

APRIL 17, 2014

Minutes of the monthly meeting of the Municipal Services Commission held April 17, 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

Also in attendance: Jay Guyer, Water Supervisor, Scott Blomquist, Electric Supervisor, Mary Jane Stubbs, Treasurer

MINUTES

With the concurrence of all the Commissioners the minutes of the March 20, 2014 regular monthly meeting were approved without alteration.

WATER DEPARTMENT REPORT

Supervisor Guyer reported that flushing continues to be done in the Riverbend Subdivision. He advised it was done twice in the past month on March 12, 2014 & April 2, 2014. Supervisor Guyer has reached out to Mr. Bob Schulte of DNREC to obtain an update on the remediation of the Seeds of Greatness Site because he had noted some clean fill in the back of the site over the past month. Supervisor Guyer indicated he had not yet received a response. Supervisor Guyer went on to report that DelDOT's contractor Mumford & Miller has been delayed in starting the work on South Street due to weather, there are 5 water services that are to be renewed from the main to the curb stop and will be inspected by the MSC upon completion. Supervisor Guyer indicated that there are no new updates on the Rte. 273 Multi Use Trail. Commissioner Appleby inquired regarding the concrete slab along Rte. 273. Supervisor Guyer indicated that it was a bus stop which is across the street from Centerpoint Business Park entrance. Supervisor Guyer indicated that he received the signed agreement with Gras Busters Landscaping for the Commission to relocate a fire hydrant near the First Baptist Church. He reported that Assistant Supervisor Jaeger and Yard Person Jay Jones continue to draw in water mains and services into the mapping system. He advised that the Commission has met with City Administrator Bill Barthel and Building Official Jeff Bergstrom to discuss the mapping of the storm water infrastructure for the Municipal Separate Storm Sewer Systems (MS4); this is a project that the Commission is assisting the City with the GPS locations. Supervisor Guyer indicated that the water service for the produce stand on the Penn Farm has been completed.

Supervisor Guyer reported that he continues to work on the renewal program for the 29 miles of water main. He indicated that he would estimate that 21 miles of the system has lead joints. He advised that the program would consist of a combination of cleaning/relining and replacement.

Supervisor Guyer informed the Commissioners that the water operators performed the physical inventory counts the end of March. He went on to report that he continues to develop a plan to investigate the 4" main located near the reconstruction of the Bull Hill Dike so that it can be abandoned.

Supervisor Guyer indicated that AC Schulte's poured the concrete foundation around the well and installed the vent and pump discharge for the Cross Roads Well on the Penn Farm this will now allow construction to begin on the building. In addition, he reported that the water operators have been working on office renovations at 216 Chestnut Street. He indicated that carpeting has been installed in a portion of the building and that the Customer Service Manager's office was renovated.

Supervisor Guyer indicated that there was one (1) planned outage for the work on the Penn Farm produce stand service. He went on to report that on April 10, 2014 Ronald Bounds of the Delaware State Police Critical Infrastructure Unit visited the Commission's water sites in order to perform an assessment and make recommendations on security. He indicated that Mr. Bounds made positive comments regarding the sites and Supervisor Guyer looks forward to obtaining the report. Supervisor Guyer reported that water operator Harry Johnson is still out for a non-work related health issue. He indicated that the Supervisors participated in training on the billing software along with the office staff.

Supervisor Guyer went on to update the Commissioners on other reporting agency meetings and advised that he has been elected as the Vice Chair of the Delaware Water/Wastewater Agency Response Network (DEWARN).

ELECTRIC DEPARTMENT

Supervisor Blomquist reported that there was nothing new to report in Riverbend subdivision, the Washington Street Project and the Rte. 273 Multi-Use Trail. He advised the Commissioners that he received the quote from Keystone for the cost to connect the new capacitor controllers to the SCADA system and it was higher than he had anticipated. He advised that he, Secretary Patone and Supervisor Guyer met with David McHenry of Keystone Engineering to review the quote. Supervisor Blomquist advised that Mr. McHenry believed the actual costs would be lower if the capacitor banks could be connected on the same day and if the controller and antenna cable could be installed in advance of their engineer coming on site. Supervisor Blomquist indicated that this was possible and he had been working on getting further information to Keystone. He went on to report that the Trustees had paid a \$10,000 deposit for the light fixtures selected for the Bellanca Airfield parking lot and the electric crews have installed the four concrete bases and the conduit. He went on to report that Chris Castagno of the Trustees requested that an additional four lights be added to the original estimate, which

Supervisor Blomquist provided. Supervisor Blomquist reported that both the electric and water supervisors worked together to prepare a schedule for the capital projects to reflect the timing of the cash outlay. He also reported that the Capacitor project that carried over from the previous year did not include the cost to connect to SCADA and he was developing a request for the additional funds for this project. Supervisor Blomquist advised that the easement on the Penn Farm was reviewed by management and the Commission's attorney and submitted to the Trustees with a few minor changes. Supervisor Blomquist advised that the Trustees had incorporated the changes and the documents were ready for execution. He reported that the Wilmington Road Substation cable trough was scheduled for replacement during the third quarter of this fiscal year. He also reported that he and Secretary Patone had met with two archeologists regarding the 25 The Strand/Packet Alley project and quotes were obtained by both. He indicated that the third archeologist did not respond to the Commission's inquiry. Supervisor Blomquist had provided the quotes to the Commissioners for review in his report.

Supervisor Blomquist reported that the meter project in Centerpoint is scheduled for the second quarter, the three reel wire trailer is scheduled for the first quarter and the stick saw is scheduled for the fourth quarter of the fiscal year. Supervisor Blomquist advised that on April 9, 2014 Ronald Bounds of the Delaware State Police Critical Infrastructure Unit visited the Commission's electric sites in order to perform an assessment and make recommendations on security. He indicated that Mr. Bounds made positive comments regarding the sites and that he would be willing to present his report at a Commission meeting. Supervisor Blomquist reminded the Commissioners that the Cyber Security Penetration Test is tentatively planned for the end of the summer. Supervisor Blomquist reported that there were no outages during this past month.

Supervisor Blomquist reported that electric crews continue to do tree trimming throughout the system as weather permits. He advised that Delmarva Power moved a pole on Wilmington Road in front of the Ice Cream Corral. He went on to report that Secretary Patone, Assistant Supervisor Granger and he met with Utility Engineers for a system planning meeting and discussion regarding installation of underground infrastructure. Supervisor Blomquist advised that Cable Testing, Inc. provided the test report on Wilmington Road substation and a few corrections were scheduled to be made within this month. Commissioner Knox inquired whether there were any problems with the Verizon FIOS project. Both Supervisor Blomquist and Supervisor Guyer indicated that any conflicts with the Commission's infrastructure were resolved by Verizon readjusting their locations.

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

FINANCIAL REPORT

Secretary Patone reported that the accounting staff has been working on the yearend work papers and preparation for the auditors. She indicated that the pension reports had not yet been received and there would be yearend entries that would affect the financial statements but she did not anticipate any material adjustments. Secretary Patone reported in Collections that Tesla Industries, Inc. in Centerpoint has not yet paid the increased deposit amount. She advised that the Commission received a letter from the Converting Solution's bankruptcy trustee regarding

the possibility of some of the payments received by the Commission could be preferential payments. Secretary Patone advised she is working with Jeff Waxman of Morris James, LLP to respond to the letter.

She reported that the month ending March 31, 2014 report showed that "Cash" increased \$59,000 from the previous month. In "Revenue and Expenses" the "Change in Net Assets" was an excess of net assets in the amount of \$1,019,000 which is better than budgeted. Secretary Patone provided a review of the variance from budget to actual. She advised that approximately \$389,000 was from Private Developer Contributions. She reminded the Commissioners that these amounts are infrastructure that developers installed but are contributed to the Commission to maintain. She explained the figure was significant this year due to the Seeds of Greatness Project. She went on to report that approximately \$94,000 was internal labor and inventory that was capitalized. She reported that approximately \$244,000 was miscellaneous income that was not budgeted, the vast majority relating to the DelDOT project. She reminded the Commissioners that DelDOT paid for the electric crew to move the Commission's poles for their street widening project in addition to inspections by the water crew during the replacement of the water mains on Washington Street. Secretary Patone advised that the Purchase of Power and Water was less than budgeted because of the write off of the \$159,000 liability for under billings from DEMEC for 2011 & 2012. Lastly, she advised that approximately \$80,000 of remaining funds from the substation project were disbursed to the Commission which reduced the Purchase of Power cost.

Secretary Patone advised that in "Control Procedures" that Assistant Supervisor Jaeger reviewed the bank statements for March.

Secretary Patone reported that the year to date unrealized loss in investment value was \$43,000 and the investment income was \$26,000. Treasurer Mary Jane Stubbs had submitted a copy of the disbursements in advance for the Commissioners to review.

Secretary Patone reported that the auditors Horthy & Horthy performed inventory observations on April 1, 2014 and any total variance that exceeds 1% would be researched.

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

Secretary Patone went on to report that she had provided a draft copy of the FYE 3-31-14 capital project schedule and she reviewed the details of the report. Commissioner Knox questioned whether the Commission maintained a minimum and maximum policy for inventory balances. Secretary Patone advised that management had some criteria in place and were reviewing the criteria to make sure they were appropriate.

Commissioner Knox questioned Secretary Patone on her communication regarding investigating changing to ADP for payroll services. Secretary Patone advised that she would be investigating the cost/benefit of this possibility but had not yet done so.

SECRETARY'S REPORT

Secretary Patone reported that she attended the April 15, 2014 DEMEC meeting. She explained that the new DEMEC auditors Baker Tilly presented the financial statements and management letter. She advised that Baker Tilly explained the details of the transaction that DEMEC entered into with AMP in 2012 that should have been recorded as a loan and not a sale. She advised that the auditors reported that the result was an \$8M loss on the financial statements and identified significant deficiencies and material weaknesses within the organization. Secretary Patone as Chair of the Audit Committee is scheduling a wrap up meeting where the Committee will create a report and make recommendations for the upcoming year. Secretary Patone reported that DEMEC is asking the House of Representatives to sign a Public Power House Concurrent Resolution recognizing DEMEC's 35 years as a joint action agency in the State of Delaware. Secretary Patone went on to report that the other item on the agenda for DEMEC was the PPA for the Data Center in Newark. She reported that the Board had asked DEMEC management to have a third party analysis prepared regarding the potential contract. She advised that DEMEC had ACES Power prepare an analysis. A discussion ensued regarding the analysis prepared by ACES. She advised that the Board of DEMEC decided to not vote on the PPA at the April meeting.

OLD BUSINESS

Secretary Patone reported that there was no update from Scott Lynch of DEMEC the plan for a solar array.

Secretary Patone reported that Supervisor Blomquist advised of the status of the substation security project.

NEW BUSINESS

Secretary Patone advised that two quotes for the archeologist costs associated with 25 The Strand/Packet Alley Project were distributed to the Commissioners prior to the meeting. Commissioner Appleby indicated that he understood that there have been projects done within the City of New Castle that have not required an archeologist on site during the project. A discussion ensued regarding the understanding that it was not required to have an archeologist on site only a recommendation from the Building Inspector. The Commissioners indicated that management should proceed with the underground work without an archeologist present.

Secretary Patone advised that the Capacitor Bank project has not yet been completed from the prior fiscal year and that the connection of the capacitors banks to the SCADA system would require additional funding. Commissioner Appleby requested that the current year capital budget be updated to include the carry over project from the previous year. Secretary Patone advised the Commissioners that the Commission will be participating with Bring Your Child to Work Day in the month of April and will also be participating in the Arbor Day celebration at the Penn Farm. She went on to report that she and the staff have been working with the City to upload the City's Tree Commission inventory of the public trees onto the Commission's mapping program.

Lastly, she advised that the Delaware Greenways has requested the Commissioner's consider a non-profit discount since they are a not for profit organization that is functioning within the City and that they operate for benefit of the City as a whole. Secretary Patone gave the Commissioner's an understanding of the mission of Delaware Greenways. A discussion ensued regarding the not for profit organizations within the City of New Castle. The Commissioners asked the Secretary to gather further information regarding DGI and other not-for profit organizations within City.

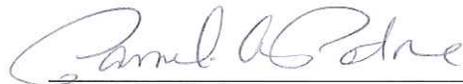
APRIL MEETING

The Commissioners set the date of the next monthly meeting to be May 19, 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 5-19-14
Date


Pamela A. Patone