one of employment. She indicated that although specific benefits may require the employee to be employed for a period of time the Cafeteria Plan did not have such a requirement and did not supersede requirements for other benefits.

Upon motion made and unanimous approval, the Commissioners approved the Cafeteria Plan as presented.

Secretary Patone indicated that the Electric Department Response Plan was submitted to the Secretary for review. She reported that the energy audits are underway and Assistant Electric Supervisor Granger is organizing the site visits at the Commission and City of New Castle locations. She went on to report that City Council has proposed a change to the Tree Commission that if passed would remove the Commission from nominating a representative to the Tree Commission.

## NEW BUSINESS

Secretary Patone requested approval of the organizational chart as presented which reflects removal of the meter reading position, formalization of a fourth water operator position, twenty full time positions with an annual review process.

Upon motion made and unanimous approval, the Commissioners approved the proposed organizational chart as presented.

Secretary Patone indicated that President Robert Appleby's term expires on March 31, 2015 and she would be communicating to the Trustees of New Castle Common that a new Commissioner would need to be appointed.

Secretary Patone requested approval to close the M&T bank account and transfer the funds into the PNC bank account as discussed earlier in the meeting.

Upon motion made and unanimous approval, the Commissioners approved the closing of the M&T bank account.

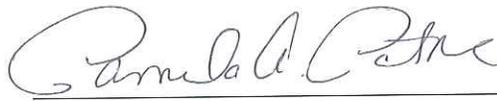
JANUARY MEETING

The Commissioners set the date of the next monthly meeting to be February 23, 2015 at the office of the Commission, 216 Chestnut Street, New Castle, DE 19720.

ADJOURNMENT

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

Approved 2-23-15  
Date

  
Pamela A. Patone