

AUGUST 18, 2014

Minutes of the monthly meeting of the Municipal Services Commission held August 18, 2014 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Robert S. Appleby, President, Commissioner, presiding.

Attendance Report:

Present: Robert S. Appleby, President, Commissioner
Daniel F. Knox, Commissioner
Dr. Roy J. Sippel, Commissioner
Pamela A. Patone, Secretary

Also in attendance: Jay Guyer, Water Supervisor (via telephone), Ryan Jaeger, Assistant Water Supervisor, Scott Blomquist, Electric Supervisor, Mary Jane Stubbs, Treasurer

Special Guest: Ronald Bounds, Delaware Information & Analysis Center (DIAC), Critical Infrastructure Unit

PRESENTATION OF VULNERABILITY ASSESSMENT

Mr. Ronald Bounds of DIAC began the presentation with an overview of the goal of the assessment, the current threat environment and consequences from an all-hazards perspective. Mr. Bounds identified potential hostile actions in probability order and the recommended counter-measures for both the electric and water systems. Mr. Bounds then reviewed possible future counter-measure considerations. A discussion ensued regarding police patrol and funding the current threat environment. Mr. Bounds complimented the Commission's systems and their staff. There being no further questions, Mr. Bounds left the meeting.

MINUTES

With the concurrence of all the Commissioners the minutes of the July 21, 2014 regular monthly meeting were approved without alteration.

With the concurrence of all the Commissioners the minutes of the August 4, 2014 special meeting were approved with the understanding that the Commissioners would communicate to Secretary Patone of any adjustments.

ELECTRIC DEPARTMENT

Supervisor Blomquist reported that he and Assistant Supervisor Granger were able to provide information to Secretary Patone for the Cost of Service Study from the information in the mapping system. He reported that the conduit for the Airport Plaza loop has been installed except for the portion from the last manhole to the PMH-9 by Home Depot. Supervisor

Blomquist went on to report on the 25 The Strand project that Comcast changed out the above ground pedestal at 1 Packet Alley to a surface mount pedestal and that he met with Mrs. Ollstein, the owner of 25 The Strand and her electrician because she plans to change the wiring in her home so that she can have her connection underground through the conduit that the Commission installed. Commissioner Appleby questioned the Verizon service for 25 The Strand and whether that was put underground. Supervisor Blomquist explained that Verizon only went underground for 1 Packet Alley because that was the service that was attached to 25 The Strand. Secretary Patone reminded the Commissioners that Verizon only committed to underground at no cost after extensive discussions for 1 Packet Alley and only at the last minute.

Supervisor Blomquist reported that he obtained a quote for the materials needed to replace the cable trough at the Wilmington Road substation. He indicated there were 2 outages in July one was a lightening hit a line in Van Dyke which blew two fuses and the other was a result of tree branches also in Van Dyke Village. He also reported that the electric crews would be performing extensive tree work in the right of way behind Van Dyke Village over the next couple of months and that a notice had been sent. Commissioner Sippel mentioned that he had noted several large trees being removed in the Bull Hill area. Supervisor Blomquist confirmed that there were a few trees that needed to be removed for the Dyke Project and some of them were close to the electric lines, therefore, the electric crew topped them so that the contractor could remove them the remainder of the way.

Supervisor Blomquist indicated that per the Commissioners request he was working on developing budgets to put the electric system underground, specifically starting with Van Dyke Village. He reported that having the mapping system complete will assist him in creating cost estimates. He reported that Assistant Supervisor Granger continues to work on the mapping system. Supervisor Blomquist reported that a tree on 3rd Street near Ms. Dorsey Fiske's home was reported to be near the distribution lines therefore, the electric crew under the direction of John Lloyd of Code enforcement, removed the tree. He went on to report that Ms. Fiske called to compliment his crew on their work.

Supervisor Blomquist advised that the relays at the substation were being reviewed by the vendor ABB. He indicated that the reading as it relates to the amperage needs to be investigated. In addition, he advised that the communication with the SCADA and relay was losing connection and that issue was being reviewed. He went on to report that the Delaware Street Light refurbishing project had begun and although the original intention was to strip and paint the lights in the field it was determined that removing them and doing the work in the utility building was more effective and effective. He advised that four poles are completed and reinstalled. Supervisor Blomquist reported on vehicle maintenance. He went on to report that the three reel trailer and the air compressor were received and in good working condition. He advised that the EIA 861 report for the Department of Energy has been completed and submitted. Commissioner Appleby questioned the Bellanca Project. Supervisor Blomquist advised the Commissioners that the Bellanca light project was complete. He went on to report that he understood one of the lights installed as part of the Bellanca project had been knocked over.

WATER DEPARTMENT REPORT

Assistant Supervisor Jaeger reported for Supervisor Guyer that flushing continues to be done in the Riverbend Subdivision. He advised that the Commission has not yet received the remediation plan for the Seeds of Greatness site from Mr. Bob Schulte of DNREC yet. He went on to report that Supervisor Guyer advised Mr. Schulte of the contamination at the Commission's well sites and as a result Mr. Schulte indicated that he will be testing the 2 wells on the Seeds of Greatness site also. He reported that when DelDOT's contractor was installing a storm pipe they hit a water service on South Street that the water department did not know existed. He advised that this resulted in an unplanned outage in order to make the repairs. He advised that three other outages were planned and taken in order for the necessary DelDOT work to be performed. Assistant Supervisor Jaeger indicated that DelDOT's contractor Grass Busters Landscaping continues to work on the trail

Assistant Supervisor Jaeger gave an update on the water mapping and the City Storm Water mapping projects. He indicated that the data collection is approximately 95% complete and then the drawing in of the system on the program needs to be completed. He advised that DelDOT has cleared the right of way lane on the Penn Farm to Frenchtown Road and they are expected to come back and address some pot holes. He went on to report that the Water Department assisted with water readings this month. He went on to report that he will be attending a Water Smart Summit that is paid for by the sponsoring organization so that he can gain an understanding on the AMI meters. Assistant Supervisor Jaeger went on to report that John Marciszewski of Echologics requested a follow up meeting to continue discussing the water system assessment. Assistant Supervisor Jaeger indicated that due to the water system contamination issue the Echologics review has been put on hold. Assistant Supervisor Jaeger informed the Commissioners that the building has been erected for the Cross Roads Well. He reported that the internal piping is ready and the pump can be installed once the electrical is complete. He went on to report that the information requested for the Cost of Service Study has been accumulated but not yet reviewed with Secretary Patone. He went on to report that water consumption is down compared to the previous year. Assistant Supervisor Jaeger advised that in maintenance the crew has been making repairs of sink holes and the Delaware Street fountain has been repaired. He advised that some of the recommendations provided in Ronald Bounds Vulnerability Assessment were already identified to be corrected and the others are being reviewed. He indicated that an alternative to the locks on the fire hydrants recommendation could be to place notes alerting third parties of the fines associated with opening a fire hydrant. He advised that this is the measure that Artesian Water Company utilizes and it is preferred by fire fighters. Assistant Supervisor Jaeger indicated that a follow up meeting with Rick Duncan from Rural Water will be scheduled to discuss the Homeland Security Grant.

Assistant Supervisor Jaeger reported that since the last special meeting the finished water test results were received and although the results did decrease from the raw water results, the results still exceed the EPA provisional health advisory limits. He reported that the results were sent to Ed Hallock with the Office of Drinking Water for their review. He went on to report that both he, Supervisor Guyer and Secretary Patone met with members of Artesian Water Company and discussed the possibility of an emergency rate that was different from the contracted rate. He advised that Artesian Water Company was willing to provide the Boothhurst rate but that they

advised due to public service commission reasons that a different rate was not possible. Assistant Supervisor Jaeger went on to report that he has been researching temporary carbon filtration systems that would be economically viable while a permanent solution was being developed. He reported that he has researched several vendors and spoken to colleagues in the industry. He has solicited bids from several vendors and he is continuing to work with Supervisor Guyer and Secretary Patone to address the questions that have been developed upon reviewing the preliminary information. In addition, he has been communicating with the Office of Drinking Water to be sure that the systems will be in compliance with their requirements. He advised that the system would need to be in compliance with the Ten States Standard for drinking water. He informed the Commissioners that Dan Barbato with Pennoni Associates reached out to Supervisor Guyer upon hearing of the contamination and has been discussing with Supervisor Guyer his experiences with carbon filtration systems. Assistant Supervisor Jaeger reminded the Commissioners that Mr. Barbato has been working with the Commission for the past couple of years with the Washington Street project. The Commissioners questioned the timing and guarantees on the systems. A discussion ensued regarding the carbon utilization and disposal. He went on to report that in conversations with Layne Christensen they were able to do construction of a system but they would typically hire an engineer to design. Assistant Supervisor Jaeger advised that it would make sense to work with our current engineer to get a system designed.

Assistant Supervisor Jaeger indicated that under water quality testing the Lead & Copper testing resample of three locations resulted in only one location with a level that exceeded the maximum contamination level. He indicated that all results will be reviewed by the Office Drinking of Water and letters generated to the customers.

Commissioner Sippel questioned the preliminary estimates for a permanent solution. Assistant Supervisor Jaeger indicated that four tanks would be approximately \$500,000 and that would be a sufficient size for the entire system. Secretary Patone advised that this number is just for the tanks without any site preparation, engineering and other items. Secretary Patone indicated that staff is investigating potential grant funding. Commissioner Sippel questioned whether operating a temporary system will provide information regarding the operating costs for the permanent solution. Secretary Patone confirmed that operating the temporary system will provide information regarding costs for the permanent solution. A discussion ensued regarding the feasibility of taking advantage of some integration of the temporary system into the permanent system. The staff explained some of the challenges with that and indicated they would be questioning the vendors and the engineer. Supervisor Guyer provided his input regarding the research being accumulated. He also communicated that Artesian Water Company provides water to the town of Middletown at a lower rate than is being provided to the City of New Castle for the interconnection per the current Artesian Water Company tariff. Supervisor Guyer questioned whether a more favorable rate could be obtained. A discussion ensued regarding the steps involved in setting up the temporary filtration system.

Commissioner Appleby thanked the Supervisors for their attendance and they left the meeting.

FINANCIAL REPORT

Secretary Patone reported in Collections that Tesla Industries, Inc is paying the deposit and the late fees associated with the account have been waived per the agreement. She went on to report that she met with Zenith Products new CFO and explained the need for a deposit. She provided a month's extension for Zenith to provide the deposit. Secretary Patone indicated that she continues to review the medium and large commercial accounts and Burris Logistics has received a disconnect notice and she will schedule a time to meet with them. She went on to report that for the past 2 years the Commission has been utilizing TransWorld collection for a profit recovery program that requires a flat fee for four letters to be sent to a customer demanding payment, if unsuccessful the account is placed in traditional collections and if recovered 50% would be returned to the Commission. She advised that she will be reviewing the program to evaluate its effectiveness.

She reported that the month ending July 31, 2014 report showed that "Cash" increased \$346,000 from the previous month. In "Revenue and Expenses" the "Change in Net Assets" was a deficit of net assets in the amount of (\$39,000). She reminded the Commissioners that a deficit was budgeted due to the increase in rates for purchase of power through DEMEC and that a cost of service study was being planned for late summer. She advised that she was accumulating information from DEMEC regarding projected rates so that they could be utilized in the cost of service study. A discussion ensued regarding the DEMEC rates and the monthly invoices. Secretary Patone reported that Delmarva had been awarded an increase in the line loss rate charged to DEMEC members through the Public Service Commission that began with the June invoice. She indicated that this was not an item previously communicated to the members and therefore, was not taken into account when developing the Commission's budget. She went on to report that the financial impact was approximately \$4,000 this past month. She indicated that she would continue to monitor these costs.

The Commissioners reviewed the cash disbursements provided by Treasurer Mary Jane Stubbs and any questions were satisfactorily answered.

Secretary Patone advised that in "Control Procedures" that Electric Supervisor Scott Blomquist opened and reviewed the bank statements for July.

Secretary Patone reported that investment activity shows \$11,000 in dividend and interest income and an unrealized gain of \$4,000 for year to date. She reaffirmed that Summit Financial would be presenting the pension and investment activities at the September Commission meeting via telephone.

Secretary Patone presented the updated capital budget which reflected the change in the air compressor budget from \$14,500 to \$17,750.

Upon motion made and unanimous approval, the Commissioners accepted the financial report for the month of June and approved the payment of the June bills attached hereto.

Commissioner Appleby questioned whether there were items in the capital budget that can be

delayed if necessary. Secretary Patone advised that for the immediate future she has requested that the Supervisors discuss any large expenditures with her prior to spending until the Commission can determine the cost of the water treatment system.

Secretary Patone reported that at the meeting with Artesian Water Company John Thader, Senior Vice President indicated that they were interested in possibly having the two interconnection agreements with New Castle combined into one agreement with one rate. She advised that Mr. Thader reported that they would charge the Commission the lower of the two rates \$3.10 per 1,000 gallons because of the emergency nature of the situation but were interested in discussing the combination of the agreements in the future. She indicated that she would approach Artesian Water Company regarding the Middletown rate to understand whether a lower rate is feasible. She explained that she was accumulating information to determine what the expected cost per 1,000 gallons would be when utilizing the temporary filtration system.

SECRETARY REPORT

Secretary Patone reported that the DEMEC meeting would be the next date August 19, 2014 and that she and Commissioner Appleby would be attending. She advised that she was unable to attend the Audit Committee meeting on August 4, 2014 due to the Commission's Special Meeting regarding the well shut down.

EXECUTIVE SESSION

Upon motion made and unanimous approval, the Commissioners voted to go into Executive Session to discuss the employment history of a person at 5:47 P.M.

Upon motion made and unanimous approval, the Commissioners voted to return to a General Session at 6:01 P.M.

OLD BUSINESS

Secretary Patone reported that staff met with Scott Lynch of DEMEC on the plan for a solar array and AMP was to review the project. She advised that after the well shut down she contacted Scott Lynch and advised him that we would need to put this project on hold for a few weeks until we can assess the water system.

Secretary Patone advised that the FOIA policy is still under review.

NEW BUSINESS

Secretary Patone reported that she had a telephone conversation with SDS Research who performed the Customer Satisfaction Survey and she reviewed the results of the survey. She advised that the Commission scored above the benchmark in every category except one. She reported that reliability, employees and customer service were some of the categories covered that far exceeded the benchmarks. She indicated that expectations was the one category that