

Municipal Services Commission
Monthly Meeting
November 23, 2015, 4 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4 p.m. with Dr. Roy Sippel, Commissioner, presiding.

Present: Dr. Roy J. Sippel, Commissioner, President
Daniel F. Knox, Commissioner
Hickman Rowland, Commissioner
Pamela A. Patone, Secretary

Staff in Attendance: Jay Guyer, Water Supervisor; Scott Blomquist, Electric Supervisor; Mary Jane Stubbs, Business Manager/Treasurer.

Minutes – A motion was made and seconded to approve the minutes of the 10/26/15 meeting as distributed. Motion approved.

Treasurer's Report – Mary Jane Stubbs reporting

Treasurer Stubbs reported a total cash balance of \$2,832,020.86, PNC escrow and meter deposit total in the amount of \$611,828.78. Total operating cash balance is \$2,220,192.08. The check book register is attached to her report.

Treasurer Stubbs reported total investments of \$1,026,452.66. Ryan Leager reviewed control procedures and the bank statement and found them to be in order. His questions were answered satisfactorily.

At last month's meeting it was mentioned we have a cash reserve target of \$2.7 million. Treasurer Stubbs clarified there is no restriction when using reserve funds for operations.

Status of payments on the PFC filtration system – Secretary Patone reported we have spent \$911,954, which is 85%-86% of the total budget. She is meeting with the USDA tomorrow and anticipates receiving a check in the amount of approximately \$250,000 for 8/31/15 expenditures. We will be submitting for 10/31/15 expenditures soon.

Completion percentage – Mr. Guyer reported they have started it up and run it. They have worked through logic issues with the SCADA. They have utilized it while running into our system. They have experienced two pump issues. Pumps were pulled out and redone. There is now a problem with a replacement pump. There was an issue with water tightness in the vault. Tests confirmed the water loss. Talked with A.C. Miller, provider of the vault, who will high pressure grout the seams at their expense. One pump will begin running after the grouting is done. They plan on having the system running on the permanent system by 11/30/15.

A motion was made and seconded to approve the payments as presented. Motion approved.
(Treasurer Stubbs was excused from the meeting.)

Electric Department Report – Scott Blomquist reporting

- Riverbend – Estimates for electrical infrastructure requested by Parkway are being worked on now.
- Building 1600, Johnson's Way, Centerpoint – Contractor had the cable tested. We are waiting for the inspection report and inspection card to turn on the electric.
- Fishing Pier – No contact or questions.

- Wharf Pier – The City Engineer asked us to approve the set of plans (electric and water design) sent to MSC. We reviewed electric and water plans and met with designers to provide our thoughts. The City is asking for service up to the wharf and maintenance of same. There is water service near the Banks Building that is undersized. They are requesting a 1-1/2 inch service, but at least a 1-inch service along the dock. The Banks Building is a 3/4-inch service not intended for anything big. He estimated it would take about 300 ft. There is a 1-inch service near the electric service that runs across the park that was supposed to be for the old pier, but the City never extended it out to the pier. That would be the most economical point to pick up the 1-inch service. Ms. Patone informed that MSC asked the City if they anticipated us maintaining the infrastructure once installed. They have a grant that will pay for a portion, but the current plans only go from a certain point to where the pier would be. To get there infrastructure would be needed that is not accounted for on plans. We spoke with City Administrator Bill Barthel and City Council President Linda Ratchford and suggested someone needs to pay for that and MSC would try to put together estimates after this meeting. We would expect materials to be borne by the City and MSC would contribute labor. If Commissioners agree tonight to put together an estimate, we can break it down between labor and materials to know what is needed in order to get the infrastructure to this location. Mr. Blomquist said MSC wanted input into how it was being constructed and plans received last week showed no changes. There are concerns with accessibility to electric and water lines out to the pier. We do not have a boat to manage the lines that will be underneath the pier. Messrs. Blomquist and Guyer have provided pictures of different piers, but they take away from the visual aspects of the pier. The City is concerned with aesthetics.
The City believes this is the most cost-effective way to address the issue. Our management has concerns with the long-term cost of maintaining the service. The type of construction being used for the trusses does not allow for a trough to be laid to use for the lines. This would be Mr. Blomquist's preferred design. We would need a boat to work on anything overhead, and the pipes will need to be winterized each year. The amount of debris from a storm could potentially damage the unprotected PVC pipes if they aren't protected. It is not a user-friendly area (tides, mud). MSC would be expected to make repairs accordingly. Duffield Associates is the design engineer and we have met with them. MSC has not signed any plans. PVC with insulation is a concern. Mr. Rowland believes if we are going to take care of it then it should be made to our specifications. President Sippel agreed that we should have input into how to access the lines. Mr. Blomquist showed Commissioners where the lines would be installed. Ms. Patone said an alternate would be to have a contractor maintain the lines after installation. Mr. Blomquist said they have a design showing a 50-inch circuit (#6) but the length is 500 ft. from where the supply is, which creates a serious voltage issue at the end. They will need new voltage drop calculations. MSC prefers a box outside the railings to house the lines. It is not noticeable. Commissioners granted authority to inform the City that if we are going to maintain it they will need to change the design.
- Bellanca – Trustee's electrician has contacted him about meter location approval. Work is expected to begin soon.

Capital Projects

- Solar Array – No update.
- Booker Circle – Continuing to install pipe. Concentrating on services to return the mini excavator being rented as soon as possible.
- Crossroads Well – Square D came in to install thermal protection. Start up was done.
- School Lane – Square D did the start up. The key trace remains.
- Supervisor Blomquist reported there were no outages this month. Outage numbers SCADA 42.391, SAIFI .3, CAICI 136.325, ASAI 99.9875.

Repairs and Maintenance

- VanDyke Village – No update.
- Infrared – Primary elbow at 100 Centerpoint was replaced. The cause of the heat problem was in the elbow. Secondary taps that showed up are being corrected; all minor.
- Wilmington Road – Nothing to update.
- Dobbinsville – Security Instruments came in and replaced heaters in the beam towers.

Water Department – Jay Guyer reporting. (Report distributed.)

Riverbend Electric Infrastructure – The culvert has been corrected. Some additional expenses were incurred with the positive bacteria test. Manpower, equipment and testing costs of \$3,770 were forwarded to Greggo & Ferrara. They pushed back and MSC agreed to split the costs because there are problems with low chlorine residuals that will need to be maintained. We revised the invoice and submitted to Greggo & Ferrara.

Distribution System – Echologics ran through several scenarios with data collected on the water main assessment. They are working on finalizing the report and will submit for our review.

Route 9 Paving – Moving forward. All materials have been received. Project was awarded to Greggo & Ferrara for the Route 9 portion. Brandywine Construction was award the Clark Street Project. Greggo & Ferrara will likely begin work next week. A complaint was received from residents at the corner of 7th Street and Clark Street about a mess left in front of their home. A Greggo & Ferrara sweeper truck cleaned up the area. The complaint came to MSC via the City who were contacted by Senator Poore's office. Mr. Guyer spoke with the contractor. Council President Ratchford will instruct any future customer calls that they should contact MSC. Ms. Patone added that notification was sent to all customers in the area informing of the work and providing our phone number. *(The home owner was very appreciative of the quick response.)*

A pre-construction meeting was held last week with DeIDOT and our work hours have been extended to 8 a.m. to 5 p.m. We will be allowed to use steel plates. Revised patching is required resulting in some savings. We are waiting for the contractor to give us a start date. The Route 9 portion should be done in two weeks and work on crossings at Clymer Street and Clark Street should be done in 2-3 days. Plates cannot be used on the crossings. Mr. Guyer met with New Castle County officials today. The County is revising their scope of work on Clark Street. Originally they were repaving the entire width of Clark Street and now they are only repaving a portion of the street. MSC had planned on replacing the main on Clark Street in concert with repaving of the whole width of the street. We are waiting to receive our evaluation of the main and if the main is in good shape we will cut a small hole, clean and line it instead of running a new line.

Crossroads Well – There is about 100 linear feet of 6-inch main installed to get us outside the electric fenced-in area. We will continue working on this as time allows. SAIDI controls--should be receiving the RTU in the next week and will then get it set up to run and check functionality and integration. Delaware Valley Fence will install a 6-foot aluminum security fence (to match Frenchtown) when it is received. Started to look at the water allocation permit, but no time committed to date.

DPR Construction – Four (4) homes under construction on Second Street; a tap for one of them will be done tomorrow. There are three (3) homes under construction on Meehan Avenue and we will provide water service.

Outages – No outages in October.

The City has started doing some street repaving. No effects on MSC.

FEMA Grants – Progress reports updated regularly and submitted as required. Materials for both fence projects have been ordered. Fences will be installed when received.

Maintenance

- PFC's -- Ms. Patone continues to work with the USDA. We received an update from DNREC concerning the Air National Guard. The Air National Guard will be putting together a work plan to test another 25 wells at the airport for possible PFC contamination. Operators continue working there. Structure is up around the pipe manifold and work continues on heat tracing. The site has been cleaned up, graded and top soil put down.
- Carbon delivered for the second vessel on 11/6/15, slurried in, backwashed, cleaned up and running with no issues. Pumps installed, pulled, reinstalled. Still an issue with one pump that will be addressed next week. We are able to run on one pump.
- Worked with the Office of Drinking Water and received our certificate to operate permanent system.
- Next progress meeting with the USDA is tomorrow. Recognition ceremony is 11/30/15.
- Temporary System – We did testing in carbon in the temporary system in all three test ports. In the last 310 days of service, 143 million gallons of water went through it and the top test port shows we should get about 4 to 4.5 years of carbon out of each filled carbon in each vessel.
- Artesian informed they are experiencing problems with wells they have out of service. Specifically, iron and manganese causing water quality issues. Our last testing was 2008. We ran tests on all 4 of our wells at a cost of \$96. Test results show no overages and trace detects were handled by aeration. Results shared with Artesian.

President Sippel asked for an update on the antennas. Secretary Patone spoke with Council President Linda Ratchford on 11/16/15 and explained the reaffirmation of the Commission's decision to not allow any antennas on any of our water infrastructure tanks. Council President Ratchford asked some clarification questions. No further communications have been received.

Verizon Response - They plan on building one pole at 100 Municipal Boulevard. Verizon provided detailed responses to the Commission's questions stemming from the special meeting. However, the Commission's position in the matter stands. Mr. Blomquist said Verizon does not have any cell towers in the City. They intend to build the tower at 100 Municipal Boulevard next to the existing tower (not owned by Verizon).

DiMondi Property – Resident John DiMondi had an issue with the location of a driveway on his property and indicated that DeIDOT has a responsibility to provide him with the driveway in the area where it was originally located. MSC put a water main in the location of the original driveway. Mr. Guyer explained that if a drainage culvert had been installed it would have been underground about 11 feet deep or more. It would have been expensive and difficult to maintain. We decided to go shallow and insulate it the same as other places in the City. He described the work performed in front of the property. MSC worked with an engineer and the solution was to work around the shallow main. Engineering was done in order to process the permit. This information was presented to Mr. DiMondi. Secretary Patone spoke with Joe Hofstee of DeIDOT who indicated that he and Senator Nicole Poore and Representative

Mike Mulrooney looked at the site. Mr. DiMondi suggested MSC had not properly placed the water main in the area, hence causing him problems. There is still a cost borne by the owner of the property in order to put in a metal plate. A question was asked whether MSC would pay for the plate or Mr. DiMondi. Secretary Patone said the property owner typically is responsible for the metal plate. Mr. Guyer informed that when Mr. DiMondi had the property subdivided, his engineer did not apply to DelDOT for an entrance permit so it was not legally recorded. DelDOT installed the entrance where it was most logical.

Riverbend Project – Nick Ferrara contacted Secretary Patone to review estimates for the electric infrastructure that is needed in order to provide electric to his lots. Greggo & Ferrara (Greggo) agreed they could provide excavation and backfill and Mr. Blomquist would prepare an estimate to provide power from the Dobbinsville substation to the PMH-9 and a cost estimate for his crew to install to the 34 lots. The estimate would also include going from the PMH-9 out to Centerpoint to finish the loop. Greggo has indicated the estimates are prohibitive per lot. Greggo suggested that the portion associated with the Dobbinsville substation to the PMH-9 in order to get the electric to the 34 lots should be shared by the remaining lots. This is similar to the situation with Walt Cooper three years ago. Greggo asked that MSC consider sharing the cost with all of the lots instead of Greggo having to put in from the substation to PMH-9. Secretary Patone, Supervisors Blomquist and Guyer have discussed all of the costs associated with the entire project that would be borne by all of the lots. Secretary Patone said the cost is approximately \$4,900 per lot compared to \$4,326 three years ago (Cooper). She is not seeking action at this time. She is working internally and with Greggo to present something for Commissioners to consider at the December meeting.

Secretary Patone is concerned with taking escrow. She prefers something like an impact fee and determine an estimate we believe will cover our costs without having to reconcile monthly. She wants to make sure all parties understand what each is requesting. She is leaning toward some kind of structure whereby Greggo covers the cost of the infrastructure. The normal process is they would fund and finish the infrastructure. If it is in the City's best interest or the Commission believes we want to do something other than that, this would be a way to cover the costs, but it would be over a longer period of time.

Greggo is looking into purchasing the remaining lots. It was reasonable for Greggo to suggest that MSC work with him on the 34 lots with the hope that more people will come to the area. Greggo will also need to install water and electric infrastructure to the 34 lots. Costs are higher with this project than elsewhere because the loop needs to be completed.

Mr. Knox asked what would happen to Mr. Cooper's escrow if Greggo pays for the infrastructure. Secretary Patone replied they would pay for the remaining lots; Mr. Cooper paid for one. We would give Mr. Cooper reconciliation that the money was spent towards infrastructure.

Secretary Patone reminded of past discussions by the Commission about finishing the loops and who will pay for them. The cost to finish all three pieces is over \$900,000. If \$4,900 per lot is realized and Greggo picks up 34 lots; we would be responsible for the remainder and collect impact fees as people hook up. It is a lot of money to carry. More information will be assembled and presented to Commissioners in December.

(With no further business to discuss, Supervisors Blomquist and Guyer were thanked and left the meeting.)

Financial Report Executive Summary – Secretary Patone reporting.
(Financial reports sent in advance of the meeting.)

Secretary Patone reported Total Assets of \$15,297,399 with an increase in cash of \$212,000 over last month. Revenues in excess of \$318,000; \$63,000 represents water and \$255,000 represents electric. Consumption is up. Water is up about 1.5% over the same time last year. Expenses are down compared to budget, which is due to timing. As noted last month, Legal Expenses are expected to exceed budget.

Secretary's Report – Secretary Patone reporting.

DEMEC – Secretary Patone and President Sippel attended the DEMEC meeting on 11/17/15. Delmarva and the Coop are required to have an energy efficiency program. A presentation was given by a group from AMP who handles DEMEC's energy efficiency programs. This program is comprehensive and they have to prove out that they realize energy efficiency as a result of their actions. The program is called a C&I Energy Efficiency Program and Retail Lighting Program. It offers commercial and industrial customers the ability to work with engineers to help design their systems and motors and evaluate same. AMP would hire four people in Delaware to oversee the program. AMP can adapt to smaller commercial accounts. LED's can be purchased at a discount online. Usage would decrease because of energy efficiency. Secretary Patone did not feel the Amp Program was the best fit for DEMEC. Staff was asked to tailor this to a smaller program and suggest other ideas. We anticipate their response by December.

Moody's – DEMEC received an A2 rating. They were complimentary that DEMEC has an audit committee and complimentary of other municipalities that come into DEMEC. MSC does not have a rating because we do not have any debt.

Resolutions – One resolution authorized a forward power purchase with a lead time of 5 years with a term up to 10 years. This expands the timeframe that the president and staff can enter into forward contracts. The rationale is there are very good prices right now longer than their timeframe and they wanted the ability to purchase.

MSC 2008 B Bond for our substation -- We will address a resolution for refunding the bond later in the meeting. The DEMEC Board had no significant questions or concerns and approved the resolution.

The second resolution concerns the Audit Committee's decision to continue with the current auditors. We are pleased with their performance and rather than go through the RFP process, we asked Baker Tilly to give us another 3-year quote. The recommendation was approved by the Board.

2016 Budget – Reviewed in detail and approved. The rate is going down 2.27% in the rate we pay to DEMEC. Increases are a result of capacity performance penalties that will not be realized until 2017. It was suggested in the budget that in early 2016 we expect to meet our \$10 million reserve that was established and approved several years ago. They discussed whether to continue to have the rate stabilization reserve at DEMEC at a rate consistent with 50 cents or keep it at one dollar, which is what it has been. We expect we could go up to \$20 million within 2-3 years. Moody's has suggested 60-90 days of cash reserves. The Board agreed to go to 60 days and \$20m. DEMEC has a maintenance reserve. It was adopted this year because of capacity performance penalties to ensure that Beasley is operating efficiently and to ensure funds are in place to get repairs done in advance.

Another item is a capital budget line item to restructure DEMEC's administrative offices to allow for additional staff and changes to the IT room. Mr. Knox inquired whether Beasley has critical spare parts online. Secretary Patone will research and report back.

President Sippel added the DEMEC meeting was professional and the people who presented the Amp program were very knowledgeable.

OLD BUSINESS

City Negotiations & Charter Change – Ms. Patone reported that Dan McCollom, MSC counsel, has not received any response from the City on the negotiated agreement and charter changes. City Administrator Barthel indicated they (City Council and City Solicitor) are still reviewing the suggested charter changes from MSC.

NEW BUSINESS

(Resolution for refunding of B Bond to DEMEC sent out prior to meeting.)

Mr. McCollom created the resolution and reviewed bond documents. He did not have any questions or concerns.

Mr. Knox made a motion to authorize Secretary Patone to sign the resolution. Motion was seconded and approved.

Audit RFP – Secretary Patone informed there is one year remaining on the contract with Horty & Horty. The contract runs from 2014-2016.

Wharf – Discussed earlier in meeting. We have direction to talk to the City and advise if we will be maintaining and our staff should have the authority to require design changes as suggested.

Riverbend Project – Discussed earlier in the meeting.

A motion was made and seconded to enter into Executive Session to discuss a personnel matter. Motion was seconded and approved.

A motion was made and seconded to return to general session. The meeting reconvened at 5:42 p.m.

Commissioners had no further questions.

DECEMBER MEETING

Commissioners set the next monthly Board meeting to be 12/14/15 at the office of the Commission, 216 Chestnut Street, New Castle, Delaware. *(The meeting date was changed to 12/21/15 after this meeting.)*

ADJOURNMENT

By motion made and seconded, the Commissioners voted to adjourn.



Deborah P. Turner, Stenographer

Approved: _____
(Minutes transcribed from recording.)