

MARCH 21, 2013

Minutes of the monthly meeting of the Municipal Services Commission held March 21, 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

Special Guests: Jay Guyer, Water Supervisor and Scott Blomquist, Electric Supervisor

### MINUTES

With the concurrence of all the Commissioners the minutes of the February 19, 2013 regular monthly meeting were approved with the correction of the financial report "for the month of January" instead of "December"

### WATER DEPARTMENT REPORT

Supervisor Guyer indicated that Secretary Patone had provided his report in advance and asked whether there were any questions. With no questions currently he indicated he would review it briefly. Walt Cooper's house in Riverbend had the water service installed and it was inspected. Developer deposit funds were received and will be reconciled. The water quality in the subdivision is being monitored and flushed as necessary and the cost is being invoiced to the owners, Cecil Bank. The bank has been paying the invoices when received. Supervisor Guyer reported that the Seeds of Greatness Church water line installation was completed and the Office of Drinking Water gave a verbal approval to place in service. Final flushing was complete on March 7, 2013 and hydrants are complete. Washington Street paving at the railroad tracks is to be completed soon after DelDOT removes the contaminated soil. The water main installation on Washington Street is progressing well. Bacteria testing and hydrostatic testing of parts of the main are being completed and then individual services will be connected. Commissioner Appleby asked whether concrete would be used for the railroad crossing of the tracks. Supervisor Guyer reported that it would be hot mix with preformed rubber bumpers. Supervisor Guyer also reported that the trenches and roads will be done with 8" of base coat. This is being required of Brandywine Constructions portion even though they had quoted 2" of top coat. DelDOT has had success with this method because it is easier for repairs. This will add some cost to Brandywine's restoration cost. The Multi-use trail on Rte. 273 is expected to begin in the spring. The Mapping system training is complete and staff has begun work on implementation. Supervisor Guyer believes it will take a few years to accumulate the information and download into the mapping software. AC Schulte's has begun working on the Penn Farm production well.

Commissioner Appleby asked whether the water main that will be installed in front of Family Foundation School had been budgeted. Secretary Patone & Supervisor Guyer reported that they have accumulated material costs and have put on the capital budget for approval. The labor associated with installing the approximate 490 feet of pipe would be internal.

Supervisor Guyer continued to report that work on the Backfield grading project is expected to be done in May 2013. Inventory counts will begin the last week of March. Supervisor Guyer discussed his desire to join DEWARN the mutual aid agreement with the other water providers in the State of Delaware. Lastly, Supervisor Guyer reported that he continues to have concerns regarding allowing any activities (specifically herbicides and pesticides) in the well head protection areas. Supervisor Guyer understands the need for the Penn Farm to stay in compliance with the noxious weed requirements and as he understands remediation can be accomplished by grass and weed cutting. Commissioner Appleby asked how we can ensure that sprays are not being applied to these areas. Supervisor Guyer indicated that DNREC suggest that the Farm keep records of any applications that are done and make the records available to the Commission. The Water Department will continue to monitor.

#### ELECTRIC DEPARTMENT

Supervisor Blomquist reported that Mr. Cooper has applied to have solar panels at his new home. The application is being reviewed. Mr. Cooper is also working on getting his electric service connected. Supervisor Blomquist reported that there is a splice box in his driveway and that he is interested in possibly moving the box. Supervisor Blomquist advised Mr. Cooper that would be at his cost. Supervisor Blomquist reported that on the Penn Farm the new electrician finished tying into the Commission's conductors and pulled into the big barn. Inspections were done and meters were installed. Delmarva is de-energizing and pulling their meter. Delmarva is taking the aerial lines down and putting the three phase primary that runs across the farm under ground so that they can connect to their circuit. The MSC paid Delmarva in January 2011 for the Penn Farm electric service. Supervisor Blomquist reported that the Wilmington road ammeters failed a second time and were pulled out to send back to the manufacturer. The security at the Wilmington Road substation is now tied into the SCADA. Supervisor Blomquist is investigating the types of reports that he may want the SCADA to produce for him. Commissioner Appleby asked whether water levels are shown with the SCADA. Supervisor Guyer reported that water levels are monitored.

Supervisor Blomquist reported that Delmarva took an electric outage on March 5, 2013 and all went well. He said that he is working on designing the electric system and identifying the placement of capacitor banks with the assistance of Utility Engineers. He then reported that ABB manufacturer of the relays in Dobbinsville issued an update to their firmware and that it needed to be done immediately. Supervisor Blomquist has contacted Utility Engineers for them to provide the update. He reported that Seeds of Greatness is ready to be energized up to the PMH9 and that he is just waiting for their electrician to finalize and make the request to energize. Commissioner Appleby complimented both Supervisor Guyer and Supervisor Blomquist on the work they performed at the Seeds of Greatness. Supervisor Blomquist indicated that they have been moving poles due to the DelDOT project on Washington Street. There has been some concern by customers on South Street regarding the placement of poles and the concerns are

being addressed by DelDOT.

Secretary Patone reported that in addition to their operational projects the supervisors have been very helpful in union negotiations, budget preparations and renovations of the administrative office.

Supervisor Appleby asked the other Commissioners whether the e-mailed copy of the water & electric reports was sufficient or did they need a hard copy for the meetings. Commissioner Knox & Commissioner Sippel indicated that they did not require a hard copy.

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

### FINANCIAL REPORT

Secretary Patone reported there was no new information to report in "Collections".

She went on to report on the financial statements that "Cash" decreased \$42,000 from the previous month and Construction in Progress has increased \$77,000 which is due to the Washington Street project water materials. Commissioner Appleby asked for clarification on what DelDOT was paying for and what the Commission was responsible to pay. Secretary Patone reported that the water main materials were purchased by the Commission. DelDOT is paying Mumford and Sons to install the water main. The railroad crossing portion of the project with Brandywine Construction costs are also paid for by the Commission. In the Electric portion, the costs are all being reimbursed by DelDOT. In "Revenue and Expenses" the "Change in Net Assets" was a deficit of net assets in the amount of (\$124,000) this is better than the budgeted deficit of (\$238,000). She reported that the Water Department was reflecting an excess of \$188,074 and Electric reflected a deficit of (\$312,805). Secretary Patone reminded the Commissioners that Commissioner Appleby questioned why the Water Department was reflecting an excess. She explained that based on the rate study results that although departmentalized balance sheets are not maintained by the Commission the consultants determined that the cash reserve for the water department was a negative (\$425,000) at the end of last fiscal year and therefore a few years of excess were needed to establish a positive cash reserve. Commissioner Appleby further questioned how we could budget for FYE 3-31-14 a loss in the water department if we reflected income in the current year. Secretary Patone reported that depreciation expense has increased, budgeted costs slightly increased and an increase in repairs and maintenance costs. Secretary Patone reported that Supervisor Guyer and Supervisor Blomquist have requested the ability to implement a repairs and maintenance program where valves are exercised in the water departments and poles are replaced based on inspection. Secretary Patone noted in the current financial report that General and Administrative expenses are over budget due to significant bad debt because of Converting Solutions and Salaries due to the hiring of a new accountant during the time that the former Secretary and the current Secretary were still employed. Upon inquiry, the Commissioners reported that they did not need the detailed budget versus actual reports the summary with explanation would be sufficient.

The Secretary indicated the final substation reports would be completed soon. Commissioner

Appleby questioned how much money was still being held at DEMEC. Secretary Patone reported that it was approximately \$400,000. A discussion ensued as to what to do with those funds. Secretary Patone reminded the commissioners that there is a balloon payment that will be due in 2019. A recommendation would need to be made regarding the remaining funds.

Secretary Patone reported that the new telephone system has been ordered and she requested a delay in making a recommendation on whether to hire an answering service to answer after hours telephones. The Secretary reported that during her visits to other operations rooms with other municipalities they found that Milford's police department took the afterhours telephone calls for the utilities. The Commissioners were interested in investigating all options but expressed their desire to have a person respond to a telephone call rather than a machine.

Secretary Patone reported that the investments increased since last month. Vanguard was up \$3,172 and Prudential \$1,898.

The Commissioners noted that cash has decreased significantly since last year. Secretary Patone reminded them that the decision to lower the rates last April 2012 was to reduce cash to \$2.7M reserve. Currently the cash is at \$2.4M so the target was almost met.

She said in "Control Procedures" Water Supervisor Jay Guyer reviewed the bank statements for February.

Secretary Patone reported that the annual Delaware State Escheat report was completed and the funds were sent.

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

#### SECRETARY'S REPORT

Secretary Patone said DEMEC's Board did not meet this month due to no actionable items. She reported that she has been attending webinars monthly at the DEMEC offices. She indicated that she will be forwarding the monthly reports to the Commissioners. Secretary Patone also indicated that she would be attending a meeting with DEMEC and their auditors so that she can better understand their financial reports. In addition she would be discussing the rate stabilization fund that DEMEC has been reporting. Commissioner Knox posed questions regarding the capacity of the Beasley plant and how it is placed into the auction. Secretary Patone indicated that she was organizing a meeting for the State representatives and senators in our district to meet and discuss the Renewable Portfolio standards with DEMEC and that she could ask Pat McCullar, President of DEMEC to explain the capacity market at that time. It was agreed that she would organize the meeting to take place in the Utility building conference room.

## OLD BUSINESS

Upon motion made, seconded and unanimous approval, the Commissioners voted to go into Executive Session to discuss personnel matters.

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

Upon motion made, seconded and unanimous approval, the Commissioners voted to approve the salary increases and benefit changes for supervisors and non-union personnel.

A final draft of the 2013/2014 operating budget was distributed prior to the meeting and Secretary Patone reported that based on the Commissioners recommendation revenue was calculated with a 1% increase in consumption. Purchase of Power was calculated at DEMEC reported rates. Expenses were based on contracts or estimates of increases. The appropriation to Mayor and Council would remain at the \$500,000. She reported that in the tariff there is a provision for a late fee to be charged on delinquent accounts at 1%. Based on a review of industry figures, she would like to request an increase in the late fee to 1.5% and to enforce the policy of charging the fee when a disconnect notice is created. In addition, she requested an update in the fee schedule. Requested turn on and shut off charges during non-business hours would increase to \$100, with 48 hours' notice, not scheduled business hours would increase to \$60, non-business hours to \$100, non-payment turn on charges business hours to \$60 and non-business hours \$100.

Upon motion made, seconded and unanimous approval, the Commissioners voted to approve the operating budget.

Secretary Patone reported that Supervisor Guyer, Assistant Supervisor Jaeger and she met with Rob Penman of Artesian water and reviewed the Commission's legal and insurance consultants comments regarding the DEWARN agreement. The Secretary and Supervisors requested that the Commissioners approve the signing of the mutual aid agreement.

Upon motion made, seconded and unanimous approval, the Commissioners voted to approve the signing of the mutual aid agreement and joining as a member of DEWARN.

## NEW BUSINESS

Secretary Patone said that DEMEC and Converge applied to have their designation as the approved CSP (Curtailment Service Provider) for the City of New Castle renewed for the calendar year 2013. Upon motion made and unanimous approval the Commissioners renewed Converge and DEMEC's designation as the only CSP for the City of New Castle. Secretary Patone confirmed that this does not affect EnerNoc that has a contract with Zenith until 2013.

Based on the discussion of the operating budget regarding updating fees, the Commissioners reviewed the recommendation and upon motion made, seconded and unanimous approval, the Commissioners voted to approve the tariff changes increasing the late fee to 1.5% and updating the fee schedule.

APRIL MEETING

The Commissioners set the date of the next monthly meeting to be April 18, 2013 at the office of the Commission, 216 Chestnut Street.

ADJOURNMENT

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

Approved 4-25-13  
Date

  
Pamela A. Patone