

Municipal Services Commission
Monthly Meeting
February 22, 2016, 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 has been excused from the meeting to handle business matters.

Minutes – Mr. Knox noted a correction under the Secretary's report to change Gasby to GASB (Government Accounting Standards Board). **A motion was made and seconded to approve the minutes of the 1/25/16 monthly meeting as amended and the 1/25/16 executive session minutes as distributed. Motion approved.**

Treasurer's Report – Secretary Patone reporting

Secretary Patone reported a total cash balance of \$3,010,559.08, PNC escrow and meter deposit total in the amount of \$708,903.21. Total operating cash balance is \$2,301,655.87. Total investments are \$1,016,916.89. Treasurer Stubbs reported using standard control procedures and had a different supervisor review the bank statements and everything is reconciled. The check book register is attached to her report.

Mr. Rowland noted that the water volume is down this year versus last year. Secretary Patone said it has been consistent for other providers. The Water Supply Coordinating Council and other municipalities are also down and can possibly be contributed to conservation efforts.

Secretary Patone drew attention to the disbursement of \$5,650 to Calgon Carbon that is the remaining of the temporary rental. There is still a 5% retainage on the payment to Calgon until the USDA has all the paperwork. Calgon Carbon provided 10 months of reduction in our total rental payments because we purchased the system through them. They have been good to do business with.

Accounts Payable -- Secretary Patone noted that the check for \$44,000 payable to MSC is a transfer from the operating account to the meter deposit account for deposits paid by customers that should go into that account.

A motion was made and seconded to approve the disbursements as presented. Motion approved.

Electric Department Report – Scott Blomquist reporting

- Riverbend – No communication from Greggo & Ferrara or Parkway Gravel.
- Building 1600, Johnson's Way, Centerpoint – Preparing to close out.
- Wharf/Pier – Messrs. Blomquist and Guyer met with City engineers about electric and water. They plan on installing conduits underneath the pier in the steel joist area (upper) and if they get ripped out the whole pier will be lost. Access panels will be installed that will be more important for water pipes than electric.

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- 2, 4, 8 Meehan Street (between Buttonwood and Arbutus) – Mr. DeAscanis requested a quote for installing underground electric. A quote of \$10,187 was given to Mr. DeAscanis who plans on moving forward.

Capital Projects

- Solar Array – Excavating began last week and most of the racking is installed.
- Booker Circle – On hold until spring.
- Outages – Three (3) outages last month: 128 Buttonwood (squirrel), Philadelphia Gear (woodpecker), Casimir Drive (secondary conductors rubbed together in wind). All outages were short.

Mr. Blomquist is working on the EI861 report and working with Sandy Scott on the billing audit.

Pier and Water – Mr. Knox asked what freeze protection will be provided. Mr. Guyer said a low-point drain will be used with two (2) hose beds on the end where the Kalmar Nyckel will dock. Rather than having a floating piece for the fire company, the City will wait until later to add on. They will work with the Delaware River & Bay Authority (DRBA) who provided the former pier. They have decided to put in rigid conduit tucked under the dock away from debris. Each year we will need to open the low-point drain and blow out the lines with an air compressor. If something breaks, the City acknowledges all 160 ft. will need to be pulled out and replaced.

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

Riverbend – We continue to flush out monthly to maintain our chlorine residual. He and Secretary met with Mario Gangemi of Greggo & Ferrara on 2/25/16 to discuss concerns with the electric. Everyone will bear some responsibility to move things forward. Mr. Gangemi was to speak with their management and let them know MSC's position.

DeIDOT & Washington Street – Mumford & Miller still has work to do so the warranty period has not started yet. DeIDOT has instructed us to let them know if we have any issues and they will get Mumford & Miller out to fix them. No issues to date.

Penn Farm – Mr. Guyer and Secretary Patone met with DGI representatives to talk about the three (3) estimates for services they requested to be installed. DGI had one (1) immediate need for greenhouse service. They provided a check for the estimate. Installation was done last week and came in under budget. Secretary Patone plans on scheduling a meeting with DGI to review the installation and plans for the farm going forward.

Meter reads – The linemen completed meter reads and water operators followed up on misreads/check reads for the month.

Distribution System – Received draft report from Echologics for pipe assessments. The report reflected most of the changes discussed with them. Tying this in the Route 9 project we were able to excavate and have some pipe samples cleaned up and take well thickness on. The report generated by Echologics for Clark, Center and Clymer Streets estimated that the well thickness would be about ¼ in. thick of remaining pipe life and what we dug up was almost ½ in. thick. There appears to be no loss of life on the report. Echologics is re-evaluating their data and we have shipped them pieces of pipe from the 600 and

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700 blocks of Clark, Center Street and Clymer Street that they will send to a lab to analyze to see if there is something structurally in the pipe causing the erroneous readings. Mr. Guyer has been in contact with Jeff Rice of Echologics who indicated there may be a need to resurvey everything again using different parameters. They have received the pipe samples and sent to the lab. Mr. Guyer and Secretary Patone will contact Heather Warren of the Division of Public Health Infrastructure Advisory Council this week to provide an update since this project was done under a grant. Ms. Warren has asked for a report at the April WIAC meeting about our experience with this pipe assessment.

Route 9 Water Main/Paving Project – Project nearing completion. Greggo & Ferrara (Greggo) has completed all the tie-ins. They were working today on concrete work on two (2) openings and one (1) crossing remaining. Seeding and grading will be done on some grassy surfaces. There is some cleanup work needed once the work is finished. We may do the cleanup work and replace a piece of curb in house to save on costs. Overall the project went well. There were several complaints from customers that were addressed. Mr. Guyer believes the customers were satisfied. Water flow has improved. Fire hydrants that used to produce 550 to 600 gallons per minute now produce over 1,000 gallons per minute. A 12-inch main has replaced the 8-inch main, thus greatly improving water flow to the Riverbend area.

We received our first invoice from Greggo in the amount of \$330,000. They originally quoted \$350,000. Greggo gave us a \$20,000 credit for elimination of concrete and the length of the trench on the shoulder. The invoice includes two (2) water services that we missed and one (1) extra excavation that was missed. As for Brandywine Construction replacing the main on the 600 block of Clark Street, looking at wall thickness Mr. Guyer thinks those mains are candidates for cleaning rather than replacement. We may visually inspect the mains to determine the wall thickness we have left to deal with. We would clean and line it, which is something we planned on doing. The way we have tied things in it would be easy to get to specific locations and do small excavations at each end of the pipes and clean and line those pipes. He wants to see the report from Echologics first.

Crossroads Well – No activity to report.

Wharf/Pier – Discussed by Mr. Blomquist.

Outages – Seven (7) planned outages to cut and tie in services in Riverbend and Dobbinsville. Everything went well and the customers were very understanding.

Lead and copper testing articles in New Castle – We met with the NewsJournal reporter to make sure facts were accurate in the article. The article highlighted the amount of work that goes into the lead and copper testing and the issue is that our system does not have aggressive water, and we meet all state and federal standards for our drinking water. This is a specific issue that occurred in one (1) residence. No calls from residents have been received to date as a result of the article. Commissioners noted that the City of New Castle is not the only municipality using the kind of system that we use. Secretary Patone said that technically the article was accurate because they used records from 2014. Two (2) other municipalities are now on the same type of system as New Castle but they did not start until 2015. In the meeting with the Office of Drinking Water it was agreed that the City of New Castle is not on the same scale as Flint, Michigan. Brief discussion followed about the levels of exceedances in Flint compared to the City of New Castle.

FEMA Grants – Updated progress reports and submitted. They are processing Mr. Guyer's request to have monies reimbursed for the Crossroads well fence and security system and the fence at 100 Municipal Blvd.

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Reports -- Mr. Guyer has updated year-end water reports for DNREC and submitted same. This year we had less than 1% of unaccounted for water out of 168,259,000 gallons pumped. He has completed our DNREC Hazardous Chemical Tier II report and submitted. He got new information for the DRBA report that is due on 3/31/16 and is working on it. Operations Maintenance Budget Assumptions were reported to Secretary Patone.

Maintenance

- One (1) fire hydrant was damaged as a result of being hit by a bus. An inspection revealed no internal damage. Request for reimbursement was submitted to the owner of the bus for our time and expenses related to the inspection.
- PFC Contamination – Work is finished. A letter was to be submitted to the USDA informing we cannot do anything further due to the weather.
- SCADA System – Keystone Engineering returned on 1/20/16 and did a final punch list. Everything is operating fine.

Mr. Guyer was joined by Operators Brewster, Grainger and Finney for a tour of the McLean Foundry in New Jersey on 2/11/16. The tour was educational. Operators disassembled a 12-inch pipe that had leaked on the Route 9 project. They did a complete evaluation and learned the pipe met all standards for roundness and was not out of oval. When taking the pipe apart they identified dirt or debris left in one of the spigot ends of the pipe and when the spigot goes in, it was left in the belt and when pushed together it rolled the gasket. It was deemed an installation error and not a material problem.

2/4/16 – Attended the Water Supply Coordinating Council meeting. All water systems are operating within normal demands. All projects and plans were discussed and are moving forward. The Council voted to approve all five (5) self-sufficiency declarations as submitted by the purveyors. The next meeting is 5/19/16.

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

Dan Citron spoke on behalf of the New Castle Historical Society (NCHS). Mr. Citron is Executive Director of the NCHS. They recently moved into the Arsenal on the Green and are operating it as a visitor center for the City. They are working with the NPS and a separate entity called the Eastern National that operates visitor centers and gift shops in smaller sites. We are not looking for them to operate our visitor center but they are providing a free consultation on how to operate both with limited space. The visitor center will occupy a portion of the Arsenal and we will speak with Eastern National on ways to maximize usage of the building. We have been talking with the City and they have provided their business license registry so we can send a mailing to get as much information about other historical sites within the City of New Castle and area businesses made available in the visitor center. We submitted for, and were approved for, a grant of \$10,000 from the Trustees which is a matching grant. This is to expand operations in the visitor center to seven (7) days a week. We plan on asking the City for the remaining \$10,000 and will reach out to other organizations to ensure we get the match. The visitor center is open on weekends during the winter season and we plan to expand to Wednesdays to Sundays starting in April. They are working with the City on signage to the visitor center. The Arsenal is an older building with little to no insulation and was not built to function as a visitor center and is expensive to operate. He is requesting a way to reduce utility costs for the building citing they are providing a service to the whole community.

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Secretary Patone noted other groups that have received utility discounts include the Good Will Fire Co. and the Senior Center. She is working with the City and Trustees to identify other accounts that may or may not receive discounts and will provide her data to Commissioners. She informed Mr. Citron that his request will be discussed during New Business and he will be informed of any decision that is made.

Mr. Knox asked about electric expenses at the Arsenal. Mr. Citron said it is a mix of electric and gas and much of the cost is for HVAC. In addition, Mr. Citron said they try to be frugal by programming thermostats and limiting use of interior lighting. The HVAC system was replaced by the State (owner of building) and is fairly new and efficient. The hot water heater is electric. Mr. Citron invited Commissioners to visit the Arsenal to see what is planned for the public space. Estimates for utilities are difficult partly because of previous uses of the building. The NCHS is in the second year of a three-year lease. They hope to extend the lease for a longer period. Secretary Patone asked if an energy audit has been conducted. Mr. Citron said that NCHS has not done an audit and is unsure if the State has done such an audit. He will follow up with the State and offered that the NCHS is open to having an energy audit.

The NCHS is a nonprofit that also operates the Amstel House and the Dutch House. He asked if it is possible to consider a reduction for those structures as a separate request. They plan on putting in a new HVAC system in the Amstel House in the near future and hope to get some grant funding to update the HVAC system in the Dutch House.

Secretary Patone said Bob Appleby contacted her in January asking that this be put on the agenda recognizing that no concession has been granted to the NCHS to date.

Financial Report Executive Summary – Secretary Patone reporting.

(For the 10-month period ending 1/31/16) – Secretary Patone reported that she is working with the auditors preparing for year end. For accrued pension, this year we need to record the unfunded pension liability. We went back to 3/31/15 and recorded liability as of that date and recorded changes in liability through 3/31/16 and showed this in the P&L and then to Liability. She anticipates the majority of it is now recorded.

Net Assets -- She is speaking with auditors about showing a financial statement for one year rather than restating prior year financial statements. Whenever there is a large entry that will not be presented both years it makes sense to show it in one-year financial statements. Secretary Patone will report back next month.

Accrued wages is significantly higher than last month. This is because of the arbitration decision. Today she received paperwork from the employee for the wages earned while he was out and that liability will go away. She explained that we were able to subtract out the amount that he earned; he earned more than what we would have accrued, so the amount is "0."

Income Statement – There was a change in Net Assets of approximately \$651,000 at the end of the 10 months. The USDA grant accounts for \$500,000. We are about \$151,000 over net budgeted revenues. The breakdown is water \$563,000 excess and electric is \$88,348 excess of net assets.

Secretary Patone does not see anything significant impacting the budget. There will be some grants reflected by 3/31/16.

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planned for this week. She negotiated with one vendor to send our accounting assistant to their conference to see the software in action and ask questions. We will also have another webinar with them about their product. She has reached out to other municipalities for products they use and feedback. The new software will combine six different packages we currently use into one system. Secretary Patone was asked about cost savings by integrating into a new accounting software. She can provide dollars to time savings for Commissioners' review. The danger now is losing support for our current system which is outdated.

Route 9 Water Main Project – The amount of \$400,000 (\$350,000-Greggo; \$50,000-Brandywine) These numbers were misquoted in the 10/26/15 meeting; the Commission approved \$486,100 for the Route 9 water main project and \$125,620 for the Clark Street project. Based on Mr. Guyer's report tonight he believes a relining of Clark Street may be better than replacement and this line item may change.

Secretary Patone will provide an updated actual versus budget for capital projects through February 2016. Depreciation has increased and is about \$660,000.

NCHS – Secretary Patone anticipated Commissioners would ask what we have been doing with other organizations we have worked with over the past year. She has been working with billing software to start producing invoices for the City and any other organization we provide services to that do not receive a bill. The City and Trustees have been informed that starting tomorrow they will receive a bill showing charges, the discount showing charges backed out, and a "0" balance. They will now see all of the locations that MSC says we pay electric and water for and they will see consumption, meter readings, firm up addresses, etc. One of the accounts pertained to the restrooms in Battery Park. City Administrator Bill Barthel has instructed that the Trustees are responsible for maintenance based on an agreement between the City and Trustees. She has a copy of the agreement and has confirmed this with the Trustees. She will review all of the Trustees accounts to determine what should remain free or if we should be charging. A City and 'free' listing will be provided to Commissioners once assembled.

Secretary Patone reported that there will be some green energy funds remaining from the solar system that could possibly be used to help the NCHS in whatever means that is decided.

A motion was made and seconded to enter into Executive Session to discuss union negotiations and personnel matters at 5:18.

A motion was made and seconded to return to general session at 5:54.

A motion was made to approve the agreement between MSC and Secretary Patone, called the Memorandum of Severance Agreement. Motion was seconded and approved by unanimous vote.

Commissioners set the next monthly Board meeting to be 3/28/16 at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

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ADJOURNMENT

A motion was made and seconded to adjourn the meeting. Motion received unanimous approval.
The meeting adjourned at 5:33 p.m.



Deborah P. Turner, Stenographer

Approved: 

(Minutes transcribed from recording.)