

APRIL 27, 2015

Minutes of the monthly meeting of the Municipal Services Commission held April 27, 2015 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Dr. Roy Sippel, Commissioner, presiding.

Attendance Report:

Present: Dr. Roy J. Sippel, Commissioner, President  
Daniel F. Knox, Commissioner  
Hick Rowland, Commissioner  
Pamela A. Patone, Secretary

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

Member from the public: Mr. Richard Pennell, 28 The Strand

President Sippel provided Mr. Pennell time to address the Commissioners in the beginning of the meeting. Mr. Pennell indicated that after reading about the PFC contamination in the City's water system he spoke with Water Supervisor Jay Guyer. Mr. Pennell indicated Supervisor Guyer was very helpful and provided him with a good understanding of the issue. He advised that he appreciated Supervisor Guyer's time. Mr. Pennell suggested that the monthly water tests be posted on the website for reference. In addition, Mr. Pennell indicated he had been traveling overseas and noted a lot of the towns have the utilities buried underground which in aesthetically pleasing. He suggested the neighbors on The Strand would like to have the utilities placed underground and since the City of New Castle is being classified as a National Park it might be a good time to move toward underground utilities. He also suggested possible grants may be obtained to place the utilities underground. President Sippel indicated the Commission is placing utilities underground where possible and prioritizing based on the difficulty of servicing the areas. He indicated The Strand is not one of those areas currently being addressed. He advised the cost of the conversion depends on the location. President Sippel went on to explain in addition to aesthetics, the Commission has identified other positive factors such as less tree trimming and reliability of service when utilities are placed underground. He inquired of Secretary Patone regarding her knowledge of grants related to underground utilities. Secretary Patone indicated Verizon had communicated if the City participated in a beautification grant they would participate in placing utilities underground, she was not aware of any other grants. President Sippel advised the staff had pursued a \$500,000 grant for the water treatment system as a result of the contamination. He advised the Commission is ahead of the curve in addressing the contamination issue. Mr. Pennell provided Secretary Patone with a print out from the internet regarding a Scenic America grant.

President Sippel thanked Mr. Pennell for his attendance and comments, and he left the meeting.

## MINUTES

With the concurrence of all the Commissioners the minutes of the March 23, 2015 regular monthly meeting and the minutes of the March 30, 2015 special meeting were approved.

## ELECTION AND APPOINTMENTS

Secretary Patone indicated at the March monthly meeting the Commissioner's nominated Dr. Roy Sippel for President. She advised the Charter indicates the Commissioners shall elect a President and appoint a Secretary and Treasurer in April of each year.

Upon motion made, seconded and unanimous approval, the Commissioners elected Dr. Roy Sippel as President and appointed Pamela Patone as Secretary and Mary Jane Stubbs as Treasurer.

Secretary Patone indicated the Commissioners appointed her as New Castle's Board Member for DEMEC at the March monthly meeting, but each April this appointment is reaffirmed. In addition, she advised the Commissioners needed to appoint an alternate.

Upon motion made, seconded and unanimous approval, the Commissioners appointed Pamela Patone as New Castle's Board member for DEMEC and Dr. Roy Sippel, Daniel Knox and Hick Rowland as the alternate board members for DEMEC.

## TREASURER'S REPORT

Treasurer Mary Jane Stubbs reported a total cash balance of \$2.7M that included escrow and deposit amounts of \$400K leaving operating cash balance of \$2.3M. She went on to report investments in the amount of \$1M. She communicated that Assistant Supervisor Jaeger reviewed the bank statements for March 2015. Treasurer Stubbs presented the March invoices for the Commissioner's review. Treasurers Stubbs answered the Commissioners questions regarding Keystone Engineering for tying the capacitor banks into the SCADA and the Utility Financial Solutions invoices for the Cost of Service Study.

Secretary Patone emphasized the \$3.3M in operating cash and investments needed to pay for the Carbon Filtration System project budgeted at approximately \$1.2M with only a little over \$200K being paid at this time,

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

President Sippel thanked Ms. Stubbs for her attendance and she left the meeting.

## ELECTRIC DEPARTMENT

Supervisor Blomquist reported the installation of the wire from the switch to the first manhole for the Airport Plaza loop was close to the maximum bending radius and as the crew attempted to pull the wire the capstan on truck T-6 sheared the drive pin. He reported that after the crew re-rigged the pull with the capstan on T-7 it resulted in an exceedance of the pulling degrees and they were unable to pull any further. He ordered another manhole and will proceed with the pull after delivery. He advised he is still within budget for this project. Commissioner Knox questioned the cost of the repair to the drive pin. Supervisor Blomquist reported the cost was approximately \$400. to make the repair. Supervisor Blomquist reported staff met with the Trustees, Delaware Greenways, and Wanex Electric to discuss the solar array. He advised based on the meeting it was determined that since a fence is not preferable the array should be moved farther away from the walking path. He advised he is obtaining an easement from the Trustees for the project and obtaining quotes for costs of material.

Supervisor Blomquist reported the pulling equipment was received. He advised he revised the operating budget to result in no increase in cost per Secretary Patone's instruction. Supervisor Blomquist reported there were no outages in the past month. He advised two of the double paned windows at Dobbinsville Substation were broken from individuals throwing rocks; he reported to the police department, boarded the window and reviewed the security camera footage with the police. He went on to report Assistant Supervisor Granger continues to work on the mapping system. He also indicated the University of Delaware energy audits of the Police Station and Trolley Barn were received and forwarded to Bill Barthel with the City. He advised a meeting is scheduled to discuss grant opportunities with SEU and University of Delaware representatives. Supervisor Blomquist reported he reviewed the billing audit results with Customer Service Manager Sandy Scott. He went on to report staff attended an AMP webinar regarding AML.

He reported he was in receipt of preliminary plans for 66 apartments on the triangle of land across from St. Peters. Supervisor Guyer indicated that parking would be the first floor and then apartments above it. He communicated the plans were general and did not have details regarding the electric and water. Supervisor Guyer advised that preliminary issues have been communicated to Jeff Bergstrom. He is researching whether an easement or right away exists for the water infrastructure. A discussion ensued regarding the feasibility of the project and DelDOT's involvement.

Commissioner Rowland questioned whether the loop from Riverbend to Centerpoint was ever completed. Secretary Patone communicated the loop has not been completed. She advised letters have been sent to all the property owners communicating water and electric would not be provided without the completion of the loop to Centerpoint. Supervisor Blomquist indicated a Miss Utility had been submitted for a gas line because currently the gas is provided from a propane tank farm within the development.

## WATER DEPARTMENT

Supervisor Guyer reported the water department continues to flush Riverbend hydrants. He reported a blow off separated and broke but he is able to utilize another blow off close by. He advised he had no updates from Mr. Bob Schulte of DNREC regarding the remediation plan of the Seeds of Greatness Site. He reported Mumford & Miller completed the items on the October 2014 punch list; it was inspected and found to be in compliance with the MSC standards. He advised final billing is being generated and forwarded to DeIDOT. He went on to report he obtained an estimate of \$309,000 for the installation of the 1 mile of water main per DeIDOT for the accounting of the contributed infrastructure.

He reported the mapping system continues to be updated with references from plans and is a great tool when working on projects. He communicated he was contacted by Steve Borleske of Delaware Greenways in reference to water service for the proposed hoop greenhouses. He prepared an estimate in the amount of \$5,087 for installing a new 2" water service.

Supervisor Guyer advised he and Assistant Supervisor Jaeger met with Jeff Rice from Echologics Technologies to provide a quote for performing testing on the Delaware Street water mains from 3<sup>rd</sup> Street to the Wharf and all of Dobbinsville. He advised the quote was in the amount of \$22,150. Secretary Patone communicated Delaware Street had been identified for the current year because of the City's street paving project. She indicated Dobbinsville was identified for a future year as staff believe this area is in need of relining or replacement. She advised the quote would allow both projects to be done at one time as Echologics has a minimum one day one-mile charge.

Supervisor Guyer reported on the Cross Roads well, he received everything from Bob Cannon for the Variable Frequency Drive Controller spec for the pump and it has been ordered, the materials for the project have been received and he is following up with Secretary Patone and the Trustees to confirm the current Penn Farm Utility Easement can be utilized for the water main installation. He communicated to the Commissioners that Security Instruments provided a quote for the door and hatch security components that may be covered under the Homeland Security Grant. Supervisor Guyer reported the Utility Building curbing would be worked on as time permits.

Supervisor Guyer updated the Commissioners on Mr. John DiMondi's property at 426-438 West 7<sup>th</sup> Street. He indicated Pennoni Associates was working on an engineered solution to be incorporated into the DeIDOT Entrance Permit that will protect the 8" water main. He advised once this is complete the MSC will sign off on the permit.

Supervisor Guyer reported there were no planned or unplanned outages for March 2015.

He completed the DRBA water audit report for 2014. He advised the water operators would be doing the blacktop repairs in front of 154 Casimir Drive and 16 Hewlett Avenue; the two locations had water main breaks this past winter. He reported the completion of the Spring Hydrant flushing, which revealed one hydrant was damaged apparently from a vehicle hitting it. He will have the crews fix the hydrant in the next couple of weeks.

He advised the Burgie Fountain was re-plumbed with four working spigots and repainted. He indicated that per Secretary Patone's request the water operating budget was submitted with no increase from the previous year budget. He advised the forms for the Sub-Grant Process were completed and submitted for review. He reported that Mr. Arnold Maas of DEMA returned the forms requesting revisions; Supervisor Guyer is working through those revisions. Commissioner Knox inquired regarding the Single Audit threshold. Secretary Patone communicated the threshold for the fiscal year beginning April 1, 2015 is \$750,000.

Supervisor Guyer reported he continues to work on the PFC contamination solution. He reported the Commission received the Preliminary Assessment of the testing and monitoring at the New Castle County Airport and Delaware Air National Guard Base which indicated the area being tested will be expanded. He went on to report the rental credit from Calgon for the temporary system in the amount of \$750 per month will be extended for the duration of the project based on his request. He advised the wet well is scheduled for delivery this week and Brandywine Construction will be advising of the timeline for the shoring and excavation for the wet well. Supervisor Guyer reported the March and April PFOS and PFOA results were non-detect.

Supervisor Guyer reported the water department was chosen to receive the 2014 Del-Tech On-Site Professional and Group Operator Team of the Year award which will be presented on May 14, 2015. In addition, he advised Water Operator Barry Granger has completed his Distribution Certification Course. He went on to report the Water Supply Coordinating Council (WSCC) meeting will be held on April 29, 2015 and he will begin sending weekly pumping data to Jerry Kauffman of the University of Delaware Water Resource Agency. He went on to update the Commissioners regarding the activities of the State of Delaware water reporting agencies.

The Commissioners thanked the Supervisors for their attendance and they left the meeting.

### FINANCIAL REPORT

Secretary Patone reported in Collections that staff was able to perform disconnects due to non-payment on April 8, 2015. She went on to report the aged receivables report shows a large increase in the 30-60 day receivables. She advised this is due to two commercial accounts that have paid late the past two months. She indicated she was reaching out to the accounts regarding the delinquencies.

She reported the financial statements for the year ending March 31, 2015 is not yet complete as she is waiting on the actuarial report for the pension and staff is reconciling the water Washington Street project, therefore, there will be changes to the results reported. She went on to report the Total Assets of \$14,245,500 with "Cash" decreasing \$27,000 from the previous month.

In "Revenue and Expenses" the "Change in Net Assets" was a deficit of net assets in the amount of (\$188,000), (\$2,000) from Water Operations and (\$186,000) from Electric Operations. She indicated the budgeted deficit for the year was (\$340,000). She reported the deficit in electric was expected as DEMEC had a rate increase, in addition the water deficit was expected due to the purchase of water from Artesian Water. She noted the reason the deficit was not larger was

due to the retirement of a water operator and the position not yet being filled, the elimination of the meter reading position and repairs and maintenance items not being performed during the year due to the contamination issue. Secretary Patone reviewed the yearend balance sheet accounts to the previous year end accounts noting a cash decrease of \$45,000. She went on to report that she will be reviewing the accounting staff's work papers to support the financial reports. Secretary Patone indicated the yearend inventory observation was performed by the auditors and fraud interviews of the supervisors. She reported she was not advised of any issues with the observation.

### SECRETARY'S REPORT

Secretary Patone reported she attended the April 21, 2015 DEMEC meeting which was a full day strategic planning meeting. She advised the DEMEC board considered the role of DEMEC in the past and future. She advised areas discussed included low cost power purchases, education, lobbying and renewable requirements. In addition, she noted the Board considered how it would respond to possible regulatory changes in the industry. She informed the Commissioners the DEMEC auditors Baker Tilly presented the financial statement which reflected no material weaknesses, no adjusting journal entries and net income of \$2.8M. She went on to report the Board approved the purchase of Seaford's SRECs for their solar project. She advised the supervisors and she attended a webinar to understand how AMP is initiating a pilot program to allow municipalities to house their smart meter data within AMP. She would be exploring this possibility with AMP and reporting back to the Commissioners. The Board cancelled the June meeting due to the APPA conference, a special DEMEC day will be held at Legislative Hall on April 29, 2015 and a Joint Council Educational Briefing will be held on May 14, 2015. She reported the DEMEC Executive Committee reported their work on a succession plan as the President Pat McCullar is approaching retirement and the Board needs to plan accordingly. She went on to report the March 2015 Beasley hours were not yet reported, the January and February reports were previously reported. Commissioner Knox questioned the purchase of power timing and the availability of the Beasley units. Secretary Patone explained the purchase of power that is not under contract is minimal and she was not sure whether those market purchases were done daily or weekly. She also informed the Commissioners the board materials are maintained on a Board Paq that she will make available for review to the Commissioners.

### OLD BUSINESS

Secretary Patone reviewed the rate design the consultants recommended based on the average 2% increase in electric and average 5.2% increase in water. She explained that some customer classification would have higher or lower than the 2% and 5.2% but these would be the overall rate revenue increases. She reviewed a few specific accounts and the effect the changes would have on the utility invoices. She asked for approval of the Tariff rate changes in addition to increasing the application fee from \$5.00 to \$7.00 to cover the cost of running a credit score on the applicants.

Upon motion made and unanimous approval, the Commissioners approved the Tariff changes with rate changes and application fee increase.

Secretary Patone reviewed the proposed operating budget with the rate increases implemented. She noted the revenue recommendations from the consultant reflected a 1.5% growth in consumption. She cautioned the Commissioners that growth has been flat and the 1.5% projection is optimistic. She had the supervisors rework expenses to have no operation expense increases in the non-contracted expenses. She noted the appropriation to the City remained unchanged as 10% of the City's budget per the Commission's policy. Commissioner Knox indicated he attended the April 14, 2015 City Council meeting and reinforced the Commission's perspective regarding attachments to the water tank. He advised a comment was made from Councilman Megginson for the Commission to provide \$50,000 to Council. Secretary Patone indicated the protocol in the past would be the Commission liaison would visit with the Commissioners and make any request for funding. She advised a request had not been made. She reported Council President Linda Ratchford had sent a request for the Memorandum of Understanding details and how the appropriation is calculated and Secretary Patone provided the information. She understood the information was forwarded to the Council members however; a request had not yet been made to place the City appropriation calculation on the Commission's agenda.

Upon motion made and unanimous approval, the Commissioners approved the operating budget with net operating revenue and expenses in the amount of \$11,527,097.

#### NEW BUSINESS

Secretary Patone reminded the Commissioners that \$10,000 had been approved on the capital budget to perform Echologics testing on Delaware Street. She went on to explain the non-destructive testing of the water mains will provide the thickness of the wall of the main so the Commission can make an educated decision on whether to reline or replace a section of water main. She advised the Echologics group does not provide half day quotes and therefore a full day quote would be \$22,500 which could cover Delaware Street and three streets in Dobbinsville (Clark, Clymer and Center). She reported staff is aware the mains in Dobbinsville need to be addressed based on coupons that have been taken in that area before. She advised staff is requesting the capital budget item be increased from \$10,000 to \$25,000 to perform the testing. The Commissioners questioned the steps in the process and the Secretary was able to answer their questions. She advised staff believes there may be grant opportunities for this project and they would be pursuing this possibility.

Upon motion made and unanimous approval, the Commissioners approved the increase of the Echologics capital project from \$10,000 to \$25,000.

President Sippel inquired whether the Commission offered budget billing for the customers. Secretary Patone advised the Commission has not offered budget billing, she advised the software was capable of the service however she was not convinced the customer interest is high enough to warrant the additional administrative work for the office staff.

APRIL MEETING

The Commissioners set the date of the next monthly meeting to be May 21, 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 5-21-15  
Date

  
Pamela A. Patone