

Municipal Services Commission
Monthly Meeting
October 26, 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 9/28/15 meeting as distributed. Motion approved.

Treasurer's Report – Mary Jane Stubbs reporting

Treasurer Stubbs reported a total cash balance of \$2,590,575.02, PNC escrow and meter deposit total in the amount of \$582,093.47. Total operating cash balance is \$2,008,481.55. The check book register is attached to her report. The targeted cash reserve is \$2.7 million.

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.

Treasurer Stubbs reported total investments of \$1,023,523.89. Electric Department Supervisor Scott Blomquist reviewed control procedures and the bank statement and found them to be in order. His questions were answered satisfactorily.

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 – No communication from Greggo & Ferrara or Parkway Gravel. If Parkway Gravel wants to construct homes they need to finish the piece they want to develop and they need to come off the 'temporary' service. Secretary Patone said letters were sent to lot owners informing them that MSC will not offer utility services (electric & water) until a plan to finish the infrastructure is in place. Parkway Gravel has informed of their intent to develop their 34 lots and asked for information about electric work and whether MSC could bid the work. They are talking with Cecil Bank about purchase of other lots. MSC has explained what we need in order to get electric and water. We are in communication with Parkway Gravel.
- Building 1600, Johnson's Way, Centerpoint – Worked with the contractor making their connections. Connections are their responsibility, but they asked us to handle the work. Cable testing will be done by a third party. The service should be turned on soon.
- Fishing Pier – No contact or questions.

- Bellanca – Secretary Patone reported an email from the Trustees of the New Castle Common confirming their understanding of separating the outside lighting from the interior lighting. We are waiting for a response from the Friends of Bellanca.

Capital Projects

- Solar Array – All materials have been received. They plan on starting work once Booker Circle is finished.
- Booker Circle – Piping has been completed through the first of four transformers. There are a total of 44 homes divided among the transformers (11 homes). Mr. Blomquist anticipates work to continue into the winter, dependent on weather conditions. They are working on pipe work and digging now and will concentrate on getting from the customer's service location around the front. They have rented a small excavator to help with this work.
- Pneumatic Tool – The 5-inch mole was purchased and is working well. The 3-inch tool has been returned.
- Crossroads Well – Waiting for start up.
- School Lane – Electric work is finished. Waiting on materials and scheduling with SCADA and Snyder Electric. Snyder Electric will handle integration of equipment. Anything left there should not impact on the start-up process.
- Supervisor Blomquist reported there were no outages this month. Outage numbers SAIDI 47.343, SAIFI .6, CAICI 78.512, ASAI 99.9889.

Repairs and Maintenance

- VanDyke Village – Nothing to update.
- Infrared – Waiting to hear from Tesla. McConnell is working with Tesla to schedule a shutdown to make the correction needed on the transformer.
- Wilmington Road – Security Instruments came in to make adjustments to beam towers. Adjustments are caused by vibrations from truck and train traffic.
- Dobbinsville – Same as Wilmington Road.

Training

- Last week (9/22-25/15) Mr. Blomquist attended the University of Wisconsin's Underground Electric Distribution System course in Las Vegas. The course included underground testing and different ways of testing cable life and cable rejuvenation. The training will be helpful with developing a replacement plan for MSC to address underground cable that was installed in the mid 1980s.
- He attended a "Cost of Service and Redesign for Distributed Generation" class with Secretary Patone.

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

Riverbend – Flushing took place on 10/14/15 to address the chlorine residual. They worked with Greggo & Ferrara while they designed the engineering and installation of the causeway. Construction has started. Our proposal outlining how MSC wanted the main to be located was considered to be better for the project. The water main has been relocated. As standard practice after a water main repair or replacement a bacteria sample was taken. The first samples collected showed a presence of a potential issue. Additional sampling confirmed the problem. It does not present a health hazard. The whole system was looked at from the first hydrant coming into the subdivision. That hydrant was flushed at several locations throughout the area. We raised the chlorine residual up to over one part per million in the entire subdivision. We talked with the Office of Drinking Water and notified residents of the

potential issue, reiterating it is not a health hazard. Additional samples indicated the problem has been resolved. A follow-up notice was issued to all residents. Mr. Guyer said MSC had no issues until Greggo removed/relocated a piece of the main and did a tie in for the outage. He plans on speaking with them about reimbursement for time and lab samplings.

Penn Farm – Met with representatives of Delaware Greenways about the addition of hoop houses and greenhouses. A farmer will lease about seven acres. We were asked to provide a quote to install three additional water services. Maps and surveys were provided. A quote for water service will be provided at a later date.

Distribution System – *Core and Innovation Technology Grant* -- Echologics was here from 10/13-15/2015 and did an assessment of water mains as defined. They tested 11,700 feet of water main, or about 2.25 miles. They were able to test more water main because the water main was cleaned out and prepared and we had multiple locations as backup if a problem came up. STEM students from William Penn High School reviewed the project and witnessed testing. On 10/15/15 there was a presentation for engineering firms and other municipalities that went very well. Television stations WPVI (Channel 6) and WHYI (Channel 12) covered the program. No leaks were detected. This is uncommon; the average number of leaks is three per mile tested. The final first draft of the report is due in about four weeks. We were able to give Echologics coupons of the water mains where we have done taps to determine wall thickness. They will look at the coupons in their lab and return to us.

Route 9 Paving – Worked with Pennoni Associates to get final plans done and distributed about a week ago. Four contractors were invited to bid; three bids were received. Secretary Patone has a report on what was presented. The low bid on the Route 9 portion of the project came from Greggo & Ferrara at \$350,000. New Castle County has to do a portion of work in the roadway and will replace the sewer line in the 600 block of Clark Street. The main is more than 100 years old and they will be repaving the roadway from curb to curb. Cleaning and lining all of Clark and Clymer Streets as part of the project would require reopening the streets after New Castle County does paving and restoration. With the support of Secretary Patone, his recommendation is to replace the 320 feet of pipe, renewing it completely, and tying in the new services. The project was put in the total bid package. The low bid for the add-in for Clark Street came from Brandywine Construction at \$100,000. *Note: While preparing for this meeting Secretary Patone noticed the Cirillo quote was not included in Board materials. Cirillo's quote is \$525,200 for the base quote and \$163,000 for the Clark Street add in.* With Commissioner approval, Greggo & Ferrara's bid for the base project of \$350,000 and Brandywine Construction's bid for the Clark Street add in of \$100,000, the project would proceed. Mr. Guyer sees no problems with involving two contractors. MSC is too busy to handle the work in house.

Mr. Guyer was asked to explain why Brandywine's bid of \$400,000 as quoted last month increased this month to \$486,100. He said that Brandywine's first bid of \$275,000 was given with limited information and did not include the entire scope of the project. Street crossings tying in existing cast iron mains to the existing mains cost \$30,000-\$40,000 per 100 ft. crossing at Clark and Clymer Streets. Their calculations included four tie ins in Dobbinsville, not five. He did speak with Brandywine about the difference in their quotes.

By separating the two components (Route 9 and Dobbinsville) we can save \$60,000 and have that water main completely renewed. The work includes the water main and 19 water services.

Crossroads Well – All security components have been installed. Keystone Engineering is doing final testing and will deliver the unit for installation in the near future.

Outages – Two outages experienced at 14th Street and Lyndon Street and repaired by Cirillo. The Queen's Court cap blew off the dead-end main.

FEMA Grants – We were able to get a third bid from Delaware Valley Fence and Iron. Low bid awarded contract with our utility building and Crossroads well. Fences will be installed when materials are received. Progress reports are updated regularly and the second report was submitted to FEMA as required.

Equipment

Dump truck – Brakes needed to be redone. Total cost: \$2,324.60.

Maintenance

- Hydrant at 3rd and Harmony Street was knocked off. Police located the vehicle responsible and Secretary Patone and Treasurer Stubbs are pursuing restitution. It will be an expensive repair.
- Hydro flushing started on 10/19/15. No issues noted; everything went well.
- PFC's -- Ms. Patone continues to work with the USDA. We are getting close to receiving our first reimbursement. We are down to punch list items: small structure around manifold has been constructed, RTU installed, working through SCADA details with Keystone Engineering, A.C. Schultes is due on 10/30/15 to start up pumps, chlorinating the clear well and filled it, delivery of 20,000 lbs. of carbon is scheduled for 11/6/15. Keystone and their engineers should be here the second week in November to start transitioning to the new system that is a permanent system with hopes of being up on it by mid November.
- Temporary System – The next set of water quality testing samples was delivered on 10/21/15. Three additional samples were collected from the temporary system to determine how much carbon is consumed. This will help with budgeting.
- Attended the Water Supply Coordinating Council in October. Our area is close to having drought watch indicators instituted and a mild winter is being predicted. Next meeting is scheduled for 2/4/2016.

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

Financial Report Executive Summary – Secretary Patone reporting.

We experienced higher user charges as of September 30th. We did budget for this. The margin is smaller because we are pushing more of our rates into the customer charge. Secretary Patone reported an excess of net assets of \$325,456.50. Revenues and consumption are up, which are positives. Legal Expenses may exceed the budget because of employment issues and negotiations with the City. The City Appropriation is higher by \$37,500 and that will exceed budget. Our cash reserve is \$2.7 million, operating cash is down to \$2 million with investments of \$1 million, which totals \$3 million. Treasurer Stubbs reported we are a little above \$2.7 million. Our cash is lower because of the PFC expenditures and USDA funds have not been received yet. Submitted for \$280,000 and met with USDA this week to answer their questions. Paperwork was resubmitted and we expect to receive these funds in the next 90 days. The submittal process was intense with the USDA questioning a number of the invoices we submitted.

Secretary Patone reported Total Assets of \$15,272,801 with a decrease in cash of \$102,824 over last month.

Secretary Patone reminded Commissioners that our charter requires us to send quarterly statements to City Council and the Trustees. She will send the balance sheet and income statement after tonight's meeting.

The October meeting of DEMEC was cancelled. There were no actionable items to address. President Sippel and Secretary Patone participated in a tour of the Calpine Power Plant in Dover.

OLD BUSINESS

Secretary Patone provided an estimation of costs for quotes. The Greggo & Ferrara column does not reflect \$12,000 of engineering costs. Their total estimated budget should be \$486,100. We requested the base quote and then an alternate quote for Clark Street. We would realize a cost savings on pavement if we did the Clark Street work now. DeIDOT's response concerning monies we were awarded via Senator Poore's letter from the Secretary of DeIDOT was not received when quotes were requested. This quote does not take into consideration the concessions. We are requesting a decision on what contractors we will move forward with and if we will do the Clark Street work and the contractor for that work. We can then return to them and ask them to rewrite the concession for the base project. Some of the things DeIDOT negotiated with us on they are now backing away from. Secretary Patone said when she and Mr. Guyer met with DeIDOT the crew was unaware of the letter. She provided a copy of the letter containing concessions from the Secretary saying they were disappointed they did not know about the letter. It is Secretary Patone's position that we will stand by the concessions we received from the Secretary. An email has also been received from DeIDOT confirming their agreement to the concessions as outlined in the letter. She is confident we are receiving what has been stated. Work begins on 11/2/15.

President Sippel asked if there is any concern with public response. Secretary Patone said that VanDyke Village (\$400,000) needs to wait until Booker Circle is finished. She has not received any comments from residents of VanDyke. That project will be long-term. We had identified an old dump truck as needing replacement, but that will be deferred. This project involves critical infrastructure.

A motion was made to approve Greggo & Ferrara as the contractor for the Route 9 water main replacement project with an estimated budget of \$486,100 and Brandywine Construction as the contractor for the Clark Street project with an estimated budget of \$125,620. The motion was seconded and approved.

City Negotiations & Charter Change – Secretary Patone met on Friday to ask questions of Verizon and the City concerning antennas on the tank. A list of suggested charter changes has been submitted to the City Solicitor by our attorney.

NEW BUSINESS

DEMEC submits to the state compliance for its members for renewal of portfolio standards. Documentation was distributed prior to the meeting. The subject was reviewed at last month's meeting. In her position as Secretary she is on record as formally presenting same to this group.

Trustees of the New Castle Common – The City has stopped producing the newsletter they used to provide and send in our billings free of charge. The Trustees has decided to take on the cost of printing

the newsletter and getting information to citizens. Secretary Patone agreed on behalf of the MSC to continue including it in our billings. Trustee President Tom Wilson was to present an idea of a feasibility study for a new town hall to possibly be constructed near Auto Zone near Municipal Boulevard that would house the Trustees, City Council and MSC employees under one roof. She does not know how the idea was received by the Trustees. She agreed to present same to Commissioners to explore any interest. Initially, Mr. Wilson proposes a feasibility study including members of the Trustees and MSC to discuss what path forward, if any, might look like. Secretary Patone thinks being housed together could be beneficial because of communication. Residents and customers often get confused with what we are responsible for versus the City. There could be shared costs involved. She suggested to Mr. Wilson that Commissioners need to be part of the discussion. She anticipates we would share costs for the feasibility study. Secretary Patone will inform Mr. Wilson we are willing to discuss his idea.

DEMEC Refinancing – In September we agreed that it made sense to move forward with refinancing. A new proposal with information for the debt reserve fund we had been making payments in was reconciled with DEMEC. Option 2, Public Advisory Consultants was recommended. It is a seven year loan with a nine year amortization. The nine year amortization is the same as the current amortization, but would lock in a fixed rate for an additional three years resulting in a smaller balloon payment in 2022. Current interest rate is 1.72%, per PNC. A decision was previously made that we would not pay off the balloon payment in cash by 2019. This does not include a debt reserve fund contribution that may be likely when we do the refinancing.

A motion was made granting approval to move forward with Option 2 and have Public Advisory Consultants do the work necessary. Cost of issuance is estimated at \$30,000, bank fee of \$200, and prepayment fee of \$193,107.51. This would refinance the current balloon payment due in 2019. Interest rates are attractive right now. Motion was seconded and approved.

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

A motion was made and seconded to return to general session.

Commissioners had no further questions.

Commissioners set the next monthly Board meeting to be 11/23/15 at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

ADJOURNMENT

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



Deborah P. Turner, Stenographer

Approved: 11-23-15 

(Minutes transcribed from recording.)