

SEPTEMBER 18, 2012

Minutes of the monthly meeting of the Municipal Services Commission held September 18, 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 Water Supervisors Guyer and Jaeger

MINUTES

With the concurrence of all the Commissioners the minutes of the August 22, 2012 regular monthly meeting were approved without alteration.

ELECTRIC DEPARTMENT REPORT

Supervisor Blomquist reported for the Electric Department and told the Commissioners in the Business Parks he set up the metering for EnerNoc and Zenith. He had nothing to report on whether TA Instruments plans to build the solar array they applied for. He said he gave Ultrachem permission to operate their solar generation and they fed 2500 kilowatts back into the MSC system in five days. He went on to tell the Commissioners he had nothing to report on the Penn Farm. He told them that at the Wilmington Road substation Delmarva took their shut down to service their 138 transmission line. He added that Verizon installed FIOS to the Wilmington Road substation control house, Security Instruments is providing security until the SCADA system is complete, MSC installed cameras and that Utility Engineers, Norm Baron and Jim Havrilla, are due in September 20th to work on relay wiring. He said he needs to purchase two cabinets for storage of gas containers at both substations to comply with the safety audit. He went on to tell the Commissioners the Electric Department received a large portion of the materials to build the electric service for Seeds of Greatness Church. He said he also received the permit for construction from DelDOT. Supervisor Blomquist said he worked up numbers and an illustration at the request of Secretary Patterson on how he would bring electric service to the Pizza Hut location in Airport Plaza if the building is demolished. He said Building Official Bergstrom told him the party that was going to develop the lot pulled out and he had no further information if the building will be demolished. He said he received notice to proceed from DelDOT on the Washington Street project and will now order materials. He described to the Commissioners a large sign and support pole DelDOT proposes for the intersection of Routes 141 and Route 273 that he felt the city may object to. He told the Commissioners he was going to have Utility Engineers draw up specs for the steel poles which will be used on the Washington Street project. Supervisor Blomquist spoke about his interaction with WRA (Whitman Requardt

and Associates) on design of the Route 273 Multi Use Trail. He said the timeline for this project has been accelerated and will now be built in early 2013. He said he is working with the engineering firm to identify any conflicts with the electric service for Seeds of Greatness Church. He mentioned the plan does not call for lighting the trail. He went on to report the electric crew installed two street lights on entrances to Booker Circle and the City has begun work on the private easement for installation of the third street light at 30 Booker Circle. He reported there was no storm damage the past month. He told the Commissioners in the Business Parks he upgraded a transformer for Building 300 Centerpoint, Burris Logistics, to meet increased demand, replaced three CT's at Converting Solutions and calculated the unbilled portion of the Converting Solutions load for the Comptroller. He updated the Commissioners on the new bucket truck telling them it should be delivered by December. He also addressed the need for an additional utility truck to accommodate the tasks the Electric Department personnel are performing. He ended by telling the Commissioners that Art Granger, Ryan Auger and Dave Bennett are attending a substation maintenance course DEMEC is sponsoring this week.

WATER DEPARTMENT REPORT

Supervisor Guyer reported for the Water Department. He brought the Commissioners up to date on Riverbend and the mediation scheduled for September 20, 2012. He told the Commissioners DelDOT issued a permit for the water main construction for Seeds of Greatness Church and that he was arranging for materials and a contractor to make the crossings of Route 273. He next briefed the Commissioners on the status of the DelDOT Washington Street project telling them he had the permit from Norfolk Southern for the railroad crossing, he had a signed Letter of Agreement with DelDOT for the work and he was reviewing a list of materials provided by Penonni and Associates which will be put out for bid. He next spoke about the Route 273 Multi Use Trail and said the project timeline has been accelerated and is now scheduled to be done in early 2013. He added there is work he would like to get done on the water system as part of this project and he is gathering information he can present to the Commissioners for their consideration. He told the Commissioners in building security, Security Instruments was finishing completing their installation that day, integration of security with the SCADA program was complete and the final step would be training of Staff. He said Hydro Design continues to implement the Cross Connection Control program. He said he requested an additional quote for drilling the new production well at the Penn Farm from Layne Christensen. He added their bid was substantially lower than Schultes. Supervisor Guyer said he is trying to get McBride & Ziegler to complete the permitting for the Utility Yard grading project. He said water personnel replaced rotted wood at School Lane and the only thing left to do is replace the gutters and downspouts. He went on and told the Commissioners Rumsey Electric was the low bidder for upgrades to the Automated Meter Reading (AMR) software and hardware and he would place the order. He said in other activities Staff has been working on safety procedures and manuals, water personnel helped with Office renovations, Staff monitored drought conditions and reported to the Water Resource Council, water personnel repaired water main leaks at Jacquette Square and 10th Street, he helped the Secretary with the Quarterly Newsletter, water personnel helped with meter readings and finally he included an updated water usage report in his written report. Supervisor Guyer also made the case to the Commissioners for the need to buy an additional Utility Truck to meet the tasks the Water and Electric Departments are involved in. Supervisor Guyer ended his report by telling the Commissioners that water operators and staff continue to

improve their skills through technical training.

COMPTROLLER'S REPORT

The Water and Electric Supervisors left the meeting and Comptroller Patone gave her financial reports. Comptroller Patone began her report by telling the Commissioners in Collections she threatened Converting Solutions with disconnect because they were delinquent on their electric payments. She said she gave them until the end of September to provide the three months security the MSC is demanding. She added there is still the issue of under billing caused by a bad CT that needs to be addressed. She told the Commissioners Karen Lynch and she will take training in Transworld Systems software for collections. In financials she said cash is up \$40,000 from the previous month due to increased consumption. Water, she said, continues to show an increase and electric a deficit, while the total deficit, water and electric combined, is (\$43,000) which is less than the planned deficit of (\$144,000). Commissioner Appleby asked the Comptroller to refresh his memory on when part of the contribution to the city would come from water. The Comptroller told him if that is what the Commissioners have decided it would be done in the next fiscal years budget. She said in her review the only thing that sticks out are the General and Administrative Expenses are up \$82,000 compared to last year, largely to due to bad debt, and partly due to wages. Also, she said, Operating Expenses up \$29,000 due to depreciation on water the towers and water system improvements placed in service.

Commissioner Appleby said he sees in her written report Ryan Jaeger reviewed the bank statements. He asked her specifically what he does. She said this was a control she put in place which rotates through the Supervisors to check the bank statements so the people who are signing the checks are not the same people who review the statements. She said she is pleased with the process and the Supervisors ask a lot of pointed questions.

She told the Commissioners there was no financial activity on the substations so last month's reports are still accurate.

The Comptroller reported that at the front desk Shirley Knox resigned and Susan Marinelli was terminated. She said she is in the process of looking for a front desk person to replace Susan.

Discussion of a second new truck was deferred to New Business.

Comptroller Patone brought the Commissioners up to date on implementation of Payer Express and said she thought it would be live by the end of the week. She said she will be attending a APPA conference on Business and Finance for a portion of the following week. She said she took a webinar on Payments in Lieu of Taxes and handed out a synopsis of what was discussed.

The Comptroller said the next business item she has are investments (Short Term Bond Funds) recommended by Joe Bonasera of Summit Financial. Commissioner Appleby said he would like to add two additional funds for consideration. There was a general discussion about the different funds and their performance. Commissioner Appleby suggested Comptroller Patone speak with Mr. Bonasera to get his opinion about the additional funds and report back.

The Comptroller said she will have the insurance quotes for the October meeting.

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

SECRETARY'S REPORT

Secretary Patterson reported that DEMEC did not meet in August but the Chair, Delores Slatcher of Seaford, called a special meeting of the Board to address President McCullar's compensation request. The Secretary said Commissioner Appleby and he went to Smyrna earlier in the day and the Board met in Executive Session. He said the Board asked the President to provide them with a complete picture of his compensation. The Secretary said there have been a number of changes to the Board of Directors and many new members did not feel they understood how his compensation was determined. The Board agreed to address his compensation in October retroactive to his hire date in May.

The Secretary said the Annual DEMEC Dinner Meeting is September 26, 2012 in Dover. He said Mayor Reese, President of Council Bill Barthel, Councilwoman Petty and City Administrator Thomas will attend as well as Commissioner Appleby, Comptroller Patone, Assistant Electric Supervisor Granger and the Secretary.

The Secretary said as Supervisor Guyer reported there is a mediation meeting in front of Judge Bifferato scheduled for September 20th, 2012 to see if the parties to the suit between the MSC and Riverbend can come to an agreement on the installation of water to the subdivision. The Secretary said MSC counsel Scott Shannon, Dan McCollom, Supervisor Guyer and he will attend the meeting.

The Secretary said he has a meeting scheduled with representatives of Cecil Bank and President of Council Bill Barthel and City Attorney Dan Losco to discuss how the Bank can go forward to market Riverbend subdivision to a developer. He said that meeting is scheduled for Wednesday September 19, 2012 at 5:30 pm.

The Secretary said he understands Parkway Gravel is working with the State (DENREC) and the Corp of Engineers to resolve wetland issues with Riverbend and in particular the causeway.

OLD BUSINESS

The Secretary said the Supervisors reported on activities at the Business Parks and substations and he has nothing to add other than when Utility Engineers does their work on configuring the relays and Keystone completes the interface with SCADA the substation project should be complete.

The Secretary said the Commissioners heard the Supervisors make their case for a second utility truck and he would ask the Commissioners to approve the purchase of the second truck. After discussion the Commissioners upon motion made and unanimous approval authorized purchase of a second utility truck.

NEW BUSINESS

The Secretary said he sent the Commissioners a draft addition to the Tariff which would create an APPENDIX J titled "Economic Development Rate". He reviewed the wording of the addition and said he believed it gave the Commission the most flexibility in dealing with someone who would create new jobs and would locate in the service territory of the MSC. After discussion, upon motion made and unanimous approval the Commissioners approved amending the Tariff to include APPENDIX J "Economic Development Rate" attached hereto.

The Secretary said he is prepared to start negotiations with the Union for a new labor contract and asked the Commissioners to tell him how involved they wanted to be in the process and whether they had issues in the current labor agreement. The Commissioners asked for copies to be sent to them of the current labor contract and they would get back to the Secretary.

SEPTEMBER MEETING

The Commissioners set the date of the next monthly meeting to be October 12, 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

APPENDIX J

Economic Development Rate

Availability

The MSC has the ability to offer commercial customers who are considering locating their business within the service territory of the Municipal Services Commission an Economic Development Rate. The terms of the rate and its duration are negotiable and are outside the MSC's normal published tariff. The terms will be spelled out in a contract between the customer and the MSC.

The purpose of the Economic Development Rate is to encourage new job creation that would otherwise not locate in the service territory of the MSC.