

Municipal Services Commission  
Monthly Meeting  
January 25, 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.

Secretary Patone added the Special Meeting minutes for 12/29/15 to the agenda.

Minutes – A motion was made and seconded to approve the minutes of the 12/21/15 monthly meeting, Executive Session minutes for 12/21/15, and the Special Meeting minutes for 1/5/16. The motion was seconded and approved.

Treasurer's Report – Mary Jane Stubbs reporting

Treasurer Stubbs reported a total cash balance of \$2,319,268.72; the PNC escrow and meter deposit total amounts to \$705,871.52. Total operating cash balance is \$2,113,397.21. The check book register is attached to her report.

Treasurer Stubbs reported total investments of \$1,013,582.22. Sandy Scott reviewed control procedures and the bank statement and found them to be in order. Her questions were answered satisfactorily.

Accounts Payables were reviewed.

- Payment to Anixter – Mr. Blomquist explained that HD Supply was bought out by Anixter.
- Secretary Patone pointed out a payment of \$41,000 to Echologics. The draft report was reviewed with Jay Guyer, Ryan Jaeger and Echologics. Echologics had some calculation errors and we are meeting again next week. A report will be presented to Commissioners afterward. We will submit for reimbursement. Mr. Guyer secured a grant for \$50,000 grant. The total was \$52,000 and we will pay approximately \$2,000.
- Secretary Patone pointed out a payment of \$30,000 to MSC for closing its M&T meter deposit account (agenda item) and opening an account at PNC. Meter deposits are held in a meter deposit account. We bill customers on their monthly bills, they make a payment and it goes into our operating account. Each month Treasurer Stubbs reconciles the two accounts and transfers monies to the meter deposit account. The last transaction was the end of November. We would like a recommendation to close the M&T account and have the PNC account and do electronic transfers. The meter deposit account is an interest-bearing account; each customer's deposit earns interest at the same rate as the money market account it is in. Interest accruals of \$10 paid out to customers generates a Form 1099.
- Zenith – We paid Zenith and ZPC paid us. We put them on an installment plan.

W-2 forms were delivered to Commissioners and are being mailed to employees.

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

Electric Department Report – Scott Blomquist reporting

- Techmer, Building 1600, Johnson's Way, Center Point – Energized new service on 1/12/16. Meter installed and project complete. Onsite contractor indicated plans to run product around March 2016. Loads will increase at that time.
- Wharf Pier – Bids came in over budget. City plans to repackage and rebid.
- Bellanca – New service for exterior lights installed by the Trustees' electric crew. Electric crew energized and installed the meter.
- 225 and 227 East 2<sup>nd</sup> Street – Rocky DeAscanis asked MSC to quote a price to install electric to both addresses. Estimate of \$3,835.33 provided; estimate paid and electric crew installed services on 1/15/16.
- 2, 4, 8 Meehan Street – Mr. DeAscanis asked MSC to quote a price to install electric.
- St. Anthony's – There is a set of down guys along the back of the property next door that they own. St. Anthony's paid MSC \$1,800 to install a new pole, put in some span guys and down guys, and remove old guys that were in their way.

Capital Projects

- Solar Array – Met with Delaware Greenways Initiative (DGI) and Trustees to make sure everyone knows where it is being installed. MSC was asked about putting a fence around it; we did not budget for a fence. Secretary Patone has informed Trustee Chris Castagno that a fence was not part of the budget. Trustee Mike Alfree did not mention the fence at the most recent Penn Farm meeting attended by Secretary Patone. If the fence becomes an issue we will need to revisit discussion.
- Booker Circle – Reviewed estimates for the project. Short of the rental cost for the mini excavator the budget is on track. He thinks it makes the most sense to purchase the Bobcat/mini excavator at a cost of \$16,582.40. Secretary Patone plans to have a capital budget for Commissioners to review at the next meeting.
- Supervisor Blomquist reported there were no outages this month. Outage numbers SAIDI 41.758, SAIFI .3, CAICI 142.306, ASAI 99.68.

Equipment

- Yearly inspections performed on trucks and minor repairs noted and repairs performed in house.

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

Riverbend Electric Infrastructure – Greggo & Ferrara is waiting for MSC to get back with them. Commissioners requested we give them potential annual revenue for the 34 lots if occupied and break down the amount for cash outlay for the first phase. Greggo has completed their headwalls on the new bottomless culvert they installed. They have finished paving the area and Mr. Guyer believes they will work on whatever permitting is needed for the Army Corps of Engineers and DNREC so they can satisfy their legal issues. Mr. Guyer spoke with Joe Hofstee of DeIDOT about the Washington Street project. Mumford and Miller have not completed the punch list of items for the project so there is no warranty period yet. Mumford and Miller is responsible for the punch list.

Penn Farm – During our meeting regarding solar array we had a conversation with Mary Roth of DGI. They asked for cost for temporary service to the temporary greenhouse. That information was provided and we will be meeting with them next week to discuss.

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Annual Water Meter Audit Review – Asst. Supervisor Jaeger completed the review. He followed up with Sandy Scott regarding questions. Everything was resolved and no major issues were noted.

Echologics Grant Report – Mr. Guyer has a meeting next meeting and will provide a report at the next meeting.

Route 9 Water Main/Paving Project – The project is going very well. Greggo has the 12-inch installation complete and are working on 6-inch lateral crossings now. They have done a portion of the temporary patch on 7<sup>th</sup> Street from Washington Street to Clark Street. There are three more tie ins to complete before work resumes. They have not had to use plates. Complaints from customers are being addressed satisfactorily. The 12-inch portion is installed, turned on and is functioning. New Castle County will replace the sewer main on the 600 block of Clark Street and renew the whole piece, replace two (2) manholes on 7<sup>th</sup> Street and do about 500 ft. of replacement between two (2) manholes. Work will begin in the spring. Delmarva Gas has about 1,700 ft. of pipe they want to replace. They will do all of 7<sup>th</sup> Street and side streets provided they can get it into their budget this year. They hope to have paving finished by the beginning of next school year.

Crossroads Well – Still working on the 6-inch main. RTU from Keystone is installed. Mr. Guyer has talked with Keystone about getting it scheduled and finished.

CPR Construction – They are working on putting in new services to the four (4) homes under construction on Second Street.

Outages – No outages in December.

FEMA Grants – Delaware Valley Fence has completed installation of the fence at the Crossroads well and our utility building. Inspections look good. Progress reports have been submitted requesting reimbursement for the fence and security at Crossroads well. We will have money remaining in the budget from the utility building. Mr. Guyer will request a change to allocate funds to the Crossroads well to pick up a portion of the SCADA integration. We should have about \$8,000 remaining for the utility building and replacement of six (6) cameras. The grant allows for replacement in kind. Deadline to use the funds is August 2016.

We are working on year-end water reports and the Tier II Hazard Report for DNREC. We have reached out to the Delaware River & Bay Authority but no response to date. Mr. Guyer is working on his operations and maintenance budgets for 2016.

#### Maintenance

- PFC's – Have done most of what needs to be done. A letter was drafted and Ms. Patone sent to the USDA requesting a stop in work so we don't accumulate days worked on the project. When the weather breaks in spring we will notify the USDA and begin work again (final site grading, cleanup and fence installation). This process allows us to use our construction days effectively. Keystone integrated everything with SCADA and there are no problems. They did the final punch list last week. It is performing as designed. Our final inspection/progress meeting with the USDA took place on 12/29/15. The engineer was satisfied with what he saw. The engineer spoke with the USDA financial person we have been working with and he does not plan on doing another inspection.
- No response to date from the Office of Drinking Water regarding the sampling plan we submitted. Mr. Guyer has talked with Ed Halock about what will be expected going forward with our PFC

sampling, lead and copper monitoring. In June we will do PFC sampling on vessel #1 at distribution entry point and if no detects we will go to annual monitoring. Lead and copper – we will be required to do 40 samples, twice per a year. Sampling periods will be January 1 to June 30 and July 1 to December 31. We can collect any time within those timeframes. If we have acceptable lead and copper readings, we will be able to return to tri-annual monitoring. Mr. Halec is checking on a few other items regarding what will be required for sampling and testing and will follow up with Mr. Guyer via email.

- A butterfly valve located on Route 9 was dug up and repaired.
- PFC test results from December are still pending. Following up with Eurofins.
- Title D1 meeting on 1/24/16 went well. There is one new member. EPA will be pushing for regional WARNS to allow utilities to cross lines to work with other utilities.

(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.)*

Summary of 9 months ending 12/31/15 -- Secretary Patone reported Total Assets of about \$15.5 million; cash decreased approximately \$25,000 from the previous month due to a number of payments for the PFC contamination in December. She expects several more invoices in January and hopes to complete it. Net income as of 12/31/15 is \$764,000 (\$568,000 represents water and \$196,000 represents electric). The \$500,000 USDA grant is recorded on the balance sheet as grant income; a portion is still receivable. Expenses are not fully recorded from the last quarter or wages for the electric lineman who has not been employed since September 2015. We are on target for user rates. Secretary Patone does not have the \$50,000 technology grant (Echologics) recorded yet. FEMA and DEMA grant monies have not been recorded.

Zenith refunded the deposit and we are requiring a new deposit. There was an increase in the above 60 day from the normal 2.6% to 3% allowance to about 4.2%. A company (Hibert Co.) moved out of Twin Spans leaving two months of bills unpaid (\$12,000). Secretary Patone has asked customer service to research. There appears to be a discrepancy between the landlord and tenant and the landlord may have taken responsibility for the electric bills but did not remove them from the tenant's name. We are actively pursuing resolution.

Secretary's Report – Secretary Patone reporting.

DEMEC – President Sippel and Secretary Patone attended the DEMEC meeting was on 1/19/16. Three resolutions were presented.

1. GASB Treatment of Financing Costs for the 2016 Bond – Because issuance costs were less than \$50,000 DEMEC staff were requesting to only expense, rather than capitalize and amortize. The resolution was adopted.
2. Energy Efficiency Programs – Several programs put forth. DEMEC Board decided to continue using The Energy Depot. In the future municipalities are committed to spending their green energy money in energy-efficiency types of programs. Scott Lynch reported on green energy programs. Delmarva Power established their program and their analysis showed a 1.5% increase in efficiency over three years. The Energy Efficiency Advisory Council (DEMEC is a participant) had identified 2.1% over three years. Delmarva has received no negative feedback to date. Chesapeake Utilities could not competitively develop a plan because of low gas prices. The feeling is that DEMEC is promoting energy efficiency as well as or better than other utilities. Once our solar array is

operating we will have exhausted most of our green energy funds. As we get more funds we may want to develop other energy efficient ideas like HVAC.

3. Based on ISDA EEI (International Swaps and Derivatives Association/Edison Electric Institute), agreements involve swapping of derivatives. DEMEC participates in purchasing electric and they utilize swap agreements. The final resolution establishes DEMEC's role and that the DEMEC President and Vice President are able to engage in swap agreements.

DEMEC staff is working on checklists for municipalities to provide to customers with ideas they can ask solar providers and requesting more information about agreements from groups that may be leasing customers solar panels versus selling the panels.

DEMEC reported that their general counsel, David Swayze, and lobbyist, Bob Maxwell, will be retiring soon. DEMEC will send out an RFP in the next year or two and asked for suggestions on groups to reach out to.

When DEMEC discusses confidential matters they do so in executive session. Municipalities should follow the same practice to avoid revealing conflicting information or information that is not appropriate to be revealed. Commissioners agreed.

#### OLD BUSINESS

City Negotiations – President Sippel announced that City Council approved the AFSCME collective bargaining agreement by a vote of 4-1. He hopes to get the changes before legislators as soon as possible. Secretary Patone has reached out to Dan McCollom to put together leases for the properties. She will follow up with City Administrator Barthel to make sure his questions have been answered. She will check with Representative Mulrooney to determine when paperwork needs to be delivered to him.

Riverbend Subdivision Electric and Water Infrastructure – Annual revenue is approximately \$7,000 for water and electric for all 34 lots. To make her calculations, Secretary Patone looked at homeowners at Riverbend versus City homeowners. Average electric use is 750-775 and Riverbend is around 1,400. Revenue is \$209 per household per month. President Sippel calculated the return on investment has been 4.8%, higher than he expected. This is the first phase and materials and rental equipment will cost \$176,000 with expected cash of \$147,000 (all three phases). This is with the understanding that MSC would eventually complete the water loop and electric out to Center Point and we would not finish until there is more activity in Riverbend. President Sippel believes there may be an advantage to MSC to move forward with discussions. It would eliminate the temporary electric line and get it done in conduit and put in a permanent electric system. Parkway Gravel wants to start developing the lots themselves. We need to investigate whether this will be an impact fee or is it an escrow that we hold onto and reconcile. Commissioners were cautious. Secretary Patone said there is incentive to finishing the water loop to ensure we can flush the line to avoid problems. Before Parkway Gravel attends a MSC meeting, President Sippel wants to know what market conditions Parkway is looking for to be able to sell the lots.

#### NEW BUSINESS

Riveredge Park -- Ms. Patone attended an Open House at the Port of Wilmington that Diamond State Port used to present their master plan. Mr. Guyer attended on invitation of Ms. Patone. City Council President Linda Ratchford also attended. AECOM is spearheading the master plan. An engineer with Diamond State Port talked about the Port of Wilmington's strategic plan and he does not believe that Riveredge Park is going to be part of the plan. PBRF is doing a study specifically for Riveredge and Ms. Patone assured that MSC is able to meet water and electric needs if they were to locate at the Port of

Wilmington. We will work toward scheduling a meeting. Ms. Patone spoke to some of the distribution and transportation groups in attendance. The longshoreman union at the Port of Wilmington reportedly raised the idea of Riveredge Park. Mr. Guyer talked to many attendees. Neighbors of the area are split between support and opposition. He reviewed other areas being considered versus the merits of Riveredge. The Riveredge site is in an industrial area and contiguous to the existing port. The water is shallower; dredging could make the channel deeper. There is no rail service at Riveredge so transportation would be by truck. Silting is a problem and dredging will be needed constantly. Mr. Hickman said the Claymont site is the best site, but he understands the City wanting the tax revenue. He does not understand how cargo will be handled. President Sippel believes the decision on location will be based solely on politics.

Delaware Rural Water Association Form (due in February) – Secretary Patone would like to show Jay Guyer as delegate and Ryan Jaeger the alternate delegate. She would like to discuss associations that MSC belongs to, appropriate membership and voting delegates. The four organizations that MSC participates in: Delaware Rural Water Association, Water Supply Coordinating Council, DEWARN (Delaware Water/Wastewater Agency Response Network), and Delaware River Basin Association. Secretary Patone described each group and who is authorized to act on behalf of MSC. She recommended reviewing all the water associations in April along with appropriate signatures on a yearly basis.

**With regard to Delaware River Basin Association, a motion was made and seconded authorizing Jay Guyer as delegate with Ryan Jaeger as alternate delegate and Secretary Patone authorized to sign off as the authorized official. Motion approved.**

Close of M&T Meter Deposit Account and Open PNC Account – All of our accounts are with PNC except for one meter deposit account kept at M&T. The idea was to have two banking relationships, but we find it more cumbersome. Secretary Patone asked to close the M&T account and open a PNC account. **A motion was made and seconded to close the M&T account and transfer to PNC. Motion approved.**

Tariff Revisions/Net Metering – The 2009 law that was passed stated that a specific solar generation could not exceed 110% of a customer's expected aggregate electric consumption. That language was not included in our tariff when we established net metering tariff regulations. We are unsure how it was left out. It is important the text as shown appears in our tariff. Secretary Patone requested that MSC revise its current tariff to include the 110% clause from the regulation. She explained that we reference a primary rate meaning they pay for their own transformer and it is not considered secondary, and the only primary rate we have had is large commercial. We do have a primary service on a medium commercial account. During billing audits we realized this is not spelled out in our tariff. She and Supervisor Blomquist agree that our medium rate is for primary or secondary, we do not offer a discount for a primary metered medium commercial account, and after we do a cost of service setting and start providing the information to the cost of service group, if they deem there should be a different rate we can determine at that time. **A motion was made and seconded to add primary and secondary to the Medium General Service Commercial Demand Rate and to add the paragraph "The generator must be designed to produce no more than 110% of the host customer's expected aggregate electrical consumption, calculated on the average of the 2 previous 12-month periods of actual electrical usage at the time of installation of energy generating equipment. For new building construction, electrical consumption will be estimated at 110% of the consumption of units of similar size and characteristics at the time of installation of energy generating equipment." to the Net Energy Metering portion of the Tariff. Motion approved.**

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A motion was made and seconded to enter into Executive Session to discuss personnel matters, arbitration and the AFSCME collective bargaining agreement. The motion was approved by unanimous vote.

General session adjourned at 5:34 p.m.

NEXT MEETING

Commissioners scheduled a meeting on 2/22/16 at 4 p.m. at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

A motion was made and seconded to return to general session. Motion approved. The meeting reconvened at 6:07 p.m.

ADJOURNMENT

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



Deborah P. Turner, Stenographer

Approved: \_\_\_\_\_  
(Minutes transcribed from recording.)