

Municipal Services Commission
Monthly Meeting
March 28, 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: Mary Jane Stubbs, Business Manager/Treasurer; Jay Guyer, Water Supervisor; Scott Blomquist, Electric Supervisor.

Secretary Patone informed there are four sets of minutes for approval. Executive Session minutes need to be added to the agenda. (Regular Meeting minutes and Executive Session minutes for 2/22/16 and the Special Meeting minutes and Executive Session minutes for 3/7/16.)

Minutes – Corrections were noted on the 2/22/16 Regular Meeting and 3/7/16 Special Meeting. **A motion was made and seconded to approve the minutes of the 2/22/16 monthly meeting as amended and the 3/7/16 Special Meeting minutes as amended. Motion approved.**

Treasurer's Report – Treasurer Stubbs reporting

Treasurer Stubbs reported a total cash balance of \$3,120,740.52; PNC escrow and meter deposit total in the amount of \$719,574.62. Total operating cash balance is \$2,401,165.90. Total investments are \$1,018,796.62. Treasurer Stubbs reported that Jay Guyer reviewed the bank statements and she was able to answer any questions he asked. The check book register is attached to her report.

Secretary Patone pointed out that Zenith's deposit has been refunded.

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

Electric Department Report – Scott Blomquist reporting

- Riverbend – No contact.
- Wharf/Pier – No contact.
- 2, 4, 8 Meehan Street (between Buttonwood and Arbutus) – Mr. DeAscanis paid for infrastructure to be installed to 8 Meehan. The Electric Department installed electrical services. Plans to start building 2 & 4 Meehan and will pay for the remainder of the estimate at that time.

Capital Projects

- Solar Array – *(Pictures shown.)* Installed and is now on line. Worked to complete some of the paperwork for the DEMEC aspects. Potential display at the (Penn Farm) farm stand was discussed.
- Booker Circle – Work has resumed; poured all the concrete that was disturbed. Beginning excavation and installation not requiring the mini excavator. Received an updated quote that included a 12-inch and 16-inch bucket. Cost: ~\$16,900 *(Rental costs: \$200/day; \$600/wk.; \$1,800/mo.)*
- Outages – None to report.

Operations

- Received Certificate of Excellence and Reliability from the APPA.
- The EI861 report has been completed and submitted.

Accounting/Billing Software – Presentations from different vendors. At this time, Tyler Technologies offers the best solution. They offer a financial/utility billing, inventory and asset management and budget software, and is completely integrated. Secretary Patone reported plans to visit Edmonds in Dover and has gotten the names of two more software providers to explore before giving a quote.

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

Penn Farm – The ¾-inch service to the greenhouses has been installed and put into service for DGI. DGI has requested a 2-inch line be installed for the additional greenhouse being installed on Route 273. After discussion with the Trustees and DGI, we were requested to do the work and submit the bill directly to them when completed. Work is planned for this week. DeIDOT wants Mr. Guyer to take a utility construction permit since we will be in their right of way (within 5 ft.) when we tie into an existing service. Chris Castagno has been notified. Discussion about DGI's plans for the farm stand followed. Options were reviewed by Mr. Guyer. The issue of purchasing electric will be reviewed by Secretary Patone later in this meeting.

Distribution System – Water main renewal – Mr. Guyer reported several discussions with Jeff Rice of Echologics about the pipe, samples were sandblasted and pictures of pre- and post-cleaning have been sent to Mr. Guyer. Substantial wall thickness was detected. Echologics is sending to their lab for testing to determine loss of life on the pipe to date. To help confirm Echologics' results, Mr. Guyer has reached out to two firms for names of labs for testing. He plans on sending samples to those labs for data to compare with the data received from Echologics.

Route 9 Water Main/Paving Project – Project almost completed; minor restoration left to do. One invoice has been paid to Greggo & Ferrara (Greggo) for \$330,000 that included a \$20,000 credit for the elimination of concrete and the trench. A final punch list been done and we have met with Greggo's supervisor to get that work scheduled. Some extras that came up that were missed are a couple of water services and additional excavation, and cutting of unsuitable materials for the water main to be placed on. The total is estimated at \$117,500 for the extras. Mr. Guyer was comfortable with that figure.

No decision has been made to date on the 600 block of Clark Street. We are waiting for the report from Echologics. Completed the As-Built plans and sent copies to the Office of Drinking Water for their records.

Crossroads Well – Completed the 6-inch main installation, tested it, bacteria tested, it is ready to go into service. The main is tied in and can supply water to the treatment facility when we are ready. Final SCADA integration will begin this week and should be completed by the end of next week. Working on water allocation permit; getting information together.

Wharf/Pier – No further communication with the City.

Battery Park – The Trustees requested we worked on improving water services to enable water service at various points in the park. The Trustees will pay for all materials and parts. They will be redoing

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the drainage system in the park and want to get the work done before Separation Day/BBQ activities in June.

Lead and copper testing articles in New Castle – The chemical used has been added to the water for 21+ years. We met recently with our distributor to talk about other chemical options. Not ready to make a change at this time; will do more research and speak with the Office of Drinking Water and Artesian to learn what their experiences have been and see how we do on this round of lead and copper testing.

Outages – No unplanned water outages. Two (2) water outages to do tie-in services in Dobbinsville for the new 12-inch main installation. They plan to start spring hydrant flushing the week of 4/11/16. That date may get moved up one week depending on the Crossroads Well.

FEMA Grants – (Crossroads Well & Utility Building) Request sent to DEMA requesting a portion of the monies be reallocated for the utility building to allow us to replace with new cameras and a new recorder.

Homeland Security Grants (2017) – Getting costs for camera systems for School Lane and upgrading the camera system for the MSC building (front desk and office) and look into creating a barrier between the lobby and the work area. Trying to complete by end of April.

Mr. Guyer finished and submitted the DRBA report (required annually). The DRBA confirmed receipt of the report.

PFC Compounds – Secretary Patone received an update from Stephanie Gordon of DNREC about the Air National Guard. They will be moving forward with a preliminary assessment on their own.

Completed installation of all insulation on exposed piping manifold.
HAZMAT plans were completed and sent to the Office of Drinking Water. He has been working with staff on paperwork to close out the grant.

PFC's – First round of sampling in June. Spoke with a reporter from the News Journal who followed up with Secretary Patone. The article is planned for the upcoming weekend. We have not reviewed responses yet.

Basin Road Well – First quarter compliance sampling for volatile organic compounds on the Basin Road Well. We tested for TEC each quarter in the past as required by the Office of Drinking Water. No detection in any samples. Quarterly sampling will continue.

Lead and Copper Testing -- Last week we started our first round of lead and copper monitoring; we collected 40 samples, looked at the process and determined where we could improve relations with customers. Some customers refused to participate while others were pleased to see additional testing.

We did another interview with the News Journal reporter. The reporter is doing a follow-up article on lead and copper.

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

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Financial Report Executive Summary – Secretary Patone reporting.

(For the 11-month period ending 2/29/16) – Secretary Patone reported that results are consistent.

Total Assets: \$16,015,766. Cash increased \$99,000 from the previous month.

Revenues & expenses: We are in alignment with our budget as it relates to actual vs. budget. We have an excess of \$164,000 as of 2/29/16. Of that \$164,000 -- \$60,000 is water and \$104,000 is related to electric.

We are above budget in net assets and Secretary Patone expects that to remain consistent next month. No significant changes are expected.

Details of each line item were reviewed with staff. She reviewed over-budget items with staff to ensure everything is classified properly.

Audit -- Sent inventory information to auditors for year-end audit. We will send 3/31/16 Accounts Receivable to them soon. Field work will begin soon after.

Secretary's Report – Secretary Patone reporting.

DEMEC – President Sipple and Secretary Patone attended the 3/15/16 meeting. One resolution was voted on and approved by the Board. It concerned an extension of the forward purchase for the long-term power purchase agreement. Negotiations are continuing, prompting the request for an extension.

DEMEC reported revenues were down in January and February, 4.6% and 4.5% respectively, due to the mild winter. MSC experienced a decrease as well, although not as significant.

Beasley units will be taking a spring outage on 3/21/16. GE will address vibration issues with the clutch assembly that may need to be replaced.

Fuel Tank #2 is under construction and targeted for completion on 5/15/16. The vendor is Advance Tank.

Senator Bonini is asking questions about commercial electric rates and will be meeting with DEMEC staff to review rates.

The Town of Seaford discussed they are hitting their maximum rate on solar on one of their circuits and may be cutting people off who are in that circuit. (can limit on a circuit up to 5%) They are doing maintenance and hired Downs Associates to do engineering and cost analysis for a new substation and to do some upgrades to their circuits.

The Town of Milford is endorsing the AMP efficiency smart program and LED light bulbs at a discount.

We talked with auditors and financial statements will be distributed next week to the Audit Committee and then presented in April. No adjusted journal entries are expected.

Town of Lewes -- Battery storage is coming along and expected to be complete soon.

Town of Middletown -- Working on the data center and obtaining final air and zoning permits. No issues anticipated. The Audit Committee has extended an invitation to Tyler Reynolds, Finance Director, to join the committee. That will take place soon.

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We asked DEMEC to send us the agreement for our solar. We need to work through what we believe an appropriate rate would be on the SREC's. Secretary Patone will forward information to the Commissioners.

Invitation for the Joint Community Briefing -- Invitees include the Mayor, City Council, local political representatives and anyone else from New Castle who wants to attend. Secretary Patone will assemble a list of attendees.

OLD BUSINESS

City Negotiations & Charter Change -- President Sippel and Secretary Patone met with Representative Mulrooney. She summarized changes to the charter. Representative Mulrooney indicated it should get done in April. At the last Commission meeting Commissioners voted to approve the charter changes. On advice from Dan McCollum, we are not pushing the need to approve franchises. Leases are still being worked on by both attorneys. We believe they are close to being finalized.

Mr. Rowland asked for clarification of the following text: "Amount calculated less than \$500,000 parties will meet to discuss in good faith." Secretary Patone said the request from the City was that we have a stop floor of \$500,000 and her concern was to give a floor. If we were in circumstances where we could not accommodate that \$500,000 because we lost customers she did not want to lock MSC in, so all parties agreed to at least come to the table. Discussion followed. Secretary Patone noted the importance of having a rate study done to get our structure set up properly so our customer charges are capturing the cost of service.

Capital Budget -- Secretary Patone said the earlier estimate for a mini excavator was \$16,500. The cost is now \$16,900. She wanted to ensure the Water Department could use the equipment as well. Mr. Guyer felt we needed to include a 12-inch or 6-inch bucket to make the equipment versatile for both departments (electric and water).

She provided updated costs up through 2/29/16 for projects that were approved in previous years and not yet expended. (Ex. -- the line truck was ordered in spring 2015 and is not expected for a couple more months.) Expenditures already approved but not spent total \$615,000.

Accounting/Billing Software -- she hoped to have a comparison for three vendors. Tyler brought their price down reflecting the change in her figure from last month -- \$200,000 and now estimating \$150,000. She will be investigating the two new vendors she spoke about earlier in this meeting.

She asked for approval for the utility line locator w/accessories for the Water Department, the mini excavator for the Electric Dept., and the accounting software in concept.

A question was asked if a decrease in personnel will be in order with the addition of the new accounting software. Secretary Patone said 'no', that grant reporting stretches staff time now and another part-time staff person is used when needed. She anticipates the software will produce efficiencies in some areas. Further, Secretary Patone does not believe she can eliminate one person; rather the position could be structured differently better utilizing manpower.

Secretary Patone talked about the difficulties staff is experiencing with office computers. Updating is needed for the accounting and financial package; it will not be supported in a few years. Utility billing will be seamless with the integrated system.

A motion was made and seconded to approve the capital budget. The motion was approved by unanimous vote.

NEW BUSINESS

Review of All Free and City Service – Dan Citron of the New Castle Historical Society informed Secretary Patone that the State has agreed to do an energy audit on The Arsenal building. He asked for a follow up on any decision the Commissioners make on his request for utility relief. (February 2016).

Accounts receiving free service: *(All accounts have fire protection charge.)*

- New Castle Senior Center -- Receives the first 2,500kw hours free each month. In addition they do not pay for the fire protection charge.
- Good Will Fire Co. – *(Trustees own building)* they receive the first 2,500kw hours free each month. They are not charged for water.
- Buttonwood Civic Association – Receives first 2,500kw hours for free. They do not pay for the fire protection charge.
- NC Library – *(Trustees own building)* they receive the first 2,500kw hours for free. They do not pay for the fire protection charge.
- Old Library, 32-33 East Third Street – NCHS occupies the building. They are not charged for water.
- Emmanuel Episcopal Church – Receives free water as a result of a document that indicates they provided land to the Board of Water & Light; the copy of the document Secretary Patone has found is not an executed document.

Secretary Patone's concern with free service is people are less likely to look for problems with properties because bills are being paid by someone else. She wants everyone to know values of what they are getting in electric and water, which would also indicate potential problems to them. More research may be needed as we go through this process.

Trustees & the City – There are accounts in our system that is in the wrong name. Trustees receive free service for the house meter and street lighting for the Professional Center at Ferry Cut-Off, Town Hall (New Castle Weekly, Trust Office) are getting free electric and some receive free water, and lastly there is the comfort station, main building, and maintenance building in Battery Park. Secretary Patone thought that Trust locations that did not have renters might be the reason for granting free service. Trustees (Tom Clayton and Chris Castagno) met with Supervisors Blomquist and Guyer to discuss some of the Battery Park water improvements and some of the Penn Farm work. They asked if we could help with labor. We have provided labor at some other projects. Secretary Patone noted that we have other nonprofit partners and wonders if they could potentially receive free services. She met with Supervisors Blomquist and Guyer, and Messrs. Clayton and Castagno and explained that soon the City will be paying electric at wholesale rates. She cannot imagine it would be appropriate to give the Trustees' nonprofit partners free electric, and potentially the Trustees. She recommends the Trustees potentially pay the wholesale rate for their electric, the same as the City, and she could not give free electric to other nonprofits without discussion. She did feel that maybe we would have the ability to allow Supervisors Blomquist and Guyer provide counsel and labor as their schedule allows to the Trustees as long as it is truly for Trustee purposes. Supervisors Blomquist and Guyer are comfortable with that arrangement.

The Trustees are asking for MSC staff to assist with supervisor labor and sometimes staff labor. Secretary Patone asked if we have the authority to do this. She said that Commissioners have given us the authority to do this for the City. We contribute our labor, but if materials are needed or we have to contract out, the City must pay for it. Her only concern is the possibility of being overloaded. Electric

and Water would need to come first. The arrangement with the City is in the minutes and the same could be done with the Trustees.

A motion was made to authorize MSC to contribute labor to the Trustees the same as the City as long as the work does not compromise the work of MSC. Motion seconded and unanimously approved.

The sense of the discussion was that going forward we ask the Trustees to pay the wholesale rates for locations housed by them and not their renters.

Little League – They are shown on our records as Mayor and Council, but it is Trustee property. If the account is switched to the Trustees she has no policy giving free water to the Trustees.

Mr. Rowland wants to take this opportunity to clarify who is responsible for properties and develop a policy.

Secretary Patone asked for direction by the Commissioners. She was directed to speak with our attorney for assistance with wording and prepare a draft policy for consideration.

Commissioners discussed whether free electric and water service should remain the same.

President Sippel sees the City and Trustees as similar. He does not think the other nonprofits should be in the same category. His recommendation is that MSC not provide nonprofits with free electric and water service.

Secretary Patone added that granting free service to nonprofits is a difficult decision. In addition, the cost is absorbed by the customer base. The Trustees and City can be treated similarly. She needs to meet with the Trustees to learn what buildings they are renting. Mr. Knox noted concern with those nonprofits already receiving free service and putting the NCHS 'on hold' again. Secretary Patone would give advance notice to affected groups.

Mr. Rowland stated that MSC will need to make decisions on who receives free service and who does not. The City and Trustees are special categories. In addition, there are certain community-wide organizations (library, fire company) that could be included, but must be identified. According to Secretary Patone there is one community that gives a cash contribution to their fire department in lieu of any relief.

Commissioners agreed not to reach out to any other nonprofits until a policy is in place. Secretary Patone will follow up with Mr. Citron.

Operating Budget

After detailed review of the operating budget at last month's meeting, there was an approximate \$30,000 deficit. Because we were having an excess at the end of this year the plan was not to increase rates. Secretary Patone then reported a \$46,000 deficit.

A motion was made and seconded to enter Executive Session at 5:45 p.m. to discuss a personnel matter.

General session resumed at 6:13 p.m. Brief discussion about the operating budget deficit followed.

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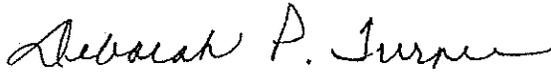
A motion was made to approve the \$46,000 deficit budget. The motion was seconded and unanimously approved.

Next Meeting

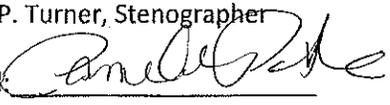
Commissioners set the next monthly Board meeting to be 4/25/16 at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

ADJOURNMENT

A motion was made and seconded to adjourn the meeting. Motion received unanimous approval. The meeting adjourned at 5:49 p.m.



Deborah P. Turner, Stenographer

Approved:  4-25-16

(Minutes transcribed from recording.)