

MARCH 16, 2012

Minutes of the monthly meeting of the Municipal Services Commission held March 16, 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 (by telephone)

MINUTES

With the concurrence of all the Commissioners the minutes of the February 23, 2012 regular monthly meeting were approved without alteration.

COMPTROLLER'S REPORT

The Comptroller told the Commissioners she had been primarily working on the budget and trying to reconcile Utility Financial Services numbers with her own. She said as outlined her e-mail which she sent to the Commissioners she records a greater budgeted loss than UFS because of the assumptions used. The Comptroller said she wanted to get the Commissioners feelings about the increase in the projected loss. The Commissioners questioned her at length about her budget assumptions. They asked in particular if the reserve would still be 2.7 million. She told them that it may be as low as 2.5 million that there were a number of factors that could affect that number. The Commissioners after discussion were comfortable enough with the Comptroller's draft budget that upon motion made and a unanimous vote approved the 2012/2013 budget as presented.

The Secretary asked the Comptroller if she wanted to discuss commercial deposits. She told the Commissioners she was gathering information from the other municipal utilities on interest rate policies in relation to what she was proposing. She told them she would like to summarize their responses and asked to table any action until the next meeting.

The Comptroller told the Commissioners she does not have her financial reports because she has been out sick. She said she will prepare them upon her return and e-mail them to the Commissioners.

The Commissioners reviewed the February bills attached hereto and the Bookkeepers cash flow report and upon motion made and unanimous approval approved February's payments.

SECRETARY'S REPORT

Secretary Patterson reported DEMEC's monthly meeting is scheduled for March 20, 2012 in Smyrna. He continued and said he forwarded DEMEC's reports to the Commissioners that show because of the mild winter Beasley Unit #1 has hardly run at all. He said February's energy supply cost reflects the new agreement with AMP which made the actual cost of power supply ten dollars less than the billable rate. The Secretary said this makes back the money DEMEC spent in January which was ten dollars more than the billable rate. The Secretary said DEMEC President McCullar believes the projected cost of electric under the new agreement will be less than he originally budgeted for. The Secretary told the Commissioners that construction of Beasley Unit #2 is ahead of schedule and should have no problem being in service by June 1, 2012. He went on to say that President McCullar is arranging for a tour of the Laurel Hill wind farm project in the Spring for anyone who would like to go. On the Legislative front, the Secretary said there is an article that North Carolina Legislature has proposed legislation that would cap the amount of revenue municipal utilities can transfer to their general operating fund. The Secretary added that something similar maybe proposed in Delaware. The Secretary mentioned that Delmarva's Customer meeting is scheduled for May 3, 2012 in Ocean City, Maryland for those that want to attend.

The Secretary reported that in Riverbend in Old New Castle, Cecil Bank filed an action in the Bankruptcy Court, a copy of which he sent the Commissioners. He said Cecil Bank accuses Riverbend of a number of financial transactions that are not arms length that is depriving the Bank of economic recovery of its investment in the project. The Secretary said that nothing is happening in the lawsuit between the MSC and Riverbend. He went on to say that Joe Capano, Jr. is building on certain lots at Riverbend and his father is responsible for supplying water and electric to the sites. The Secretary said he heard earlier that day that the MSC's former insurance carrier was making reimbursement to the Commission for monies it had incurred in the lawsuit between MSC and Riverbend.

Commissioner Knox asked about the Converting Solutions bankruptcy. Secretary Patterson said he had Comptroller Patone send the Commissioners an update where Converting Solutions is submitting to the Court a plan to emerge from bankruptcy that would pay creditors less than full value on their claims.

The Secretary told the Commissioners in the Business Parks operators replaced the water meters at buildings 1400 & 1600 Johnson's Way Centerpoint Business Park to new remote radio read units.

The Secretary reported for Supervisor Blomquist in the Electric Department. He told the Commissioners that on Monday March 5, 2012 the City had an electric outage due to a faulty setting on the high side relay. The Secretary went on to say when Supervisor Blomquist transferred the city's load to the Dobbinsville substation in order to work on the Wilmington Road substation the high side relay tripped. He said it turned out the relay was set to a factory default setting while it was out being repaired. He said Supervisor Blomquist re-energized Wilmington Road and called consultant engineers Norm Baron and Jim Havrilla who helped him determine what the problem was. He said the city was out for about 20 minutes. The Secretary

reported the cost of a new bucket truck will be \$199,722. He said the truck will have a Ford chassis and Versalift bucket and compartments. He said that it will replace T-7 which is now 24 years old. The Commissioners asked the Secretary a number of questions about the purchase in particular why the price had increased so much. The Secretary said the cost increase is attributed to materials, particularly steel, petroleum products and new emission standards. The Commissioners upon motion made and unanimous authorized the purchase of the new bucket truck. The Secretary said the electric trucks have all had their prescribed maintenance performed and are back in service. The Secretary said Supervisor Blomquist reports that the area lighting for the Penn Farm has been received and will be installed. The Secretary said Supervisor Blomquist is waiting for the Trustees electrician to perform his work so the services can be energized. The Secretary said Water Supervisor Guyer reports that Trustee member Chris Castagno is requesting the MSC install some irrigation for the farm. The Secretary said the Supervisors met with a contractor to determine the cost of having him survey the water system and help complete the GIS mapping program. The cost the Secretary said would be \$80,000. The Commissioners expressed their opinion that the MSC needs to dedicate its internal resources to complete the project and made different suggestions as to how to assign manpower to complete the task. The Secretary concluded the electric report telling the Commissioners that the electric crew continues trimming trees and that Supervisor Blomquist is conducting classes on the AAPA Safety Manual.

The Secretary reported for Supervisor Guyer in the Water Department. He said water operators continue to paint at School Lane treatment facility. He said the Supervisors are updating the operational manuals to include components they installed. The Secretary said the Million Gallon tank's first anniversary inspection is scheduled for March 23, 2012 with MBA and US Tank. The Secretary went on to say water operators are cleaning up some of the items left to be done at Buttonwood, such as topsoil and seeding, and restoring the railroad crossing road markings. The Secretary said he attended a meeting with Monika Sloan of McBride and Zeigler and the Water Supervisors to discuss water service for Seeds of Greatness Church. He said subsequent to that meeting Supervisor Guyer spoke to Mike Cirillo who owns the land where the church will be built and to Ken Robertson of Emory Hill who is performing construction management for the project. Mr. Robertson expressed his concerns about the cost to extend water and that the cost may sink the project. The Secretary said he heard from Councilman Cochran asking about the cost to extend water. The Secretary went on with Supervisor Guyer's report and told the Commissioners that AC Schultes is working on the DNREC permit to drill the well on the Penn Farm and that the Water Supervisors are developing quotes to provide security to the different water facilities.

The Secretary told the Commissioners that McBride and Zeigler quoted \$4,600 to provide survey and permit services to grade the Utility Yard at 100 Municipal Blvd. The Secretary said the City Building Official said this is required. He explained to the Commissioners the insurance company does not want extraneous materials stored at the substation site so he needs to do this in order to move the transformers to the yard. The Commissioners questioned him at length about his request and Commissioner Appleby said he would like to visit the site before approving the expense.

The Secretary said in other water related activities the Water Supervisors are working on water safety manuals and they are also working with the Comptroller on a water meter audit.

The Secretary next reviewed with the Commissioners the status of the Washington Street project and a tentative agreement with DelDot to exchange materials for labor in replacing the water main the length of Washington Street. The Secretary explained that the crossing of the railroad would have to be borne by the MSC since DelDot does not work in the railroad's right-of-way. He sought the Commissioners permission to consummate the agreement and to pay Pennoni Associates to engineer the railroad crossing at a cost of \$6,850. The Commissioners questioned the Secretary further and agreed to the expense.

OLD BUSINESS

The Secretary reported on the substation upgrades and told the Commissioners that the sump holes in the oil retention pits for both the Dobbinsville and Wilmington Road substations were complete. He went on to say that the Dobbinsville retention pit had one coat of epoxy paint applied. He said the security cameras and perimeter security systems were ordered and Verizon would provide the communication link. He continued and said the Wilmington Road Control House relay components were received and the Control House exhaust system was installed. He said the Control House has been painted and replacement shrubbery for the perimeter has been ordered.

The Secretary told the Commissioners he contacted Bob Maxwell to inquire about the Charter Changes but had not received a reply.

The Secretary said the Comptroller and he had spoken to PNC about credit charges for on-line bill payments and the costs were higher than expected. He said they are waiting to hear from another department that can quote the cost of e-checks. He said hopefully next month the committee will have a recommendation.

NEW BUSINESS

The Secretary said now that the Commissioners have adopted the budget they need to amend the tariff to reflect the new water, electric and fee schedules. He asked the Commissioners to adopt a new Appendix A, B & C that reflect the new rates. Upon motion made and unanimous approval the Commissioners adopted a new Appendix A, B & C to the tariff that reflect the new rates.

The Secretary asked the Commissioners to approve the application of DEMEC and Comverge to act as the CSP (Curtailment Service Provider) for load management for the City of New Castle's service territory. Upon motion made and unanimous approval the Commissioners approved DEMEC and Comverge as the City of New Castle's CSP.

Secretary Patterson and Commissioner Sippel reported as the Compensation Committee their recommendations to wages and benefits for Management and Non-Union employees for the coming fiscal year. The Commissioners debated the recommendations and after consideration the following changes were made. Upon motion made and unanimous approval the Commissioners

approved a 2.27% increase to Management and Non-Union member's current pay. They also authorized a \$2,000 adjustment to Supervisors Guyer, Blomquist and Jaeger's pay. In addition they approved that reimbursement for use of a personal automobile will be at the IRS rate. They also agreed to study whether some type of medical benefit would be extended into an employee's retirement.

Secretary Patterson said that the Trustees had re-appointed Commissioner Appleby to a new three year term. He asked that the Commissioners elect a President and appoint a Secretary and a Treasurer for the coming fiscal year. Upon motion made and unanimous approval the Commissioners elected Robert S. Appleby, President and appointed Francis L. Patterson, Secretary and Pamela A. Patone, Treasurer.

MARCH MEETING

The Commissioners set the date of the next monthly meeting to be April 19, 2012 at the office of the Commission, 216 Chestnut Street.

ADJOURNMENT

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

Approved _____
Date

Francis L. Patterson, IV