

DECEMBER 11, 2012

Minutes of the monthly meeting of the Municipal Services Commission held December 11, 2012 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
Francis L. Patterson, Secretary
Pamela A. Patone, Comptroller

MINUTES

With the concurrence of all the Commissioners the minutes of the November 20, 2012 regular monthly meeting were approved without alteration.

THE APPOINTMENT OF MARY JANE STUBBS TO TREASURER

With the appointment of Pamela Patone as Secretary at the November 20, 2012 meeting, there is now a need for the Treasurer position to be filled. Mary Jane Stubbs, Business Manager, was nominated by Secretary Patone. With no other nominations the motion was made and seconded and with unanimous approval the Commissioners appointed Mary Jane Stubbs as the new Treasurer.

FINANCIAL REPORT

Secretary Patone reported in "Collections" that Converting Solutions was making good faith payments in conformance with the MSC's collection letter to pay the under billed portion of their service over a six month period. She indicated she was watching the account closely because she had been advised they may be vacating. The account has a \$35,000 deposit on hand but with the under billings the MSC was exposed approximately \$20,000 at this time. She went on to report that "Cash" decreased \$87,000 from the previous month and in "Revenue and Expenses" the "Change in Net Assets" was an excess of net assets of \$190,012. This is \$256,138 in the Water Department and (\$66,126) in the Electric Department. She reported that review of the actual versus budget and the actual versus prior year does not show anything unusual since the last report. A discussion took place regarding the Water Department which showed an excess when in the past it had shown deficits. This was in agreement with the Rate Study recommendations to account for years of deficits and a need to accumulate a surplus in water for future water infrastructure needs.

The Secretary indicated she had nothing new to report on the Substation financial activity. She reported in office operations that PNC Payer Express shows 297 enrollees and the Customer Service Manager, Sandy Scott is now trained on this system and is able to assist customers with

inquiries. She reported Heather Gargano was brought on full time on November 21, 2012. Sandy Scott continues to contact Telephone Answering Services in anticipation of replacing the automated telephone system as directed by the Commissioners. Mary Jane Stubbs and the Secretary attended a Payroll Law class and Mary Jane will be updating the MSC's "Working Conditions" documents which are the MSC's employee manuals. Commissioner Knox asked about the APA certification and discussion groups and indicated that his experience was that they were very informative. Secretary Patone acknowledged she was aware of the certifications and was recommending to Mary Jane to pursue the certification.

She said in "Control Procedures" Supervisor Scott Blomquist reviewed the bank statements for November.

Secretary Patone indicated she was working with John Garner of Prudential in Newark to get the paperwork set up to invest in the bond funds identified by the Commissioners. Since there was a short time between the November and December meeting there was not enough time to complete all the paperwork. She also reported Job Descriptions were being developed and accumulation of information to support the recommendations of pay grades per the Commissioners instructions.

Commissioner Sippel inquired about the accounting software and the payroll tax update that will be necessary in order to prepare the first payroll in 2013. Secretary Patone reported that the MSC's software provider would provide accounting with an update for the payroll taxes. Commissioner Sippel also questioned the payment to the Delaware Division of Revenue and the Secretary explained it was for our utility tax payment. The MSC charges the utility tax to the customers and makes payment to the State monthly.

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

SECRETARY'S REPORT

Secretary Patone said DEMEC's Board met earlier in the day in Smyrna. She reported Commissioner Appleby and Chip Patterson attended with her. DEMEC's 2013 Budget was reviewed and approved. The highlights of the budget were the addition of a new hire and the replacement of an old vehicle. The Billing Rate for calendar year 2013 would be \$80.53/mWh which is down 5.86% from the previous year due to higher price contracts which will expire in June. Secretary Patone reported the Stabilization Fund, which exists to maintain consistent rates for the municipalities and absorb fluctuations during the year, will have approximately \$20M by the end of the year. DEMEC's policy is to have at least \$10M in this Fund. There may be discussions in 2013 regarding a lump sum return of funds. DEMEC also reported that as a member of AMP Fremont we were able to obtain a Long Term Power Supply Plan at no cost which made proposals on purchasing Market, Peaking or Non-peaking. Lastly, PJM will be providing a course in January and the Commissioners are invited to attend. Commissioner Knox questioned when the MSC would experience the reduction in the DEMEC rates. Secretary Patone indicated new rates would take effect with the January 2013 invoice.

Former Secretary Chip Patterson reported on Riverbend. Mr. Patterson reminded the

Commissioners at the last meeting it was decided to have MSC's attorney send letters to all lot owners in the Riverbend Community, Cecil Bank, Parkway Gravel, Walt Cooper and Lee Ramuno lawyer for Signature Design Homes indicating that the MSC would not be providing new electric and/or water service until there was a plan to complete the infrastructure. Mr. Ramuno sent a letter threatening a lawsuit if Mr. Cooper was not given electric and water service. MSC's attorney Dan McCollom was also contacted by Jeff Weiner indicating he was representing Mr. Cooper and wanted to gain information regarding not receiving electric/water service. The former Secretary suggested a possible resolution for future customers to obtain electric and water service. He suggested each lot owner be required to contribute their apportioned share to an escrow fund to complete the infrastructure. The old estimated cost to complete the water and electric interconnections is \$500,000. Because the age of the estimate is several years old it should be increased by 150% and then divided by the 200 buildable lots that do not currently have electric or water. This would be \$3,750 per lot. The former Secretary also suggested is that the continued flushing of the water system that needs to take place monthly in order to maintain water quality because of the lack of completion of the interconnection be allocated to each lot as they take water service. A discussion ensued clarifying that the completion of the interconnection is not the only water and electric infrastructure that would be necessary for some of the 200 lots located on different streets to receive water and electric service. The interconnection to Centerpoint is the backbone of the infrastructure for all the lots and should be the responsibility of all the lot owners. Tying in each individual lot (extension of service) to the system is the responsibility of the individual lot owners per the MSC's tariff. The escrowed funds would only cover the estimated amount to complete the interconnection. Upon motion made and unanimous approval, the Commissioners voted that they were agreeable to work out an agreement with Walt Cooper and to allow Dan McCollom to work out the details with Walt Cooper's attorney, Jeff Weiner for their review at their next Commission meeting.

The Secretary reported in the Business Parks that Tire Rack in Twin Span Business Park is experiencing problems with their light ballasts and contacted Scott Blomquist, Supervisor of the Electric Department inquiring about a power quality study. Supervisor Blomquist is discussing Tire Rack's issues with them. He advised them the MSC does not perform power quality studies and they should hire someone to perform their own study. He is also investigating what other municipalities do when customers request power quality studies so he can assist them with information when possible.

The Secretary reported for Supervisor Blomquist in the Electric Department. The Secretary said Utility Engineers is putting together the as-built for the Wilmington Road substation. Supervisor Blomquist transferred Twin Spans Business Park's load from Dobbinsville to Wilmington Road substation and will continue to add more load. She indicated as he continues to move load he will be able to address the hot spot on the main breaker connection that was discovered with the infrared testing. Secretary Patone reported moving forward we will need to address the capacitor locations and sizes in our system. She added the current set up was not designed to work with two substations. Regarding Seeds of Greatness Church, the conduits are all installed to man hole and AUI completed the boring at the road crossing and will be moving forward with boring under the tree. The new riser poles at the entrance of Centerpoint and the conduit to the pole are installed. The Washington Street Project began earlier than scheduled and Delmarva Power started installing poles, Supervisor Blomquist spoke with DelDot and advised we were waiting

for material and not scheduled to begin till January. MSC was to work at the same time as Delmarva for cost efficiency. Joe Hofstee with DelDOT approved the additional costs associated with the lack of coordination of work with Delmarva. Tom Clayton of the Trustees asked Supervisor Blomquist to come out to the Penn Farm on December 7, 2012 because the electrician was installing the conduit under the barn and when that is complete the Supervisor Blomquist will be able to energize the barn. Regarding the Rt 273 Trail, Supervisor Blomquist met with Whitman Requardt and Assoc. to discuss the location of equipment and he mentioned to them that if lighting is desired in the future it would be wise to get the conduit put in now as opposed to having to break up walkway later to install. Supervisor Blomquist understands that they are taking that into consideration. The Secretary said Mario Medori, who owns the former Brosius Eliason site, wants the buildings separately metered. Supervisor Blomquist prepared an estimate, collected deposits and the electric crew set a new riser pole. Lastly, both Supervisor Blomquist and Assistant Supervisor Granger went to inspect the new bucket truck which is scheduled to be delivered in two weeks.

The Secretary reported for Supervisor Guyer in the Water Department. She reported the water crew installed water main to the tree along Route 273, the boring under the tree by Brandywine Construction began this week. The additional cost to install new 2" service to the 3 homes on Rt 273 is estimated at \$4,500 which the Commissioners knew when the Seeds of Greatness project was approved. Supervisor Guyer met with Whitman Requardt & Assoc for placement of hydrants for the Rt 273 trail. Norfolk Sothern approved the Right of Way Permit for the Washington Street Project and the permit was issued to start on December 17, 2012. DelDOT was to provide thirty days notice before the start of the project so that materials could be ordered. Supervisor Guyer is working out the details with Joe Hofstee with DelDOT. Secretary Patone reminded the Commissioners that they approved the AC Schultes quote for \$92,860 for the Penn Farm well and the estimate of \$25,780 for the well discharge head, pump and motor and that they were looking for thoughts on timing. After reviewing scheduling, Supervisor Guyer requests the MSC move forward now because the permit process will take 6-8 weeks and the well will take 30 days to complete which will put our water crew's work to begin around March and Supervisor Guyer believes his crew will be ready at that time. The Backfield Grading Project notice of intent was filed by the MSC with DNREC and now we are waiting for approval from the Conservation District. Kathryn Panula of the Delaware Greenways who manages the Penn Farm has inquired regarding Organic Farming within the 300 ft. radius of the Well Head Protection Area of the School Lane and Frenchtown Well (in addition to the soon to be drilled well). DNREC and the New Castle County Conservation District indicate farming does happen within the radius within the state, but the MSC would need to monitor for contaminants and if items were found to exceed EPA requirements the MSC would have to treat for it. The MSC would prefer to enforce the Source Water Protection Area ordinance that was passed in 2008 that restricts uses within these areas. This is the only good source of water and the MSC does not believe the revenue that might be derived from farming these areas would be sufficient enough to cover the risk of contaminating the City's water supply. Staff is looking for the support of the Commissioners to respond to this request by Ms. Panula. A discussion ensued regarding the application of chemicals (pesticides) to these areas pose a risk to the City's water supply. The Commissioners agreed that Staff should enforce the ordinance and not allow activities within the specified areas. Lastly, the winter addition of the quarterly newsletter was completed by former Secretary Patterson and mailed yesterday. The Commissioners advised Secretary Patone that she

should utilize Teri Guyer to assist with the newsletter moving forward as much as possible.

Secretary Patone reported City Council President Bill Barthel wanted to meet the Secretary regarding her nomination to the Tree Commission and she has scheduled a time to meet with him next Monday.

OLD BUSINESS

The Secretary asked former Secretary Patterson to speak about the substation. Mr. Patterson reported that the SCADA system needs to be tied into the substation and the capacitor banks issue will need to be addressed. No other outstanding issues exist for the substation.

Secretary Patone briefed the Commissioners on the status of labor negotiations. She described the pension information the actuary calculated per the Union request. She reported that Supervisor Guyer and Supervisor Blomquist would be joining her to be the management team in the labor negotiations.

NEW BUSINESS

The Secretary requested that the Commissioners approve the selection of Horthy and Horthy as the auditors for this year's audit. They have performed the audit for the past four years and she would like to continue with them another year instead of going out to bid during a year of many changes. Upon motion and unanimous approval the Commissioners voted to select Horthy & Horthy as the auditors for the fiscal year ending March 31, 2013.

The Secretary reported that it has been a tradition with the MSC to provide recognition for the non-union and Supervisor efforts throughout the year in the form of a cash bonus. The Commissioners agreed to award \$300 to each office staff, \$500 to each supervisor except \$1000 to Supervisor Scott Blomquist in recognition of his efforts with the Substation over the past couple of years.

DECEMBER MEETING

The Commissioners set the date of the next monthly meeting to be January 22, 2013 at the office of the Commission, 216 Chestnut Street.

ADJOURNMENT

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

Approved _____

Date

1-23-13



Pamela A. Patone