

MAY 23, 2013

Minutes of the monthly meeting of the Municipal Services Commission held May 23, 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
Jay Guyer, Water Supervisor
Scott Blomquist, Electric Supervisor

WATER DEPARTMENT REPORT

Supervisor Guyer indicated that his report was provided in advance and he would review the highlights. The bacteria test is in process for Walt Cooper's house in Riverbend. The flushing of the water system in Riverbend is occurring approximately monthly to maintain the chlorine residual. The Seeds of Greatness private side of the water system began and escrow monies have been received from Mike Cirillo. The Water Department submitted reconciliation to the accounting office with the final inventory that was used on the Seeds of Greatness water infrastructure and over \$20,000 of invoices still need to be submitted for reimbursement. Accounting will be reviewing the reconciliation for submission to the church. The Washington Street Project water main install continues by Mumford Miller. The tie ins to the individual residences are complete up through the intersection at Rte. 141. Mumford Miller will be working through the weekend of June 1, 2013 to get through that intersection. Commissioner Knox questioned whether there was a leak at McIntyre Drive. Supervisor Guyer reported that an old valve that is closed is leaking and Supervisor Guyer will be abandoning that area after Mumford Miller will complete their work and transition to the new main. Supervisor Guyer reported that a water main break took place near 11th Street and washed away the street. DelDOT took responsibility for the costs to repair.

DelDOT has been doing survey work for the Multi-use trail on Rte. 273 which is expected to begin late summer. Supervisor Guyer will be reviewing the plans that Whitman Requardt prepared for the 12" water main extension so that a certificate to construct can be issued for the first 500 feet on Delaware Street.

Supervisor Guyer reported that the Mapping system is progressing well and the Water Department expects GPS locations to be complete approximately September 2013 and then drawing and confirmations can take place over the winter. The Penn Farm production well is complete. Supervisor Guyer indicated that Secretary Patone and he are postponing the pump, motor and well housing for the well until next fiscal year. He continued to report that the 2" water service for the three homes on Rte. 273 is complete. Supervisor Guyer reported that he

will continue to attend DEWARN and Water Supply Coordinating Council meetings and report to the Commissioners and Secretary.

Supervisor Guyer reported that based on an article in the News Journal Artesian found 1,4 Dioxane in their Llangollen Well and after reviewing information with Secretary Patone he had samples collected and sent to a lab equipped to test for this chemical. He expects results within the next 2 weeks. The Commissioners questioned Supervisor Guyer on EPA requirements and treatment processes.

Supervisor Guyer also indicated that the Cross Connection software has been installed. In addition a leak in a 12" water main near St. Anthony Club was reported and the water department found a leaking lead joint which was repaired. He also reported that there is a leak on 13th Street which is being investigated. Lastly, Supervisor Guyer reported that the Consumer Confidence Report was put in the Newsletter which was sent out this week.

ELECTRIC DEPARTMENT

Supervisor Blomquist reported that the splice box at Mr. Cooper's house was installed in addition to a bi-directional meter which was installed for the solar system. Supervisor Blomquist reported that the ammeters were installed at the Wilmington Substation and are working properly. He noted that the firmware update was done on all the relays at the Dobbinsville Substation. Supervisor Blomquist continues to operate the capacitors manually while trying to properly design the system. He will be shifting the locations of the capacitors and the sizes of some of the capacitors.

Supervisor Blomquist indicated that Seeds of Greatness Church has applied for electric service and an estimate of their deposit was calculated based on their engineers estimated usage and loads. The deposit is three month's estimated usage. He reported that Secretary Patone agreed to take payment of the deposit over six months and the deposit amount may be adjusted after a period of time of actual usage.

Supervisor Blomquist reported on the Washington Street Project that the pole on South Street was moved over as instructed per ADA requirements. He said there are a few poles remaining to be changed out to complete the project. Supervisor Blomquist continued to discuss the Electric Department projects and indicated that since the Seeds of Greatness infrastructure is complete this would allow for the Commission to consider closing the Airport Loop Plaza electric service. He felt that it would be beneficial for our customers that exist in the Plaza to support the system and limit outage time. In addition to the construction project, Supervisor Blomquist indicated that he and Assistant Supervisor Granger are developing Electrical Technical Specifications. He also reported that the Backfield project was almost complete except for some grading. He indicated that 5th & Tremont Streets experienced an outage of electric service for approximately 1 hour due to a tree limb falling down. Regarding equipment, he mentioned that the oldest bucket truck which was in need of being retired was sent to JJ Kane to be auctioned. Lastly, he reported that Assistant Supervisor Granger attended the GE metering school and is continuing his linemen apprentice schooling.

Commissioner Appleby thanked the Supervisors for their reports and asked them to begin providing their thoughts on the Mike Cirillo Property on Carroll Drive off Grantham Lane. Supervisor Guyer began with a description of the property and Cirillo's plan. The question from Mr. Cirillo is whether the Commission would require him take electric and water service from the Commission if he were to have the Property annexed into the City limits. A discussion regarding the cost to extend service to the location, the reason why Mr. Cirillo wants to be annexed into the City, whether there are other structures that are within the City limits that are not serviced by the Commission and the possibility of future customers ensued. Commissioner Appleby asked whether the City had indicated whether they were interested in having the property annexed into the City. Secretary Patone reported that the outgoing City Administrator Cathie Thomas had not been approached. We had been advised that Mr. Cirillo had spoken to City Council President Bill Barthel. Commissioner Appleby agreed to speak with the Council President to understand whether there was an interest on the part of Council to have the property annexed.

Commissioner Appleby then requested that the Supervisors report on their thoughts whether to loop the electric service in Airport Plaza. Supervisor Blomquist provided drawings of the proposed electric service that would be installed in conduit underground in order to firm the Commission's electric system and limit outage times to current customers. Commissioner Appleby indicated that the purpose of the second substation was to have the ability to switch loads when there was a problem with one and that looping the Airport Plaza Loop would be consistent with the ability of the Commission to provide reliable electric service. A discussion regarding costs and timing ensued. Secretary Patone reported that the project was on the Supervisors 2-5 year capital plan and that staff would be presenting the plan to the Commissioners for consideration.

Commissioner Appleby asked about the LED street lighting that was presented at the DEMEC meeting. Secretary Patone explained that the SEU is offering a pilot program that is offering funding for LED street lighting. She then discussed the Green Energy Funds and staff's work on developing a plan to utilize those funds for a small community solar system, LED street lighting or some other type of environmental program. She indicated that a recommendation would be presented to the Commissioners in the future.

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

MINUTES

With the concurrence of all the Commissioners the minutes of the April 25, 2013 regular monthly meeting were approved without alteration.

FINANCIAL REPORT

Secretary Patone reported in collections that Pencader Charter School is current with their payments as of the date of this meeting. She also reported that staff has required Riverbend

Community LLC to increase their deposit on account due to numerous delinquent payments and disconnects.

Secretary Patone reported that the month ending April 30, 2013 reports showed that "Cash" increased \$45,000 from the previous month and that Fixed Assets has increased \$53,000. In "Revenue and Expenses" the "Change in Net Assets" was an excess of net assets in the amount of \$22,927 which is better than the budgeted deficit of (\$14,000). She reported that the Water Department is reflecting a deficit of approximately (\$5,000) and Electric reflected an excess of approximately \$28,000.

Secretary Patone reported regarding the substation that she had accumulated all the in-house labor associated with the Wilmington Road substation renovations and submitted to DEMEC to be reimbursed from the Bond funds in addition to the interest expense for the bond funds. These costs totaled \$282,000 which was received in the month of May. This leaves approximately \$120,000 in remaining bond funds to be used to cover any remaining costs and interest expense.

Secretary Patone indicated that the new telephone system after hours voice to e-mail system has been placed in service and is working well. She continues to investigate options to make the customer service after hours interaction a positive experience for the Commission customers.

She said in "Control Procedures" the auditors reviewed the bank statements for April.

Secretary Patone reported that fieldwork for the annual financial statements would begin June 3, 2013 and that the accounting department is preparing the year end reports. She also reported that beginning this month the Operations department will be receiving actual versus budget reports for them to analyze their variances. Commissioner Appleby questioned the fact that cash decreased significantly from last year. Secretary Patone reminded the Commissioners that the rate reduction for electric rates would reduce the cash balance. The cash reserve balance recommended by the consultants and adopted by the Commission was \$2.7M and the current balances are lower than the \$2.7M. She reported that some of the assumptions in the rate study did not hold and therefore the cash balances are lower. The funds from the bond at DEMEC will help to adjust for this cash balance in addition staff is adjusting capital expenditure requests to take into consideration the reserve requirement.

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

SECRETARY'S REPORT

Secretary Patone said DEMEC's Board meeting was attended by Commissioner Appleby, Secretary Patone and Supervisor Blomquist. She reported that the Audit Committee members were appointed with Secretary Patone selected as Chair, Lou Vitola from Newark and Donna Mitchell from Dover as members. The Committee is putting together an RFP for auditors. She continued to report that a public relations firm made a presentation for DEMEC on promoting public power, DEMEC and the individual municipalities. She noted that as was previously reported Tony DePrima from the SEU has a pilot program offering funds for LED street lighting

and he made a presentation to the group. Secretary Patone indicated that she is accumulating more information regarding this program. She reported that the DEMEC executive Committee met in Executive Session regarding compensation issues. She went on to report that the employee handbook was sent for review by legal counsel and counsel's recommendation would be adopted. Commissioner Appleby questioned the compensatory time issue that was addressed by Secretary Patone with the DEMEC staff. Secretary Patone reported that counsel indicated that a compensatory time policy is somewhat inconsistent with the fact that the overtime requirements of the fair labor standards act do not apply to exempt employees. She confirmed that it was an area that would be addressed when the Commission's handbook was reviewed. Secretary Patone indicated that she had some questions regarding the financial reports from DEMEC regarding a fixed overhead cost and the staff will be investigating the figures.

OLD BUSINESS

A final draft of the 2013/2014 capital budget in the amount of \$607,423 was presented to the Commissioners for review (a copy of which is attached) Secretary Patone has developed this budget with Supervisor Guyer and Supervisor Blomquist with a project planning approach identifying man hours and costs. The Commissioners reviewed the projects and asked questions.

Upon motion made, seconded and unanimous approval, the Commissioners voted to approve the capital budget for fiscal year ending March 31, 2014 in the amount of \$607,423.

Secretary Patone reported that Mayor Donald Reese's office appointed Dr. Roy Sippel as Commissioner of Municipal Services Commission for the period of April 1, 2013 to March 31, 2016.

NEW BUSINESS

Secretary Patone reminded the Commissioners that a new escrow account would be set up for the Riverbend escrow funds. The funds received from Walt Cooper would be transferred into this account and any future funds would be deposited into this account. Both Commissioner Appleby and Commissioner Knox signed the banking paperwork.

Secretary Patone reported that the Frenchtown Road Well buyout from Delmarva will be put on hold the Secretary is questioning Delmarva on the figures in their preliminary numbers.

JUNE MEETING

The Commissioners set the date of the next monthly meeting to be June 27, 2013 at the office of the Commission, 216 Chestnut Street.

ADJOURNMENT

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

Approved _____
Date

Pamela A. Patone