

AUGUST 22, 2012

Minutes of the monthly meeting of the Municipal Services Commission held August 22, 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

Guests: Electric Supervisor Blomquist and Assistant Electric Supervisor Granger

INTRODUCTION OF NEW ASSISTANT ELECTRIC SUPERVISOR ART GRANGER

Secretary Patterson introduced Art Granger as the new Assistant Electric Supervisor. The Commissioners took the opportunity to introduce themselves and welcome Mr. Granger and learn a little about his background. Electric Supervisor Blomquist said, he is confident in Mr. Granger and his abilities and believes he will be an asset to the MSC. The Supervisors then left the meeting.

MINUTES

With the concurrence of all the Commissioners the minutes of the July 12, 2012 regular monthly meeting were approved without alteration. Commissioner Knox said he would have liked the previous month's minutes to have included Mr. Malchione recommendation that the MSC institute yearly performance evaluations of the Supervisors. Commissioner Sippel said he met with the Supervisors and had them prepare job descriptions for their positions. He said he would meet with the Secretary shortly and go over this with him. The Commissioners and Secretary agreed that a more formal process for evaluation and promotion should be formulated.

COMPTROLLER'S REPORT

Comptroller Patone began her report by telling the Commissioners in collections she made a journal entry which wrote off the \$42,000 the bankruptcy court forgave Converting Solutions. She went on to say that she sent a letter to Converting Solutions requesting 3 months deposit and then fielded a phone call from Matt Henning who questioned her why the MSC was requesting 3 months. She said the Secretary and she explained to him that Converting Solutions had a poor credit history and the MSC felt the original deposit was not sufficient security. She said she gave them to the end of September to make payment.

The Comptroller said Karen Lynch prepare their recommendation for a company to provide

collection services for delinquent accounts on customers who left New Castle owing a balance. She said they are recommending Transworld Systems. She explained how Transworld Systems operates and the associated costs for the service. The Commissioners authorized the Comptroller retaining Transworld Systems on a trial basis to handle 100 accounts.

The Comptroller told the Commissioners, for the first four months of the year the Balance Sheet Income Statement shows cash increased by \$27,000 from the previous month. She went on to say there is a change in Net Assets which reflects a deficit of \$78,000 which has not changed significantly from the previous month and is under budget as far as losses are concerned. She said the budgeted loss was planned to be \$270,000.

She added, there is not to much more to say, nothing with expenses sticks out other than bad debt which was \$47,000 of which \$42,000 is Converting Solutions. She said everything is pretty much as she has previously reported, revenues are down in comparison to last year due to the rate decreases, purchase of power is down due to decrease in the cost of energy, operating expenses are down due to the time the MSC functioned without an Assistant Electric Supervisor. She asked if the Commissioners had any questions. They had none.

The Comptroller said that water shows a \$146,000 in excess and electric shows \$224,000 in deficit. She said the reason for the electric deficit is that contributions to the City come completely from electric. She added there was some discussion that for the next fiscal year some of that contribution should come from water.

She told the Commissioners that the substation report has been reconciled and it reflects new invoices for Utility Engineers as well as some reimbursements from DEMEC for expenses mostly related to security.

She next shared the five year Cash Flow and Capital Improvements Reports, telling the Commissioners the schedules had not changed since the last time she reported. She said the 2017 year shows no capital improvements and the Secretary is working with Staff to develop those projects and numbers.

She said in operations she is working with PNC and Billmaster to implement Payer-Express, the on line payment program. She said she is hoping to have a demonstration in the next two weeks so the Office Staff can familiarize themselves with the program. The Commissioners discussed the survey responses they received regarding on-line payments and credit card payments.

The Comptroller said that Supervisor Blomquist did the past months review of the bank statements.

She said the last item she would like to discuss is the recommendation by Joe Bonasera, Summit Financial, of several investments which will produce a greater rate of return than the current money market. She said there are four programs he suggests the Commissioners look at. She outlined the current investments and reserve recommendations as well as the money DEMEC is holding and said she is looking for the Commissioners thoughts and as to how they want to invest these monies. Commissioner Appleby suggested the Commissioners go on-line and look

at the performance of the suggested funds. Commissioner Knox said he had done that and shared his observations and biases. Commissioner Appleby suggested that they all seemed to agree to the concept of moving funds and he would like the Commissioners by the next meeting to be prepared to make a decision. Comptroller Patone said for clarity were they talking about moving money from the PNC money market account or taking money from the operations account. Commissioner Appleby said the money market account.

Comptroller Patone said she is hoping to have insurance quotes for the September meeting or October at the latest.

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

SECRETARY'S REPORT

Secretary Patterson reported that DEMEC's meeting for August had been cancelled due to a lack of actionable items. The Secretary said DEMEC's Power Supply Report continues to show DEMEC building a sizeable reserve. He said he continues to question President McCullar to try and understand the AMP transaction. He added that AMP is acting as a rate stabilization fund for DEMEC. Secretary Patterson said in President McCullar's original presentation he described the transaction as a sale to AMP and a buy back by DEMEC at a future date. The Secretary went on to say in a current financial description of the transaction it is described as a loan from AMP and that the reserve DEMEC is amassing will be used to pay back AMP. The Secretary said President McCullar has not responded to his latest inquiry. Secretary Patterson said he has a meeting scheduled with Scott Lynch of DEMEC for Thursday August 23rd to discuss the Green Energy Fund and programs the MSC could offer. He said he has asked Comptroller Patone to be a part of the meeting. He said that he would also like to discuss with Mr. Lynch the Economic Development Rate that was part of the Memorandum of Understanding with the Governor. He asked the Commissioners if he should seek the input of large businesses or Business Park owners in drafting a rate. The consensus was to draft language similar to Middletown's which is very generic in nature and is decided on a case by case basis.

The Secretary said Mr. Capano's attorney Lee Ramunno has offered to mediate the dispute over the installation of the water at Riverbend. The Commissioners, Secretary and Comptroller discussed mediation and agreed since it was non-binding that they should agree to mediate. The Secretary told the Commissioners Joe Corrado called him about Riverbend and the MSC met with him to help determine what would be needed to complete the water and electric infrastructure. He told the Commissioners what he told Mr. Corrado in regard to the MSC taking ownership of the water and electric infrastructure as it is built. The Secretary said he has heard the state may be filing a civil suit against Mr. Capano and Ron Sutton of Civil Engineers. He said he has also heard that the Corp of Engineers may file a criminal action.

The Secretary reported in the Business Parks EnerNoc requested data for Zenith in Riveredge Business Park. The Secretary said although EnerNoc paid to have the MSC install a pulse meter so they could receive data they never made the connection to the meter. The MSC followed its policy of charging \$300 to supply the data to EnerNoc. The Secretary said in Centerpoint

Business Park Entersolar is in the process of installing the solar panels for Ultrachem. He said in the process they blew two transformer fuses while working on the tie-in to the electric panel. The Secretary said the MSC helped them re-establish service. The Secretary told the Commissioners on the water side the MSC continues to implement its cross connection control program in the Business Parks and that Water Supervisor Guyer reports he is getting good cooperation both in and outside the parks.

The Secretary reported for Supervisor Blomquist in electric. He told the Commissioner Assistant Electric Supervisor Art Granger is acclimating himself to his job. The Secretary said Compliance Environmental performed a thermographic scan of the electric distribution system and substations. The Secretary said the scan showed a switch in immediate danger of failure in Centerpoint Business Park and the electric crew changed it out on Saturday August 18, 2012. The thermographic scan also showed a problem on the low side main breaker at the Dobbinsville substation. The Secretary said this will be addressed when the Wilmington Road substation is back online and Dobbinsville can be shut down. The Secretary said the Electric Department found the transformer serving Converting Solutions in Centerpoint had a bad CT and was not metering one of the phases. The Secretary said Supervisor Blomquist indicates we have under billed Converting Solutions since October 2011 and he is recalculating their use. Secretary Patterson said the chassis for the new bucket truck has been built and after inspection it will be sent to Versalift to be outfitted. The Secretary said there was no storm damage to report, in addition there is nothing happening at the Penn Farm so the MSC is unable to complete activation of the electric. The Secretary said the Electric Department has ordered materials for the Seeds of Greatness Church project and the Comptroller has begun to bill them but DelDOT has shut the project down for failure to file for an entrance permit. DelDOT will not allow the MSC to do any work until the owners file and receive the proper permits.

The Secretary reported for Supervisor Guyer in water. He told the Commissioners DelDOT's shut down affects water also. He said Supervisor Guyer has asked if the Commissioners would approve increasing the size of the water main for Seeds of Greatness Church from eight inches to twelve inches from School Lane on Route 273 just across from the entrance to Centerpoint Business Park. He said the cost is approximately \$6,600 and will provide a backup should the existing crossing of Route 273 fail. The Commissioners approved the expenditure. The Secretary said if the Washington Street project and the Seeds of Greatness Church project happen simultaneously Pennoni Engineering can do inspections on Washington Street if the state agrees and pays. Commissioner Appleby asked about the contract for Washington Street with DelDOT. Secretary Patterson said they have sent several versions of a Letter of Agreement but each time it names the wrong parties and doesn't include accurate information. The Secretary said the MSC has met with a private engineering firm who is working on the Route 273 Trail for DelDOT which will run from Family Foundation Charter School to the Farmers Market. He said they were not aware of the work the MSC was doing in this area for the Seeds of Greatness Church so Staff shared the plans which can now be overlaid on the work they are proposing. The Secretary said the Trail is planned for 2013/2014 and it brings up projects that Supervisor Guyer feels should be done to shore up the water system. He said one is interconnecting the dead ends by Family Foundation Charter School and New Castle Middle School on Delaware Street. He said this will be presented as part of a capital program for the Commissioners later. The Secretary said the water security system is installed and is being incorporated into the SCADA system.

McBride & Zeigler have surveyed the Utility Yard and will apply for the sediment and erosion control permit. Testing of the water for the new well at the Penn Farm has shown no concerns. The Secretary said AC Schultes has increased their quote for drilling a production well to \$125,000. They are suggesting a larger casing because of the well capacity and a different drilling method. Supervisor Guyer will get additional quotes. AC Schultes did yearly pump maintenance. Quotes from Badger Meter and Rumsey were received for upgrades to the Automated Meter Reading software and hardware which is currently obsolete. The Secretary said Rumsey was \$2,500 cheaper. The Secretary said water crews painted hydrant tops to comply with fire regulations. Commissioner Appleby asked the Secretary to just hit the highlights in the water report since they can read the Supervisor's written report later. The Secretary said there is a water main leak at the entrance to Jacquette Square on Route 9 which the water crew will be addressing Thursday August 23rd when they get road permits from DelDOT.

OLD BUSINESS

The Secretary reported the control panels for the Wilmington Road substation were installed and that Jim Havrilla of Utility Engineers would be down to test them. Supervisor Blomquist is monitoring the control settings to see that nothing has changed. Supervisor Blomquist still needs to make a decision and install a locking cabinet for gas canisters at the Dobbinsville substation to comply with the Safety Inspection recommendations. The MSC electric crew installed camera wires and they activated the lights and intrusion siren. Verizon is moving to install the FIOS connection for the security system.

The Secretary said he believes he previously reported the Governor signed the Charter Change bill.

NEW BUSINESS

The Secretary presented Supervisor Guyer's request for two vehicles, one for water and one for electric to accommodate transportation needs of the water and electric departments. A lengthy discussion was held about the number of vehicles that were needed to adequately handle their needs. After careful consideration the Commissioners authorized purchase of one additional truck to replace an existing truck and that they would consider the purchase of a second truck at their next meeting.

AUGUST MEETING

The Commissioners set the date of the next monthly meeting to be September 18, 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