

JANUARY 28, 2014

Minutes of the monthly meeting of the Municipal Services Commission held January 28, 2014 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

MINUTES

With the concurrence of all the Commissioners the minutes of the December 12, 2013 regular monthly meeting were approved without alteration.

ELECTRIC DEPARTMENT

Secretary Patone indicated that Supervisor Blomquist's report was sent in advance and she would review the highlights. She reported that Supervisor Blomquist anticipates receiving the \$183,000 check from DelDOT for the Washington Street Project shortly. She advised that Supervisor Blomquist is working with Chris Castagno of the Trustees to obtain an easement for the Airport Plaza loop project. Secretary Patone indicated that both she and Supervisor Blomquist were contacted by DEMEC on January 7, 2014 and advised that all DEMEC members were asked by PJM to voluntarily shed load. She advised that the expectation was that it could become a mandatory event if enough voluntary load was not shed. She reported that Supervisor Blomquist and Secretary Patone communicated the need to the MSC customer base and they were successful in shedding 1.5 megawatts. Commissioner Knox inquired whether Zenith was able to shed load in accordance with their agreement with Comverge. Secretary Patone advised that Zenith had a Demand Response agreement with Enernoc which expired on December 31, 2013 and they had not yet reached an agreement with Comverge at the time of the January 7, 2014 event. She went on to report that based on Supervisor Blomquist's report Zenith was able to shed load during the time period requested by the PJM.

Secretary Patone reported that she had received a request from Tesla to have the house panel and parking/street lights removed from the metering that was consolidated in March 2013. Supervisor Blomquist's report indicates that he is working with McConnell Development and Tesla to accomplish this. Secretary Patone went on to report that Supervisor Blomquist continues to work with the vendor Cable Testing to make the necessary adjustments at the Wilmington Road Substation.

WATER DEPARTMENT REPORT

Secretary Patone advised that Supervisor Guyer's report was sent in advance and that she would review the highlights. She reported that the flushing continues to be done in the Riverbend Subdivision and are billed to Cecil Bank who is paying but is a few payments in arrears. Secretary Patone indicated that Supervisor Guyer and Assistant Supervisor Jaeger drafted a response letter to Bob Schulte of DNREC in reference to the planned remediation of the 6.91 +/- acres of the Seeds of Greatness Church site which are designated OU-2. The letter was reviewed and approved by the MSC attorney Dan McCollom, Secretary Patone and the Commissioners and mailed to Mr. Schulte. The position of the MSC was that the only acceptable remediation of the site is complete removal of all contaminants. Secretary Patone advised that the letter was distributed to Bill Barthel, the City of New Castle Administrator and Linda Ratchford, City Council President. She reported that Council President Ratchford indicated that Council was in support of the letter and would be sending a letter to DNREC also.

Secretary Patone reported that Supervisor Guyer is working with DelDOT on their recommendation for the conflicts that exist on 7th Street between the storm water system and the water mains. She went on to report that on the south side of the drainage culvert on 7th Street a sink hole developed under the new 8" water main. It was discovered that during the new gas main installation the contractor Choptank Excavation drilled through a 12" sewer main that was 7' deep. Supervisor Guyer and Assistant Supervisor Jaeger coordinated with Choptank, New Castle County Special Services and Mumford Miller to support the new water main while the necessary repairs were completed. Secretary Patone went on to report that Supervisor Guyer is working on billing issues with DelDOT where work was performed outside the Notice to Proceed date parameters. He is following up with the financial division of DelDOT to ensure no issues moving forward.

Secretary Patone reported that Supervisor Guyer has submitted the Road Entrance Permit for the new well site. She advised that Supervisor Guyer discussed the possibility of the entrance to be paved as part of the trail paving; however, DelDOT has indicated that since it was not already in existence this would not be possible. Supervisor Guyer is obtaining a quote from GrassBusters Landscaping, the contractor performing the trail paving, to pave the new well site entrance at the same time.

Commissioner Sippel inquired what work was being done at the produce stand at the Penn Farm. Secretary Patone indicated that she would inquire and advise the Commissioners. Secretary Patone reported that Supervisor Guyer indicated that the Water Department was successful in collecting all the water points for the Mapping System by their December 31, 2013 goal date. She went on to report that both the Water Department and Electric Department were performing their annual meter and billing audit. Secretary Patone advised that Supervisor Guyer is developing a Water Main Renewal Program and researching options related to relining vs replacement. She went on to report that effective January 4, 2014, the new EPA Reduction of Lead in drinking Water Act requirements has resulted in the need to dispose of any inventoried parts that contain lead and the estimated value of this inventory is \$22,000. Secretary Patone reported that the water operators have been working on coating the floors of the Basin Road Facility. She reported that due to the cold weather the Water Department has been called out on

several occasions for frozen services inside of the residences which required the water to be shut off at the curb stop. She continued to report that the materials for the 4" service for the Penn Farm and 3/4" water service for the Produce Stand has been received and the work will be scheduled when weather permits. Secretary Patone advised that a complaint was received by Jeff Bergstrom about Larkin Street being dirty after the water main break. Supervisor Guyer requested that the city use their street sweeper to clean up the area around the break and the problem was resolved.

Secretary Patone went on to report that Supervisor Guyer has been appointed by the Governor's Office to the Water Operator Advisory Council.

FINANCIAL REPORT

Secretary Patone reported in Collections that Tesla Industries, Inc. in Centerpoint has not yet paid the increased deposit amount, citing they want their metering addressed prior to the deposit payment. Secretary Patone advised that the receivables are collected faster in the amount of \$200,000 due to the bills being sent quicker after meter readings. She went on to report that due to the cold weather disconnects due to non-payment have been delayed.

She reported that the month ending December 31, 2013 reports showed that "Cash" decreased \$19,000 from the previous month. In "Revenue and Expenses" the "Change in Net Assets" was an excess of net assets in the amount of \$303,000 which is better than the budgeted excess of \$64,000. This is a result of the \$184,000 income from DelDOT for the Electric Department portion of the Washington Street Project. She reported that the Water Department is reflecting an excess of approximately \$60,000 and Electric Department reflected an excess of approximately \$242,000. The treasurer Mary Jane Stubbs was not in attendance but had submitted disbursements in advance for the Commissioners to review.

She said in "Control Procedures" that Customer Service Manager Sandy Scott reviewed the bank statements for December.

Secretary Patone reported that the \$350,000 funds were received back from Prudential and invested on January 10, 2014 with Summit Financial Strategies.

Secretary Patone discussed that Commissioner Knox reviews the bank credit card disbursements each month and she inquired whether he was interested in reviewing the Home Depot and Sears credit card statements. Commissioner Knox indicated that he did not feel that it would be necessary.

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 reported that she had sent copies of the proposals submitted from five auditing firms that were interested in performing the financial statement audit. A discussion ensued regarding the firm's qualifications and prices.

Upon motion made and unanimous approval, the Commissioners accepted Horthy & Horthy as the Commission's auditor's with the understanding that the firm lock into their lowest rate on the bid and have a partner rotation.

Commissioner Appleby reported that the last payment for rent to the Trustees would be the February 2014 payment. The Trustee President Mike Alfree indicated that there would be a ceremony the end of March.

Secretary Patone reviewed the assumptions for the operating budget that was provided and indicated that she would present a draft of the operating budget and capital budget at the next Commission meeting. She indicated Supervisor Guyer and Assistant Supervisor Jaeger would be attending the AWWA conference this year and Supervisor Blomquist would be attending weeklong substation training. She went on to report that Customer Service Manager Scott and Business Manager Stubbs have requested uniforms for the office staff and she has approved.

Commissioner Knox mentioned that Mayor Don Reese was interested in having lights installed on the Battery Park and would be approaching the Trustees for the purchase of the lights and approaching the Commission regarding the installation and maintenance of these lights. He requested that Secretary Patone list this potential project on the capital budget for next year.

SECRETARY'S REPORT

Secretary Patone reported that the January 21, 2014 DEMEC meeting was canceled due to inclement weather. She reported that financial reports were sent to the Board members. Secretary Patone had some questions regarding the reports that reflected a significant loss. She has scheduled a meeting with President McCullar to review the financial statements in detail. A discussion ensued regarding the complexity of the PJM bills and the DEMEC's staff's qualifications. Secretary Patone reminded the Commissioners that the Commission still shows a liability for an under billing from DEMEC that Delmarva has not chosen to address. Commissioner Knox requested that the liability be addressed prior to the fiscal year end.

OLD BUSINESS

Secretary Patone reported that she, Supervisor Blomquist and Assistant Supervisor Granger met with members of Verizon and Comcast regarding Packet Alley/25 The Strand. She indicated that Comcast was in agreement to putting their line underground and that they would absorb their associated costs. She advised that Mary Curtin the engineer from Verizon indicated she was receptive to their services being put underground but that Verizon would not absorb their costs and that she would respond with cost estimates for this project.

Secretary Patone reported that Scott Lynch from DEMEC is working with AMP on a plan for a solar array for the City of Seaford, City of Smyrna and the City of New Castle's Municipal Services Commission. The Commissioners discussed that their current interest is to limit the size of the system to the funds within the Green Energy funds. Secretary Patone indicated that

she would continue to obtain information on this project. She went on to report that Supervisor Guyer is investigating the Trustees request to have School Lane maintained by the Commission.

Commissioner Knox questioned how the police investigation was proceeding regarding the missing/stolen money.

EXECUTIVE SESSION

Upon motion made and unanimous approval, the Commissioners voted to go into Executive Session to discuss the police investigation.

GENERAL SESSION

Upon motion made and unanimous approval, the Commissioners voted to return to a General Session.

NEW BUSINESS

Secretary Patone reminded the Commissioners that after a questionnaire was distributed by DEMEC last year regarding the Commission's need for Smart Grid capabilities, she and Supervisor Guyer and Supervisor Blomquist began gathering information. She advised the Commissioners that both the Commission's electric and water meters are AMR (automatic meter reading) which are one-way communication. She communicated that smart meters are AMI (Advanced Metering Infrastructure) which provides two-way communication. She went on to report that Smart Grid is more than just the meter and the ability to address demand response (the changes in electric use by the customer in response to time of use pricing). She advised that Smart meters can provide benefits to the customer in understanding their consumption as well as providing benefits to the Commission by providing time of use information, obtaining information regarding outages in the system, the ability to disconnect services without the need to send staff to the site. She reported that the Commission could improve communication with customers by being able to provide information regarding the location and extent of an outage electronically whether through e-mail, text or telephone calls. She advised that collection problems could be minimized because the AMI system allows for the use prepaid meters when necessary. She advised that the current water meters are battery operated and will be coming upon their ten year life and will need to be replaced. In addition, she indicated that the current accounting, billing, job costing, inventory system, mapping, SCADA and communication systems are not integrated. She explained that the financial reporting package that is currently in place is no longer supported by technical support and that the Commission will need to update the system. Secretary Patone advised that because of the current technological needs and updates that will need to take place, she and the staff have been investigating consultants that can provide an assessment of the Commission's systems and make recommendations on software/technology, prepare the RFP for the purchase of the hardware/meters, assist with funding through grants or financing and provide public relations recommendations. She went on to report that UtiliWorks is a consulting group that the management staff has spoken with several

times and has put together a proposal for an assessment. She advised that she was in the process of speaking with referrals, but had sent the proposal to the Commissioners for their review. A discussion ensued regarding utility accounting packages, the technology associated with the Smart Grid and costs. The Commissioners requested that Secretary Patone discuss with DEMEC regarding a possible joint effort and when time of use pricing would be available.

JANUARY MEETING

The Commissioners set the date of the next monthly meeting to be February 20, 2014 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 2-18-14
Date



Pamela A. Patone