

NOVEMBER 19, 2013

Minutes of the monthly meeting of the Municipal Services Commission held November 19, 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
Mary Jane Stubbs, Treasurer
Jay Guyer, Water Supervisor
Artie Granger, Assistant Electric Supervisor

MINUTES

With the concurrence of all the Commissioners the minutes of the October 30, 2013 regular monthly meeting were approved without alteration.

ELECTRIC DEPARTMENT

Assistant Supervisor Granger reported for Supervisor Blomquist and indicated that he would review the highlights. He reported that DelDOT was working on the Rte. 273 Multi Use Trail. He advised that the contractor hired by the Commission completed the bore under the tree along Rte 273 so that the Electric Department could install the conduit and wire up to Trader's Lane. He indicated that Supervisor Blomquist had been working with Chris Castagno to obtain an easement so that the MSC would be prepared to close the electric loop for the Airport Plaza Shopping Center. Assistant Supervisor Granger reported that he was having Cable Testing perform testing on the wire installed at the Frenchtown Road well site so that the service could be transferred from Delmarva Power to the Commission. A discussion ensued regarding the possibility of installation of underground electric specifically for 25 The Strand and throughout the City. Commissioner Appleby asked the staff to continue to gather information and try to make contact with Verizon regarding the possibility of their services going underground.

Assistant Supervisor Granger indicated that the electric crews continue to trim trees behind Jacquette Square and have been in contact with a resident in the area regarding removal of trees that were placed in the Right of Way. Commissioner Appleby questioned the indexes provided in the electric report. Secretary Patone indicated that she had requested that Supervisor Blomquist track the outages and provide the reliability indexes in his report. She felt that after a year of tracking, approximately June 2014, she would be able to compare these indexes against benchmarks to better understand the reliability of the electric system. Assistant Supervisor Granger went on to report that the Wilmington Road substation was still deenergized for testing that was not yet complete.

WATER DEPARTMENT REPORT

Supervisor Guyer reported that the flushing continues to be done in the Riverbend Subdivision and that this will need to take place more frequently in the winter months. He reported that he received the final certificate to operate from the State of Delaware Office of Drinking Water for the Seeds of Greatness Church. He also indicated that Cochran Plumbing had completed the installation and certifications of the backflow preventers at the Seeds of Greatness Church.

Supervisor Guyer reported that when DelDOT's contractor paved Washington Street that there were some problems with the curb boxes and he will be following up with DelDOT. He reported that the materials were purchased for the 7th Street portion of the project and DelDOT will reimburse the Commission for these parts. He indicated that Pennoni Associates will be inspecting the work that needs to be completed.

Supervisor Guyer reported that the contractor handling the Rte. 273 trail is getting approval for the Water Department to move the fire hydrant near First Baptist Church. He then reported that he was submitting the application for the access permit to the Frenchtown Road well so that it can be paved as part of the trail paving. Supervisor Guyer advised that the 500 feet of 12" water main on Delaware Street has been completed and tested. He advised that the water department removed some trees and did some tree trimming per the approved DelDOT plans in that area. He indicated that he was contacted by John Lloyd inquiring why the Tree Commission was not consulted prior to removal and trimming. Supervisor Guyer indicated that a meeting would take place the next day with Mr. Lloyd to discuss the matter.

The final 2 commercial meters for St. Peter's Church and the David Finney Inn have been installed and are complete. Commissioner Appleby questioned the TA Instrument water billing issue noted in the report. Supervisor Guyer reported that the installation of a new meter resulted in information regarding the meter multiplier to be given to the billing department incorrectly. He advised that the multiplier should have been 100 and it was reported as 1000, therefore, the customer was overbilled. Secretary Patone advised that a correction was done in the billing system and a credit was issued to the customer for the overbilling.

Supervisor Guyer reported that on November 8, 2013 a leak was found on Larkin Street behind Wilmington Fiber. He advised that the water crew excavated the area and found that a 6" water main was found to have a longitudinal crack. He went on to report that 11 feet of main had to be replaced and the roadway would be repaired when the weather permits. Commissioner Appleby questioned whether the main had lead joints. Supervisor Guyer reported that yes this area all had lead joints. A discussion ensued regarding the need to develop a long term plan to replace all the old water mains with the lead joints. Commissioner Appleby asked Supervisor Guyer to develop a plan.

Supervisor Guyer advised that the water department made the repair to the leak at the Little League concession stand and reported it to the Trustees. He indicated that the fall fire hydrant flushing was complete without any incident. He went on to report that the air conditioner was installed in the server room at 100 Municipal Boulevard. He advised that he and Assistant Supervisor Jaeger would be attending a Water University Utility Management Certification

Course in December. Lastly, Supervisor Guyer provided a copy of the DEWARN brochure that was developed to promote membership.

Commissioner Appleby asked whether the 180 feet of 4" ductile iron pipe for the irrigation service for the Penn farm, the 3/4" water service to the produce stand and the removal of the 2 existing irrigations services supplied by the 2" plastic pipe with one irrigation service installed at the end of the new 4" main would be paid for by the Commission or the Trustees as the owner of the Penn Farm. Supervisor Guyer advised that this replacement would cost approximately \$4,800 and that it was part of the plan when the Seeds of Greatness water main was installed and the plastic services to three homes across from Rt 273 were replaced. Secretary Patone advised that we had an interest in replacing this final section of plastic service and therefore, wanted to have the Commission make this a capital expenditure.

Commissioner Knox questioned Supervisor Guyer regarding the dead end of water main in the Riverbend subdivision and a discussion ensued on how the water main could be completed.

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

FINANCIAL REPORT

Secretary Patone reported that she had contacted the attorney for Pencader Charter School's board and he advised that the board had no assets and could not pay the outstanding electric bills. She indicated that Reach Academy is now located in the same building and they have lost their Charter as of the end of the school year, therefore, she has increase their deposit requirement. She went on to report in Collections that Tesla Industries, Inc. in Centerpoint continues to pay late and has not yet paid the increased deposit amount. Secretary Patone advised that the plan to get bills sent earlier each month has been successful and concerns from customers appear to be minimal. She also informed the Commissioners that she continues to meet with the Medium and Large Commercial accounts to introduce herself and understand their needs.

She reported that the month ending October 31, 2013 reports showed that "Cash" increased \$329,000 from the previous month. In "Revenue and Expenses" the "Change in Net Assets" was an excess of net assets in the amount of \$460,000 which is better than the budgeted excess of \$137,000. She reported that the Water Department is reflecting an excess of approximately \$86,000 and Electric Department reflected an excess of approximately \$374,000. Secretary Patone advised that the significant difference between budget and actual is the income from DelDOT to move the poles for the Washington Street Project that is reported in Other Income and was not budgeted. The Commissioners asked some questions regarding the disbursements and Treasurer Mary Jane Stubbs was able to answer.

She said in "Control Procedures" that Assistant Supervisor Ryan Jaeger reviewed the bank statements for October.

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

Secretary Patone reported that it had been five years since a request for proposal for auditing services. She submitted a list of potential auditors and advised that letters would be going out by the end of the week.

Secretary Patone reported that a list of the current year fixed asset additions had been provided in their packet for review. She reminded the Commissioners that the Seeds of Greatness extension of service was shared with the Commission and the infrastructure was contributed back to the Commission to maintain. Secretary Patone reported that the Commission obtained two separate policies for the Directors & Officers insurance to ensure coverage for the Riverbend Subdivision and to ensure coverage of any failure to serve claims.

SECRETARY'S REPORT

Secretary Patone reported that she and Commissioner Appleby attended the DEMEC meeting on November 19, 2013. She reported that a resolution was approved by the DEMEC Board regarding Government Accounting Standards Board (GASB) 65 & 62. She indicated that GASB standard 65 requires the expensing of financing costs in the year of issue, however, regulated utilities are allowed to utilize an alternative treatment under GASB 62. She advised that GASB 62 would allow financing cost to be amortized over the life of the debt. She reported that the DEMEC board discussed whether DEMEC was considered a regulated utility and Pat McCullar confirmed that it was considered a regulated utility. She went on to report that the DEMEC board chose the alternative treatment under GASB 62. Secretary Patone indicated that the Audit Committee that she chaired reported that the preliminary fieldwork had taken place and that she would be meeting with the Partner Russ Hissom on November 25, 2013. She then reported that the Beasley generators ran in the month of October for a total of 11 hours, and that with the capacity credits the operations is making money even when it does not run. She advised that the Educational Brochure was being developed to use as a tool for the legislative bodies and the individual municipalities. Lastly, she reported that Scott Lynch was continuing to work on the LED street lighting project request for proposal.

OLD BUSINESS

Secretary Patone reported that she was able to obtain electric invoices for the BJ's at the Airport Plaza Shopping Center. She advised that BJ's is purchasing their electric through ConEdison and Delmarva is used for transmission. A discussion ensued regarding whether a feasibility study would be useful after reviewing the invoices. Secretary Patone was instructed to present a budget for the completion of the Airport Plaza loop without including the acquisition of any new customers. Regarding Packet Alley/25 The Strand, she indicated that Bill Barthel with the City was assisting in contacting Verizon regarding putting services underground. A discussion ensued regarding the benefits and costs of electric being put underground. Secretary Patone advised that there is not a defined timeline yet for paving the parking lot and installation of the underground electric lines at the Bellanca Airfield. She then reported that Scott Lynch of DEMEC was at the meeting regarding the solar project and he had ideas on how the project

could be done with AMP and there might be benefits for both parties. Secretary Patone indicated that Scott Lynch would get back to the Commission with more information. Secretary Patone advised that Chris Castagno and Corky Viola of the Trustees were in attendance at the solar meeting and were supportive of the project.

NOVEMBER MEETING

The Commissioners set the date of the next monthly meeting to be December 12, 2013 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 12-12-13
Date



Pamela A. Patone