

Municipal Services Commission
Monthly Meeting
December 20, 2016, 4 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4:01 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: Scott Blomquist, Supervisor, Electric Department; Jay Guyer, Supervisor, Water Department; Mary Jane Stubbs, Business Manager/Treasurer; Tara French, Customer Service Manager

Minutes – A motion was made and seconded to approve the minutes of the 11/22/16 monthly meeting as amended. The motion was seconded and approved.

A motion was made to approve the 11/20/16 executive session minutes as distributed. The motion was seconded and approved.

Treasurer's Report – Treasurer Stubbs reporting

Treasurer Stubbs is currently reviewing a conflict of interest/nepotism policy for clarity and better understanding.

Treasurer Stubbs reported a total operating cash balance of \$2,434,575.92. PNC escrow and meter deposit total in the amount of \$806,691.03. Total cash balance is \$3,241,266.95. Total investments are \$1,058,681.51. Treasurer Stubbs reported the bank statements were reviewed by Electric Supervisor Scott Blomquist. Mr. Blomquist's questions were satisfactorily answered by Treasurer Stubbs. The checkbook register is attached to her report.

Treasurer Stubbs noted there are two entries in the register for "Statewide Benefits Office." She said that check #11239 was voided and should have been removed from the list. She advised check #11316 is the correct replacement check and does appear on the report.

Mr. Rowland asked about the entry for 4048 Associates. Secretary Patone said that the landlord paid water and electric bills and the tenant paid water and electric bills. Once 4048 Associates (landlord) realized the tenant was making payments they requested their payments be refunded. Secretary Patone said this was the result of the bills not being put in the tenant's name. The situation has been rectified.

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

(With no further business to discuss, Treasurer Stubbs was thanked and left the meeting.)

Customer Service Report – Ms. French reported that the new software should be implemented in spring 2017. The Customer Service Department is starting to review presentation of bills and notices and she hopes to decrease the amount of wording on the bills. The Customer Service Department has received a number of complaints about the voluminous wording on bills.

Prepaid meters – Ms. French thinks the Customer Service Department has been communicating policies with customers in a more consistent manner. She favors the AMI smart meters over the prepaid

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meters. Prepaid meters require permission from the user. Secretary Patone said we may be able to entice someone to allow prepaid meters by not requiring a deposit. She further noted that they are doing research on the AMI and prepaid meters and she thinks we may wait until we do the AMI rather than going with the prepaid meters. Secretary Patone said they are being cautious about implementing something new at this time citing the current workload.

Advanced metering – Ms. French said the department receives numerous phone calls from customers inquiring about consumption, particularly during the summer months. It would be beneficial for customers to have access to portals showing how they might conserve and save themselves money. Secretary Patone said a large volume of phone calls to Customer Service are asking what they owe, including mid cycle on past-due accounts. She added it would be good for customers to log in to see how much they owe at any given time thereby saving staff time.

Ms. French is looking hard at forms and how the bill presentation is set up in the new software to simplify the process as much as possible. Calendar-year end items – accounts are being reviewed for recording of refunds of interest on a calendar-year basis, based on their deposit refunds. Secretary Patone said we do not classify as a financial institution, so our threshold is \$600. Zenith was thought to possibly reach the threshold; however, we do not believe that will happen. When Zenith changed to ZPC we had to refund the deposit and the interest and start up a new account. Commercial accounts are not refunded; the tariff allows us to keep commercial deposits until the end of the account.

Residential accounts are refunded after two years if their accounts are in good standing.

Consumption report – Ms. French reported that their customer service representatives (CSR) do a monthly consumption analysis and keep it updated on a fiscal year end and a calendar basis in order for the electric and water departments to use for year-end reporting.

Billing Audit – The Customer Service Department is reviewing commercial accounts to ensure they are being billed according to the tariff. Ms. French will be working with the Water Department this week to review accounts followed by the Electric Department in early January. Secretary Patone added that electric billing audits have revealed that classification varies with organizations and their respective activities. Mr. Blomquist works with the Billing Department to see that the correct classification is applied. At the same time we look to make sure all charges for water and electric are recorded and set up correctly for all new accounts. According to Secretary Patone the same procedure has been used for several years, which has allowed us to catch mistakes each year. Our CSR's at the front desk can immediately process people online in real time. We plan on having our three CSR's cross trained and rotate them to ensure we have skilled staff in place during vacation periods, etc.

Electric Department Report – Mr. Blomquist reporting.
(See attached report.)

Water Department – Mr. Guyer reporting.
(See attached report.)

Riverwalk Apartment Complex -- The fire protection engineer has advised that the applicant needs to put a fire pump in. They will be looking at some type of small metering house or pump house at the entrance and use one pump for the fire system and then use a single pump for the domestic system.

New Castle Foundary Apartments – Secretary Patone reported that we take money from developers in advance to ensure that the subcontractors get paid and there are no mechanics liens on the infrastructure once it is complete. In this case the contractor was not qualified to do the job and left the job. That contractor is now pursuing Eric Mayer for payment for time they had on the job. Mr. Mayer is not happy with the contractor's services. After speaking with Dan McCollom it was agreed that it would be sufficient to have an indemnification agreement prepared for Mr. Mayer's signature to relieve the MSC for any responsibility. Mr. Mayer has the agreement and Secretary Patone will meet with him soon to address his questions. Initial patching of the road took place because the project was not complete and a new contractor was not in place. There was a bike race taking place in the City and the City needed the roadway patched.

The City handled the patch work and sent a bill to Mr. Mayer. Since MSC was part of the project and we do have some monies for the project, there was a discussion between the City, Mr. Guyer and Secretary Patone about the paving and all agreed that Mr. Mayer is responsible for all or a portion of the paving. We have a reconciliation where we have charged one-third of the cost to Mr. Mayer. We will review this with Mr. Mayer.

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

Financial Report Executive Summary – Secretary Patone reporting.

(For the period ending 11/30/16)

Trisha Malloy, accountant, prepared financial reports for the period ending 11/30/16. Total assets of \$16,659,142; a decrease in cash of \$68,000 over the previous month.

Revenues and Expense Report – As of 11/30/16 we had \$377,000 surplus of net assets; \$60,000 from water and \$317,000 from electric. A budget versus actual for the nine-month period ending 12/31/16 will be presented next month. Expenses will be lower than what was budgeted because of the loss of one Water Operator and a CSR that have not yet been replaced.

Secretary's Report – Secretary Patone reporting.

DEMEC – Secretary Patone and Mr. Sippel attended the DEMEC meeting on 12/6/16. Most of the discussion was about the AMP Energy Efficiency Program. The DEMEC staff requested approval of the AMP program at a cost of \$.90 per mwh, which is .009 per kWh. DEMEC Board members felt that their respective councils needed to review the policy and in an effort to increase transparency they wanted to make sure their Boards were aware of what the program consisted of and additional costs. Because most of the group has June 30 year-ends we will revisit discussion again for a July implementation. Also discussed was whether to reduce the rate DEMEC charges municipalities during the first six months or put the additional .90 per mwh toward the rate stabilization reserve fund, and if the Energy Efficiency Program is approved in June for implementation in July, DEMEC would use those monies when the program starts. The DEMEC Board approved the latter proposal.

The DEMEC Board approved the budget as it was presented, which is \$76.63 mwh rate with a 5.21% reduction from last year. Secretary Patone will now move forward with the MSC operating budget.

Secretary Patone recommends taking a portion of the savings and reducing electric rates in the form of a negative PPA per kWh rather than allocating to the different customer classifications and flat fees.

When our rate study consultants come in they can recommend how to permanently implement the rate changes into the rate structure.

Secretary Patone reported the University of Delaware did reconcile to the under billing amounts that were reported by DEMEC. The University requested a three-year pay back to the City of Newark and then through DEMEC. The City of Newark did approve the three-year pay back. The University of Delaware Trustees will meet before the end of December to approve this agreement. The revenue will be recorded in the 2016 year and there will be a receivable on the books with no allowance.

DEMEC reported that the Smyrna solar project has been delayed slightly due to NextEra issues paying for SRECS as they determined there is no behind the meter to them.

DEMEC staff reported that AMP Freemont (Ohio) is out of service because of vibration issues. If they continue to be out of service for more than a month they will need to purchase on the market, which will be slightly higher than current operations. No budgetary changes in MSC's budgeted rate are anticipated.

DEMEC staff updated the Board on the Middletown substation project.

- Middletown transmission 138 KV line -- The Delmarva project manager has been replaced. It is believed the project will be expedited.

OLD BUSINESS

Riverbend/Parkway Gravel -- Secretary Patone reported that Parkway Gravel is still concerned about possibly being held responsible for the entire infrastructure, not just the 34 lots that they own. We believe we clarified this in the contract. Parkway Gravel was asked to give us verbiage that would make them more comfortable and we would review it. Parkway Gravel has been asking for a connection fee, i.e., Parkway Gravel pays a flat amount and they connect their infrastructure. How MSC goes about making the infrastructure available to Parkway Gravel is not their concern. Parkway Gravel would not need to reconcile and pay more or be refunded if it was less. Secretary Patone reminded the Commissioners the discussion have required the paying for infrastructure for five lots initially and then paying one lot at a time. She suggested if the agreement is a connection fee instead of an escrowed amount the full 34 lots would be required to be paid up front. Under this agreement we would not be able to go back to Parkway Gravel for more money and there would be no refunds to them. The contract would meet Parkway Gravel's request since they would pay the money for the shared water and electric infrastructure and they would only need to handle the lot connections. Secretary Patone asked for feedback from Commissioners to allow her to move forward with a more connection-fee contract. She has spoken with MSC's counsel who will assist us with the document. Mr. Sippel asked if Parkway Gravel has the funds necessary for the transaction. Secretary Patone said the amount of \$147,000 is within their capabilities. She reminded the Commissioners the project would be done in phases according to the Commission's timeline. We would start with Phase 1 where we connect from the Dobbinsville Substation to the PMH-9, firm it up and rip out the temporary line, make a wire purchase, and put it in conduit as we have discussed. Our counsel is still working on how to go about holding Cecil Bank responsible and/or any future owners of the properties. The one downside for MSC is if our estimate is incorrect, thereby, costing MSC more money than planned.

The Commissioners agreed to have Secretary Patone prepare a draft contract for review.

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Free Service/Nonprofit Update – Secretary Patone informed that all letters have been sent giving nonprofits more than one year's notice before billing for utilities begins. As of this date she has not personally met with Dan Citron of the New Castle Historical Society. Mike Marinelli of the Trustees of the New Castle Common (Trustees) hopes to work on getting the easement documentation together in January 2017. He had hoped to hire someone to handle gathering easements and agreements on other properties. That information will help with our discussions about utility billing with the Trustees. No one was hired and Mr. Marinelli will be gathering the information himself. We will meet when the information is gathered.

Capital Budget & Preliminary Five-Year Capital Budget – Secretary Patone said the draft sent out last month is the same this month. Messrs. Blomquist and Guyer, Secretary Patone and Treasurer Stubbs agree that these are the projects that MSC is capable of doing.

- The Dobbinsville Main Relining – The project has already been approved.
- Riverwalk Apartments Meters and Transformers -- This is on the list as it is a cash disbursement which is required for the new apartments.
- Automated Capacitor Banks – As was previously discussed, the capacitor banks are necessary to maintain the required power factor with Delmarva Power.
- Riverbend Substation/PMH-9 – Secretary Patone would like to approve the budget with this entry so she can move forward when the contract is in place.
- Water Main Replacement-Tremont Street – The project spans several roads and relates to water main replacement. The City has already approved paving of Tremont Street and MSC wants to get in front of the paving work. We asked the City to move the project to the end of their paving list in 2017.
- Delaware Street Water Main Relining – Total project cost is anticipated at \$1 million and would be spread over two years. We would like to start on this project right after the Dobbinsville relining is finished since the same contractor would be utilized for both projects. The City's repaving work for this project is not as definitive as with the Tremont Street project. The Delaware Street project is less labor intensive for MSC. If Commissioners approve the water main relining work Secretary Patone intends to ask for approval for the entire project rather than just \$500,000. We may need to go to the reserves to pay, but we would pay it back in the next fiscal year which is the reason for the two-year span.
- 40 HP Pump – Discussed at last month's meeting.
- A/C units for the substation and utility building – We need to do the substation, but we can hold off on the utility building.
- Truck – The truck has already been approved.
- Additional pension funding – Per the actuary, the funding amount being budgeted is being increased to a one-time payment of \$50,000 and then the Commission will review performance of investments next fiscal year. We are currently at 75% funding as opposed to 80%-85% which is a standard recommended funding amount so the one-time payment is warranted regardless of fund performance.

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

Delaware Street Pier – Secretary Patone met with Mr. Barthel and they both agreed that MSC should send a letter to the City indicating what our position is rather than a memo of understanding and no signed agreement. MSC does not have to provide repairs and maintenance on the pier and the City does not have to modify the City's design of the pier based on changes that MSC requests. MSC will

document any issues that arise and if the City requests assistance from MSC they would have to pay for materials and labor. MSC could refuse the work if we believe it is beyond our capabilities or it presents safety concerns. The Commissioners agreed to send a letter to the City that details MSC's position concerning the pier. The letter will be signed by Dr. Sippel.

NEW BUSINESS

Auditor RFP's – Secretary Patone reported they reviewed three proposals; Horthy and Horthy, Barbacane and Thornton, and Zelenkofske Axelrod LLC. She sent Commissioners a summary of the fee structures. She said the engagement manager we have been working with at Horthy and Horthy is being reassigned and we will be working with a new team if we remain with them. Barbacane and Thornton has experience with governmental audits and is expanding into Pennsylvania. Both the partner and manager met with Secretary Patone and both were very engaged. The final proposal was submitted by Zelenkofske Axelrod LLC, a new firm in Delaware with little experience in Delaware. Zelenkofske Axelrod LLC submitted the lowest bid; however, Secretary Patone is concerned when a low bid is submitted and is concerned firms that submit low bids may not understand the full scope of the work or provide the attention she expects. Further, Secretary Patone thinks it would be an appropriate time to leave Horthy and Horthy. She has been very pleased with the performance of Horthy and Horthy. However, the rates proposed by Horthy and Horthy were 34% higher than Zelenkofske Axelrod LLC and 13% higher than Barbacane and Thornton. Switching auditors creates work for Secretary Patone and her staff. Working with a new team at Horthy and Horthy will also create work. Secretary Patone said making a change now will save \$7,400 over five years by not going with Horthy and Horthy. She thinks it is a good idea to make a change periodically. She recommends taking advantage of saving money and accept the bid from Barbacane and Thornton.

A motion was made and seconded to approve the proposal for auditing services to Barbacane and Thornton. The motion was approved by unanimous vote.

Employee Handbook Revisions – Secretary Patone informed that we have evaluated our exempt and non-exempt positions. In order to make the changes that came from the duties test there were changes that needed to be made in the handbook. Vacation policies in the past were identified as union, non union and management. Instead of these classifications, employees will be considered union or non union and then will be classified according to the duties test as exempt or non-exempt. The only change with benefits affects the accountant position which will receive the non-union benefits. Secretary Patone recommended changing the organizational chart also. She advised that the accountant position reports directly to the General Manager (GM) and is more appropriately shown on the revised chart under the GM instead of the Business Manager. Based on Secretary Patone's conversations with Business Manager Stubbs over the last couple of years, Ms. Stubbs is in agreement with this reclassification. According to our counsel, HR is a special area that meets the exempt status under the professional duties tests even without any employees who report to them. She is seeking approval of the handbook changes.

Mr. Sippel stated the directive concerning the status of exempt and non exempt that was to take effect on 12/1/16 has been postponed. He does not think the directive will continue. Secretary Patone said that no changes to salary levels are being made, rather, we are recommending changes relating to duties, tests and professional duties tests. It does not affect the recommendations being made.

A motion was made and seconded to approve the revisions to the employee handbook. The motion was approved by unanimous vote.

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A motion was made to go into executive session at 5:29 p.m.

Regular session was reconvened at 6:03 p.m.

A motion was made to approve the personnel budget as of 4/1/17 with the adjustments suggested in executive session. The motion was seconded and approved by unanimous vote.

Next Meeting

Commissioners set the next monthly Board meeting to be 1/31/17, 4 p.m., at the office of the Commission, 216 Chestnut Street, New Castle, Delaware.

ADJOURNMENT

A motion was made and seconded to adjourn the meeting. The motion received unanimous approval. The meeting adjourned at 6:06 p.m.



Deborah P. Turner, Stenographer

Approved:  1-31-17
(Minutes transcribed from recording.)

MUNICIPAL SERVICES COMMISSION

CITY OF NEW CASTLE, DELAWARE 19720-0208

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Water Department Commission Meeting Report

December 20, 2016

Prepared By: Jay Guyer on December 12, 2016

1. Projects

A. Riverbend Subdivision

1. The water system in Riverbend was flushed on December 6th to maintain the required 0.3 ppm of Chlorine Residual.
2. GM Patone will update the Commission on the status of the agreement with Parkway Gravel, Inc. and Cecil Bank.

B. Seeds of Greatness Church – 828 Frenchtown Road

1. Cirillo Brothers completed paving in area OU - 2. Supervisor Guyer will follow up with Bob Schulte of DNREC about copies of the remediation close out documents.

C. Water Metering

1. Electric Linemen completed meter reads on December 12th and the operators followed up on water check reads as needed for the month. High/low/zero consumption reads were addressed with customers and missed reads collected.
2. Water Operators are performing the water and electric meter survey to inspect meters and ensure meter integrity. Door Hangers are being used to schedule inspections if customers are not home.
3. Assistant Supervisor Jaeger started the annual water meter audit reviewing charges for each commercial water account.

D. Water Main Distribution System

1. RT – 9 Water Main Project is complete. Per New Castle County Special Services, Reybold Construction is scheduled to start construction of the Clark Street sewer main replacement on January 2, 2017.

E. Cross Roads Well – Penn Farm

1. Supervisors Guyer and Jaeger have not had an opportunity to work on the Water Allocation Permit Application for DNREC this past month.

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F. CPR Construction – 3 New Homes on Meehan Avenue

1. Construction of the last 2 houses is near completion. Water Services have been installed for the homes and when internal plumbing is completed, MSC will obtain a water sample for bacteria testing.

G. North Point Builders – New Home at 8 Victorian Court

1. Contractor North Point Builders is constructing a new home at 8 Victorian Court. Supervisor Guyer discussed with the builder MSC's requirements for tapping and installing a ¾" water service off the 6" main. The builder will submit money for escrow and have his contractor contact MSC prior to performing the work.

H. Delaware Street Wharf – New Pier

1. MSC Representatives met with City Officials and their Engineer to discuss location of the water and electric utilities. MSC Water Operators and Linemen completed installation of the water and electric services to the demark box location on November 16th and is waiting for the plumbing to be installed and final connection completed.

I. Battery Park Drainage Improvement Project

1. Supervisor Guyer has not received revised plans from the Trustees Engineer. There has been no further activity on this project.

J. New Castle Foundry Apartments – 7th Street

1. Installation of the 6" water main and 2 - 4" PVC electric conduits across 7th Street for the proposed apartment complex was completed November 4th. Final billing has been processed for Paoli Services that completed the project. GM Patone is consulting our attorney about how to process and return the remaining escrow money without the first contractor being paid for their work.

K. Riverwalk Apartments – 7th Street

1. Supervisor Guyer had several conversations with the Project Manager at Pennrose Properties about the water system design. Their fire protection engineer determined a fire pump will be required for the complex. The project is shut down while the developer works through several site issues with DNREC.

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L. City Street Repaving

1. Supervisor Guyer and GM Patone had several conversations with City Building Official Jeff Bergstrom and City Engineer Dave Athey in reference to bidding the City Street repaving and timing for the work. GM Patone advised them MSC anticipated replacing the water main on 9th Street in the Spring of 2017 however it would not be completed before March 2017. Supervisor Guyer is developing an estimated cost for replacing the water main on 9th Street between Delaware and Clayton Street for the Capital Budget.
2. GM Patone, Supervisor Guyer, and Assistant Supervisor Jaeger met with representatives of J. Fletcher Creamer & Son, Inc. (JFC) to review the 3M Scotchkote 2400 spray on liner and discuss the feasibility of using it for the water main project on Delaware Street from the Wharf to 4th Street including side streets the Strand, 2nd Street, and 3rd Street. MSC received the proposal from JFC and will review the estimate for completing the relining work.

M. New Castle County Sanitary Sewer Relocation - 8th and Young Street

1. Supervisor Guyer received plans from City Building Official Jeff Bergstrom in reference to the Sewer Main Relocation on 8th and Young Street. Supervisor Guyer reviewed the plans which had no apparent conflicts with the 12" main and met with the contractor on-site to discuss the test holes.

2. Operations

A. Outages, Reporting, and Regulations

1. There were no planned or unplanned water outages for the month of November. The outage report is attached for review.

B. Repairs and Maintenance

1. Water Operators have been performing routine maintenance on the curb boxes and valve boxes as needed.
2. A replacement float valve assembly for the Acrison lime machine and replacement chemical feed valve for Fluoride manifold were purchased.

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3. AC Schultes is rebuilding the 40 HP Artesian Interconnection motor at a cost of \$4,717.00. Supervisor Guyer will follow up on the status of the rebuild and when the motor should be received.

C. Operation & Maintenance Budget, Capital Budget, and Grants

1. The Water Infrastructure Advisory Council Grant administrator Heather Warren forwarded a copy of the Grant Application to GM Patone and Supervisor Guyer for review and completion. Supervisor Guyer will present the results of the Echologics Pipe Assessment to the WIAC Committee during their February 2017 Meeting.
2. RK&K have submitted a proposed scope of work, which is being reviewed. Supervisor Guyer and Assistant Supervisor Jaeger meet with Dan Barbato of Pennoni Engineering and had a conference call with Dave Athey and Kevin Pampuch of AECOM Engineering to discuss their firms capabilities on developing and implementing an Asset Management Program. Both Firms indicated that they would present the MSC a scope of work proposal within 30 days for developing and implementing an Asset Management Program.
3. Supervisor's Guyer and Blomquist have been working with GM Patone to develop the FYE 2018 Capital Budget as well as a 5 year Capital Budget.
4. Supervisor Guyer is working on the FYE 2018 Water Department Operation and Maintenance Budget for GM Patone. A draft O and M Budget will be submitted by December 15th.

D. Equipment

1. MSC's 10 year old jumping jack tamp quit running. The unit was delivered to the local Bomag distributor Jesco, Inc. for service. Several parts were replaced however they could not repair the unit. MSC picked up the unit and returned it to our shop.

E. Water Quality Testing

1. MSC collected the second round of 4 water samples for PFC testing on November 30th and delivered them to the Eurofins Laboratory on Quigley Boulevard. Their courier transported them to their Lancaster Laboratory. Results are pending.

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2. MSC completed our second round of Lead and Copper monitoring on October 13th. The require information was mailed to the Office of Drinking Water (ODW). Supervisor Guyer followed up with ODW who advised that MSC would be returned to Triennial monitoring. The next round of Lead and Coppers sampling will be completed in 2019.

F. Water System Mapping

1. Assistant Supervisor Jaeger and facilities Person Jones have been working on the water mapping system confirming data and information, adding information and notes from the old paper plans, and information related the age of the water mains in known areas.

G. Technical Water Specifications – Standard Water Details

1. Assistant Supervisor Jaeger is working on developing our standard water details to be included with the Technical Water Specifications. During a preliminary meeting on December 8th, Dan Barbato of Pennoni Associates, Inc. provided a package of details that can be customized for MSC's use. Supervisor Guyer and Assistant Supervisor Jaeger will review the package and select the details for MSC.

H. Personnel

1. Supervisor Guyer discussed with GM Patone advertising in early January 2017 for the hiring of Water Operator #4.
2. Supervisor Guyer, Assistant Supervisor Jaeger, and the staff at the Utility Building would like to thank GM Patone and the Commissioners for another great year, the Holiday Breakfast, and the gym bags.

3. Reporting Agencies

A. WSCC - Water Supply Coordinating Council

1. GM Patone and Supervisor Guyer, and Assistant Supervisor Jaeger have participated in bi-weekly conference calls to discuss water conditions and status of the drought indicators that are moving into watch and warning levels. The Delaware River Basin Commission has had several hearings in reference to the dry conditions in the overall Basin and declared a basin wide drought watch on November 23rd. Recent rains have improved water conditions overall in the Basin as well as stream flows in Delaware. The WSCC agreed to monitor conditions and resume bi-weekly calls if necessary.

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2. GM Patone and Supervisor Guyer are waiting for the next Sub-Committee meeting to be scheduled to review current water demands and establish projected demands through 2030.
3. The next WSCC meeting is scheduled for January 26, 2017.

B. WRA – Water Resource Agency

1. Supervisor Guyer sends weekly pumping data to Jerry Kauffman of University of Delaware Water Resource Agency (WRA).

C. DEWARN – Delaware Water/Wastewater Agency Response Network

1. The next meeting is scheduled for December 15, 2016. Assistant Supervisor Jaeger will attend as Supervisor Guyer is on vacation.

D. Water Operator Advisory Council Meeting

1. Due to the November 3rd Meeting being rescheduled to November 10th, Supervisor Guyer was not able to attend the Council meeting.
2. The next meeting is scheduled for January 2017.

End of Report

Attachments: November 2016 Water Works Report
November 2016 Water Outage Tracking Sheet

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ELECTRIC DEPARTMENT COMMISSION REPORT

December 20, 2016

Prepared by Scott Blomquist on December 12, 2016

1. Projects:

a. Riverbend:

- I. There has been no contact with the Electric Department on this project.

b. 2, 4, and 8 Meehan:

- I. CPR Construction paid the estimate for 2 and 4 Meehan. The Electric Department installed the infrastructure and installed meters. Supervisor Blomquist will work with accounting to get the project justified and closed.

c. Riverwalk Apartments:

- I. There is nothing to update on this project at this time.

d. New Castle Foundry Apartments – 7th Street:

- I. There is nothing to update on this project at this time.

e. St. Peter's Triangle:

- I. Chris Castagno reached out to GM Patone about Electric and Water connection costs for this project. GM Patone explained that it was the Developers responsibility to install the infrastructure to MSC specs. To date the MSC has not received a design for the electric for this project.

2. Capital Projects:

a. Booker Circle:

- I. Comcast is actively installing their splicing points.
- II. The electric department will be going through and making sure all of the little items are addressed before we close the project. (i.e. settling of any trenches, boxes, making sure all of the fences are up and in good order.)

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b. Loop Feed for Downtown Delaware Street:

- I. This project needs to be phased in at the second street riser to insure that it can tie without a drop and pick. When this is complete this project will be finished.

c. Wharf Pier:

- I. All of the infrastructure has been installed except the wire to the junction box. We are waiting for the electrician to complete his work and contact us.

d. Solar Portal:

- I. Assistant Supervisor Granger is working on getting the materials necessary to complete the online portal.

3. Capital Purchases:

a. T-2 Bucket Truck:

- I. We are waiting for the five year sticker that shows the five year PM was completed. When this is complete we will transfer the truck to the City.

4. Operations:

a. Outages :

1. We had one outage this past month. The outage was at the 600 Block of Delaware Street. 21 customers were affected for 1 hour. The outage was caused by a Squirrel.

MUNICIPAL SERVICES COMMISSION
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ELECTRIC DEPARTMENT COMMISSION REPORT

December 20, 2016

Prepared by Scott Blomquist on December 12, 2016

2. 12/1/15 – 12/1/16

SAIDI (minutes)	SAIFI (number of interruptions)	CAIDI (minutes)	ASAI (percent)
20.43	0.141	144	99.99

S

SAIDI - is the average outage duration for each customer served.

SAIFI - is the average number of interruptions that a customer would experience.

CAIDI - gives the average outage duration that any given customer would experience.

ASAI - is the Average Service Availability Index.

5. Repairs and Maintenance:

a. System:

I. Vandyke Village:

- i. This project has been put on the capital schedule FYE 2019 through FYE 2021. We plan to use this year to go over the design and communicate with the customers in Vandyke.

b. Wilmington Road Substation:

- I. We had Security Instruments in to adjust the beam towers.

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c. Dobbinsville Substation:

- I. We had Security Instruments in to adjust the beam towers.

d. Metering:

- I. The second set of (2) 50 Hertz meters were sent back to the manufacture to be corrected.

e. Tree Trimming:

- I. We will be doing our routine tree trimming this winter. We intend to help train several of the public works crew members on tree trimming and bucket truck operations while we perform the trimming. We will make sure they work with one of the linemen to keep them from getting into a dangerous situation.

6. Customers Power Factor:

a. Zenith:

- I. GM Patone and Supervisor Blomquist met with Zenith and talked to them about their power factor. Although we have the right to charge our customer's power factor correction charges we have not done so in the past. We believe it makes more sense to help them make the right decisions in correcting their power factor.
- II. Zenith had questions about LED lighting and if this would have an effect on their power factor and if it would help reduce their demand. Supervisor Blomquist believes that they may be able to reduce their demand. The total they would reduce really depends on the wattage of lighting they currently have and the wattage of the LED lighting. Power factor is another issue. Often times the Power Factor on LED lights is worse than the florescent lights they currently use.

b. Techmer:

- I. GM Patone and Supervisor Blomquist met with Techmer and asked what they expect their load to get to. Over the last 6 months Techmer's load has continued to increase and their power factor needs to be addressed. Last month they had a 513 KW demand. At the

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time of their demand their power factor was a 67% . This puts the KVA loading on the transformer over 750 KVA which is the size of the transformer. Supervisor Blomquist is comfortable with overloading the transformer as long as it doesn't exceed it for an extended period of time. Supervisor Blomquist was able to provide them with Load Profile data from the meter for 2 months. We plan to meet with Techmer on the 19th to help them understand the spreadsheet we provided them. Supervisor Blomquist believes that Techmer has an interest in making corrections to their Power Factor.

7. AMI Metering:

a. AMP:

- I. Management sat through a conference call and WebEx put on by AMP. They are proposing a mesh network AMI system that would be hosted by AMP. The electric meters would be changed out and collectors would be installed to collect the reads. They offer a solution that is as large or as small as we want. We as the utility can choose which pieces we feel would be beneficial to us.
- II. Amp provided us with a list of questions and a data request so they can perform a high level cost analysis.

b. ITRON:

- I. Management sat through a conference call and WebEx with Itron. Itron is proposing a mesh network system that would allow us to convert our existing meters over time to become fully AMI. Itron can also host the software and meter data storage.

c. ACLARA:

- I. Like the other solutions, Aclara has a solution that is all inclusive. The system they are proposing is not a mesh network but more of a direct connection via radio to the meters. They believe it is more reliable and faster than the mesh networks. Aclara can also host the data and software.

d. NIGHTHAWK:

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- I. We ultimately reached out to Nighthawk as they provide a prepaid/automated disconnects metering solution. While meeting with them they told us they can provide a complete AMI solution also. Their solution uses cellular communications to get meter reads and to do the disconnects. Our billing system would sync up with their system once a day to get reads.
- e. **MasterMeter:**
 - I. Management met with MasterMeter after AMP told us this was who they used for the water meters. MasterMeter also provides a complete AMI solution. The two individuals that came were more familiar with the water industry then the electric industry.

Municipal Services Commission
Monthly Meeting
October 24, 2016, 4 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4:05 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: Scott Blomquist, Supervisor, Electric Department; Jay Guyer, Supervisor, Water Department; Mary Jane Stubbs, Business Manager/Treasurer
Also Present: MSC Employees Tom Brewster and Kent Schmeusser; Joe Bonasera and Jason Denton of Summit Financial Corp.- (via telephone)

Presentation of Pension Valuation -- Mr. Denton presented highlights of the actuarial report. He spoke about a comparison of the costs of the cash contributions calculated each year when doing the valuations. Contributions to the trust have run a little over \$200,000 for several years. Reasons for the increase include a small cost increase last year in part due to a negative 2% asset return versus an assumed return of 7% going into April 2016. The difference adds about \$240,000 in assets that was short compared to what was expected. This adds about \$15,000 to the funding cost. Another key change was a benefit increase in 2016. The maximum plan was increased from \$3,200 to \$3,600. Most current participants are expected to hit that maximum by the time they retire. This benefit added another about \$8,000 to funding costs. MSC hired two new employees who entered the plan. A plan amendment is now in place that employees hired after 4/1/2016 cannot participate in the defined benefit plan.

Mr. Denton spoke about comparisons of the last three valuations. Funding of the plan has run between 70%-75% the last several valuation cycles.

Mr. Bonasera said that financial markets have been friendlier this year allowing us to recover some assets lost in depreciation during the previous year.

Calculating annual cost -- Mr. Denton noted the basis for the cost is looking at the present value for all future service and benefits expected to be earned by covered employees. This means that between now and when they retire we need to fund roughly \$3.4 million, which is the difference between future liability and assets today. This pays for benefits that have not yet been earned and will not be paid for a while. We pay for this \$3.4 million shortfall over the employee's future working lifetime that is estimated to be 17.2 years. The cost of the plan is adjusted annually as participants in the plan get closer to retirement age.

Asset reconciliations for 4/1/2016 -- Mr. Denton indicated that benefit payments coming from the plan are about \$250,000, or 10% of plan assets going towards benefit payments. Mr. Bonasera noted that given the benefit payments of \$250,000 yearly, realizing 10% in assets is unachievable with the current portfolio allocation. He wonders whether the level of allocation shouldn't be adjusted to realize more cash flow. After brief discussion with Mr. Bonasera, Mr. Denton is comfortable with the funding level of around \$200,000 and that returns based on the asset allocation should realize a 7% long-term rate.

Mr. Rowland asked if the 7% assumption that assets will return is a reasonable number. Mr. Bonasera confirmed the number is reasonable noting the long-term expected rate of return in the stock market is

in the 8.5%-9% range and the long-term bond expected return is 5%. Given the asset allocation of 65% stocks and 35% fixed income, the 7% expected return is reasonable. If Messrs. Bonasera and Denton think the financial markets will change long-term making the rate unachievable, they would make a recommendation for change to the Commission. Secretary Patone said other groups use the 7% number for pension plans. Mr. Bonasera confirmed her statement. He consistently uses the expected return on long-term assets on asset classes. He believes that 7% is an achievable goal for this plan and for the asset allocation and investment policy they are adhering to.

Mr. Bonasera reviewed returns for individual funds through 9/30/16. The return for the first nine months in 2016 is 7.64%.

Investment due diligence – Mr. Bonasera reviewed the investment portfolio and the bond portfolio declaring them to be highly diversified. To ensure the investment policy is consistent with objectives, we have 65% in equities and 35% in fixed income. This is about where defined benefit asset plans set their allocations. Mr. Bonasera asked if Commissioners are comfortable with this allocation. Secretary Patone asked him to provide a history of asset allocations. Mr. Bonasera informed we have been at 65%/35% allocation for the past three years. He believes there is another year left before we experience another recession. When the yield curve invert (short-term rates are higher than long-term rates) then our economy has consistently gone into a recession. If there is concern about potential losses to the equity portfolio a year from now, he suggested going to a 60%/40% allocation or 55%/45% to reduce equity exposure. This will also reduce the potential return. Secretary Patone recalls a recommendation to take advantage of some equity earnings which is why we increased to 65%/35%. Mr. Bonasera suggested having a meeting mid-2017 to discuss and decide path forward. Secretary Patone asked if the decision is made to change the allocation what approach would Mr. Bonasera's use. He said no major changes would be taken; any changes would be to reduce pro rata equity allocations and move pro rata into a bond allocation. As we see inflation Mr. Bonasera would like to shift from Strategic Income into Vanguard Inflation Protective Securities. He recommends a 5% allocation (reducing Strategic Income and put 5% into Vanguard Inflation Protective Securities). Further, as inflation trends upwards he thinks specialty funds (commodity strategies, precious metals, real estate) should do well. TIPS, protective securities and treasury inflation funds, should also do well. Treasury inflation protective securities should also do well as interest rates rise and inflation rises as well. He suggests a slight reduction of 10% to 7% for Pioneer; 10% to 8% for John Hancock Strategic Income and a 5% allocation for Treasury Inflation Protective Securities.

Mr. Bonasera said that stocks typically react about six months ahead of a recession. He suggested meeting to discuss a potential reallocation by early fall 2017 will give us time to decide what we want to do.

Capital Markets – Corporate profits 2016 and into 2017 will increase. The stock market follows profits. During 2017 they expect corporate profits to increase, expansion to continue, and stock prices to increase.

Market Volatility – Mr. Bonasera anticipates seeing more market volatility in the stock market going forward. We also think we are in a long-term bull market.

Costs – Mr. Bonasera reviewed the service structure and related costs for services rendered by Summit Financial Corp. MSC's 457 plan and 401a plan is with Nationwide. Mr. Bonasera said that having a defined benefit plan, a 457 plan and a 401a plan qualifies for 'sister pricing' thus saving on

Municipal Services Commission Minutes
October 24, 2016

recordkeeping costs on both plans. Secretary Patone informed that the 401a plan has not yet been set up (until spring 2017).

Mr. Peter Manning of Summit Financial Strategies joined the conversation via telephone at 5 p.m. Mr. Manning reviewed the performance of the Funds held outside the pension. He reminded the Commission the objective was to obtain higher returns on reserve funds than what was being achieved in the operating checking account. The Oppenheimer & Pioneer accounts are held at Summit and there are two Prudential Bond Funds. The returns have yielded approximately 8.4% to date and the anticipation was the Commission did not require liquidity for these funds. Mr. Manning indicated that due to the possibility of a recession in the near future these investments should be reviewed in 2017 as they are less than investment grade and could lose value in a recession.

Fiduciary Rule – Mr. Bonasera reported on a rule that is coming out from the Department of Labor. It has no impact on us. Summit will continue to act in MSC's best interest.

Mr. Schmeusser and Mr. Brewster departed the meeting. Secretary Patone informed that Mr. Schmeusser has asked to receive monthly statements to keep up to date on fund performance.

Mr. Rowland asked when we change our contribution. Secretary Patone said a recommendation in the pension report of \$200,000 was made by Mr. Denton. A decision is then made whether to approve that recommendation or adjust it higher or lower.

Minutes – A motion was made and seconded to approve the minutes of the 9/29/16 monthly meeting as amended. Motion was seconded and approved.

A motion was made to approve the 9/29/16 executive session minutes as distributed. Motion was seconded and approved.

Treasurer's Report – Treasurer Stubbs reporting

Treasurer Stubbs informed we are renewing our general liability and workers compensation insurance. There will be an increase of about 6% resulting from wages associated with general liability and general increases in insurance costs. Treasurer Stubbs reported a total operating cash balance of \$2,202,291.02. PNC escrow and meter deposit total in the amount of \$812,427.99. Total cash balance is \$3,014,719.01. Total investments are \$1,077,183.62. Treasurer Stubbs reported the bank statements were reviewed by Secretary Patone. Secretary Patone was comfortable with the statements. The checkbook register is attached to her report.

Mr. Knox asked about the charge with the City of Dover. Mr. Blomquist said two of our water sites needed antennas to be higher for reception. We bought two 70 ft. antenna poles from the City of Dover. Delmarva did not have 70 ft. poles. Secretary Patone indicated this was part of the correction of SCADA issues for the GAC System and funded through the USDA grant.

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

Secretary Patone asked Tara French to begin submitting a one-page summary outlining what the Customer Service Department is doing and a copy was provided to Commissioners. Ms. French will not regularly attend meetings. Secretary Patone said when we go to AMI and smart meters we will have the ability to have prepaid meters. We are interested in minimizing the amount of work involved like preparing to disconnect, disconnecting, and then restoring.

(With no further business to discuss, Treasurer Stubbs was thanked and left the meeting.)

Electric Department Report – Mr. Blomquist reporting.

(See attached report.)

Riverbend – On 10/12/16 management met with residents to discuss interactions with Parkway Gravel and Cecil Bank. Mr. Blomquist believes that residents want to see the infrastructure installed and make sure it is done correctly. Secretary Patone said that residents are pleased that discussions are underway. They have had discussions with Parkway Gravel. The residents asked questions about Comcast and/or Verizon Fios, which is the responsibility of the developer to determine where it will be located. Residents are pleased with the approach that Commissioners are taking and having a dialogue with them.

T-2 Bucket Truck – Printouts of some of the quotes and estimates and how Mr. Blomquist estimated costs for the bucket truck were provided to Commissioners. Mr. Blomquist explained that you choose from what is available on the lot the day you go to purchase. We are looking to purchase from a lot rather than having a truck built. They went to Terex and asked for a quote (September) for a truck that was on the lot and the price was \$103,000. Painting, lettering and tooling are separate costs that were added to the estimated cost. The total cost for the bucket truck is estimated to be \$155,000. Mr. Blomquist is seeking approval to move forward with purchasing the bucket truck. Secretary Patone said that nothing is approved in the budget. She added that Commissioners decided to sell the other bucket truck to the City. During our first discussion we had an estimate of \$100,000 and increased the estimate to \$150,000 after discussions. She wanted to wait to make a purchase until after the summer to see what our revenue looks like. Secretary Patone noted there has been one preliminary capital budget meeting for 2017, but we committed to doing this transaction with the City. The full capital budget should be presented in the next one-two months. Mr. Knox asked how many years we will depreciate the bucket truck. Secretary Patone believes it will be 20 years. (After reviewing the fixed asset list the trucks are depreciated over 10 years but typically kept for 20 years.)

A motion was made to approve the purchase of a bucket truck at a maximum of \$155,000. The motion was seconded and approved.

Mr. Rowland asked if Twin Spans has contacted Mr. Blomquist. He said he has met with an electrician working for Harvey Hanna & Associates. The electrician is performing work in Building 500 to split services to allow for multiple tenants in the building.

Water Department – Mr. Guyer reporting.

(See attached report.)

New Castle Foundry Apartments – A new contractor has been secured for the project. Eric Mayer (owner of apartments) informed Mr. Guyer that Paoli Construction will start work this week. Mr. Guyer has met on site with the construction superintendent from Paoli Construction. Paoli Construction has a history of working with other municipalities/towns and is familiar with water work. Mr. Guyer was comfortable with their conversation.

Delaware Street Wharf/Pier – Mr. Sippel noted that none of the engineers involved with the wharf/pier project are marine engineers. He believes a marine engineer could be employed to provide an opinion on long-term aspects for the pier. Mr. Rowland said many piers in the area that have run lines under the pier no longer have water service because the lines have broken due to freezing, etc. Secretary Patone

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said the engineer has indicated the only times lines are run on the side in a trough line are on floating docks. This dock is not a floating dock and, therefore, does not warrant the trough line.

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

Financial Report Executive Summary – Secretary Patone reporting.

Secretary Patone referenced a question Mr. Knox asked at the last meeting as to why operating expenses are down. One reason was depreciation; there was one entry for removal of a truck that had depreciation instead of accumulated depreciation, meaning \$100,000 was shown as expense. This has been corrected. Expenses are now on target with budget. Operating income is about \$269,000 higher than what was budgeted. Because of summertime power usage revenue is up.

Budget vs. Actual Capital – A capital budget was provided to the Commissioners. All the projects listed as complete as of today's date are listed on the report. No capital projects are over budget. Pending projects are shown as 'pending' and based on the supervisor's reports we do not anticipate going over budget.

Secretary's Report – Secretary Patone reporting.

DEMEC – Secretary Patone and Mr. Sippel attended the DEMEC meeting on 10/18/16. DEMEC approved a resolution to purchase the SRECS from the MSC Solar Array, a minor amount of about \$300. The Baker Tilley memo reviewed at the last meeting was reviewed with the DEMEC Board and there were no questions. The under billing will not be restated. The actual recording of the under billing is being discussed and Secretary Patone met with Lou Vitola and the auditor and agreed on the journal entries to make this fiscal year.

American Municipal Power (AMP) gave a presentation on the energy efficiency program. The State has specifications on energy efficiency that Delmarva Power and the cooperative need to abide by. The municipalities are locally regulated and we are allowed to develop our own energy efficient programs and how to measure same. DEMEC tries to work as a group to benefit from resources. AMP has programs that offer rebates, efficient appliances, energy audits, and the like. Secretary Patone has asked for more details and is waiting to receive that information. She stated they want to ensure that all municipalities benefit from the program because we all will pay more per megawatt in order to fund the program. Those funds would go into a group program. AMP would spend the money and would administer the money. We would not be guaranteed that funds would go to respective municipalities. Secretary Patone would like to target specific accounts that would benefit our community in New Castle. AMP is working on information on how that might be accomplished. Some of the higher priced contracts are expiring and a 5% reduction in electric rates is anticipated. Part of the energy efficiency program is to take a portion of the savings and put the funds in the energy efficiency program. They anticipate voting on this at next month's meeting. Secretary Patone would like to have more information to share with Commissioners before the DEMEC meeting. She added that AMP is looking at \$0.90 per megawatt hour. It is an opportunity to give back to the rate payer. Secretary Patone informed there is a push from staff at DEMEC to have a group plan. She anticipates a budget to be approved in November or December that will show a decrease in electric rates.

Commissioners talked about natural gas prices going down and how long the trend might last. Secretary Patone will be able to provide a better answer after the DEMEC presentation of the budget. Revenue for all DEMEC members is up because of the hot summer. Secretary Patone said that predictions are for no

growth; DEMEC does a projection for all members for expected loads that is submitted to Delmarva Power. Traditionally there is a 1% increase in growth, but this year we expect to remain flat as a DEMEC community. Secretary Patone will discuss net metering legislation in executive session.

OLD BUSINESS

Riverbend/Parkway Gravel – Secretary Patone met with Mario Gangemi of Parkway Gravel to review the draft document. A copy of the document showing proposed changes was provided to Commissioners. Our attorney suggested an irrevocable letter of credit would be preferable over a bond. Parkway Gravel has been made aware of this. We were accepting their suggestion of five lots up front. There have been discussions of paying per lot as they ask for permits. Secretary Patone speculates Parkway Gravel plans to build five spec houses when they pay for the five lots. Parkway Gravel asked for clarification of wording to limit their exposure to only their 34 lots. They also asked for this to be a connection fee rather than escrow. We were not in agreement of this. There have been discussions about Comcast, but we are not in a position to assist with this. Mr. Gangemi will schedule time to look over the document with his group, but does not anticipate any problems. She is looking for approval from Commissioners to go forward with this document and/or if any slight changes are needed that she be give the authority to make those changes. Secretary Patone said our attorney could determine whether a change needs to be discussed with Commissioners. Mr. Sippel thinks we need to get started. We have adequate coverage.

A motion was made and seconded to give Secretary Patone the authority to move forward with the contract. Motion was approved.

Free Service/Nonprofit Update – Secretary Patone has meetings scheduled with the Senior Center, Buttonwood Civic Association and the library over the next couple of weeks. She has phone calls out to three other organizations, but no meetings yet. Mike Marinelli of the Trustees of the New Castle Common has informed Secretary Patone that he has not had the opportunity to gather the easements. He further said the Trustees are exploring hiring someone to assist with pulling all of their easements and organize them. This will be helpful in understanding the relationship between MSC and the Trustees. Secretary Patone will send letters to the nonprofits, but she first wants to have face to face contact with the nonprofits.

Tariff changes related to water meters for apartment complexes – Information was provided to Commissioners. Commissioners agreed to have individual meters put in apartment complexes going forward. Some wording needed to be changed in the tariff to accommodate this change. She indicated in this case of an individually metered water service for residential apartment complexes, the tenant may have both the electric and water account in their name as opposed to the wording being that it had to be in the owner's name in the past. Other changes relate to things we have previously changed. The MSC owns all the water meters at this point and wording had not been changed in the tariff. The Tariff is being changed to read "The MSC shall install, own and maintain water meters used for billing." Previously the larger meters which were commercial accounts were owned by the customer. We are deleting the paragraph about customer-owned water meters. They are no longer in existence. We reviewed the entire tariff and the only change that was needed was for the apartment complex. She anticipates Ms. French to continue to explore possibilities of having other additions to this situation. It is time consuming for office staff to remove a water meter from an electric account when someone wants to rent their home. It is a time saving measure to keep both accounts together.

A motion was made and seconded to approve the tariff changes as reported. Motion was approved.

Municipal Services Commission Minutes
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NEW BUSINESS

Capital Budget – Secretary Patone will have a preliminary capital budget to review at the next meeting. A five-year plan will be distributed at the next meeting.

Insurance Renewal – Last year Secretary Patone reported getting quotes from several brokers. The general liability insurance is increasing 8% based on employees and the categories they are classified in. We refined the report and have gotten our rate down to a 6% rate increase overall. General liability is tied to wages; as wages go up insurance rates go up. Many carriers are requiring a specific amount of increase in the value of buildings each year, regardless of any increase in fair market value. If we stay with a given carrier we are locked into that carrier's increase. We have renewed our workers' compensation insurance; the State program has the best rates. We have started moving forward making payments for the workers' compensation insurance.

Mr. Knox thinks the \$5,000 deductible on our property insurance is low. He wonders if it makes a difference in rate if we raise the deductible. Secretary Patone will check into a higher deductible and associated savings.

Directors & Officers – Secretary Patone reported that we have two different policies because one will not take Riverbend. She asked the broker how long we should continue to carry the policy on Riverbend. The broker informed Secretary Patone that we still have some uncertainty at Riverbend and the infrastructure is not complete. Commissioners do have the ability to say 'no' and we believe there is no legal reason to keep the coverage, amounting to about \$5,000 per year. Based on her discussion with the insurance group, Secretary Patone recommends continuing with this policy and revisit it every year.

A motion was made to move forward with insurance plans with Insurance Financial Services (IFS). The motion was seconded and approved.

A motion was made to go into executive session at 6:40 p.m.

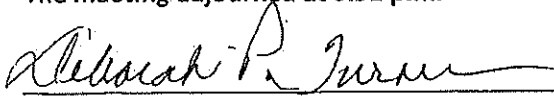
Regular session was reconvened at 6:49 p.m.

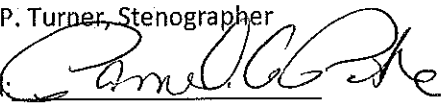
Next Meeting

Commissioners set the next monthly Board meeting to be 11/22/16, 4 p.m., 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 6:51 p.m.


Deborah P. Turner, Stenographer

Approved:  11-22-16
(Minutes transcribed from recording.)

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Water Department Commission Meeting Report

October 24, 2016

Prepared By: Jay Guyer on October 18, 2016

1. Projects

A. Riverbend Subdivision

1. The water system in Riverbend was flushed on October 6th to maintain the required 0.3 ppm of Chlorine Residual.

B. Riverbend Subdivision

1. GM Patone is addressing comments and questions from the Greggo & Ferrara (GF) and Cecil Bank in reference to the agreement outlining the scope of work for the project. GM Patone and Supervisors Blomquist and Guyer met with the residents of Riverbend on Wednesday, October 12th to update them on the activity related to GF developing their 34 lots and communications with Cecil Bank.

C. Seeds of Greatness Church – 828 Frenchtown Road

1. Cirillo Brothers has started working on the sub-grade in OU - 2 preparing it for paving. There has been no other activity on this project.

D. Water Metering

1. Electric Linemen completed meter reads on October 12th and the operators followed up on water check reads as needed for the month. High/low/zero consumption reads were addressed with customers and missed reads collected.
2. Water meters / ERT's that were not being read by the mobile reading system were identified and replacements ordered. 18 installations have been completed and an additional 13 registers and ERTs were ordered and have been received. Installation will be coordinated with our Customer Service Manager.

E. Water Main Distribution System

1. RT – 9 Water Main Project is complete. Supervisor Guyer attended the New Castle County Pre- Construction Meeting on October 18th for the sanitary sewer main replacement project on Clark Street. Supervisor Guyer discussed the existing water main and services and concerns about any potential damage. Reybold Construction was the successful bidder for the County and will contact MSC prior to starting work.

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Water Department Commission Meeting Report

October 24, 2016

Prepared By: Jay Guyer on October 18, 2016

F. Cross Roads Well – Penn Farm

1. Supervisors Guyer and Jaeger have not had an opportunity to work on the Water Allocation Permit Application for DNREC this past month.

G. CPR Construction – 3 New Homes on Meehan Avenue

1. Construction of the last 2 houses continues. Per the contractor, he is working on getting a contractor to install the 2 new water services.

H. Delaware Street Wharf – New Pier

1. MSC Representatives met with City Officials and their Engineer to discuss the water and electric utilities being located on the underside of the pier and our concerns about future maintenance. MSC was not sent the latest set of plans that illustrated access panels to the utilities on the underside of the pier. MSC received the most recent plans and will review them. Supervisors Blomquist and Guyer will coordinate installation of the water and electric services from existing service points along Delaware Street.

I. Battery Park Drainage Improvement Project

1. Supervisor Guyer has not received revised plans from the Trustees Engineer Mr. Matthew Sturgis of Foresite Associates in reference to the drainage pipe and water main conflict resolution.

J. New Castle Foundry Apartments – 7th Street

1. Mr. Eric Mayer's contractor began installation of the 6" water main and 2 - 4" PVC electric conduits across 7th Street for the proposed apartment complex on September 23rd. The 12" water main was tapped and the 6" water main and 2 - 4" PVC electric conduits were installed across the south bound lanes of RT - 9. After numerous issues, the contractor pulled off the job. The excavation was temporarily patched by Cirillo Brothers for safety reasons. Mr. Mayer has contacted several contractors to get the project completed. Supervisor Guyer has kept Del DOT updated on the project status and issues. MSC Assistant Supervisor Jaeger and Operator Granger performed inspection during installation to ensure it was in accordance with our Technical Water Specifications.

K. Riverwalk Apartments – 7th Street

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Water Department Commission Meeting Report

October 24, 2016

Prepared By: Jay Guyer on October 18, 2016

1. Supervisor Guyer has had several conversations with the Project Manager at Pennrose Properties about the water system design and the water supply for the apartment complex. Several sets of incomplete drawings for the water system have been received and the contractor has been advised that complete plans need to be submitted for review. Per City Building Official Jeff Bergstrom, the developer has applied for a building permit and has been advised that a permit will not be issued until the plans are complete. Grading and filling on the site continues with an estimated construction time of 18 months.

L. Wilmington Fibre – Fire Service Vault Replacement

1. Cochran Excavating completed installation of the new vault and all final site grading and restoration has been performed. MSC has not received the backflow preventer certification from the contractor nor final billing from Dave Celli of Wilmington Fiber for the project. MSC has completed final billing for MSC's inspection services for the project and forwarded to the office for processing.

M. City Street Repaving

1. Supervisor Guyer and Assistant Supervisor Jaeger are developing an estimated cost for replacing the water main on 9th Street between Delaware Street and Clayton Street for Capital Project Planning. Supervisor Guyer was contacted by City Engineer Mr. David Athey of AECOM about the water main on Delaware Street in reference to any work that may be necessary prior to the City repaving the street. Supervisor Guyer advised that the main dated back to the 1890's and was evaluated during the 2015 Echologies Water Main assessment and that the main would be evaluated as part of the water main assessment that the MSC is currently preparing for the Capital Budget.

2. Operations

A. Outages, Reporting, and Regulations

1. There were no planned water outages and 1 unplanned water outages for the month of September. The outage report is attached for review.

B. Repairs and Maintenance

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1. Water Operators have been performing routine maintenance on the curb boxes and valve boxes as needed.
2. The contractor working for New Castle County replacing the sewer main on Harmony Street and 6th Street damaged a marked ¾" water service. The contractor completed the repair to the water service with MSC performing inspection to ensure MSC standards were followed.
3. MSC Crew mobilized on Saturday evening, October 15th to repair a broken water main at 121 Casimir Drive in Van Dyke. Water Service to 77 customers was off for 3 hours and 40 minutes while the crew completed the repair. The main was installed overtop of and resting on the 6" Sanitary lateral for the residence which may have contributed to the failure as well as poor backfill material. MSC damaged the 6" sanitary lateral during the repair and contacted New Castle County to complete the repair on Sunday morning. Paving will be scheduled for later this month.
4. MSC Crew mobilized on Tuesday morning, October 18th to repair a broken water main at 9 Juniper Street in Washington Park. Water Service to 42 customers was off for 2 hours and 45 minutes while the crew completed the repair. The main was installed through some type of old concrete footer which may have contributed to the failure as well as poor backfill material. Paving will be scheduled for later this month.
5. MSC has been working with Artesian to test the School Lane Interconnection over the last 2 weeks. They are in the process of performing upgrades to several of their facilities that will be off line for a period of time. They wanted to ensure they could purchase water from MSC if needed. As part of the testing, the 40 HP motor used to pump water to Artesian burned up. The motor was removed by MSC crews and a temporary motor was delivered and set by AC Schultes. The motor is being evaluated for damage and a proposal for complete rebuild by AC Schultes is being developed. As part of this rebuild a budget to convert this motor to be controlled by a VFD Drive and incorporated into SCADA will be developed.

C. Operation & Maintenance Budget, Capital Budget, and Grants

1. The Water Infrastructure Advisory Council Grant administrator Heather Warren will be contacting GM Patone to start working on the \$50,000.00 grant paperwork. Supervisor Guyer will be presenting the results of the Echologics Pipe Assessment to the WIAC Committee during the December Meeting.

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2. GM Patone, Supervisor Guyer, and Assistant Supervisor Jaeger met with Engineers of RK&K on October 13th for a presentation on the components of an Asset Management Program and how MSC can leverage our existing mapping data to develop our plan. RK&K will review MSC's input and develop a proposal including a path forward for presentation. Part of this proposal will include assistance with obtaining the Water Infrastructure Advisory Council \$100,000.00 Asset Management Grant which MSC would plan to use for expanding the current water and electric mapping system abilities.

D. Equipment

1. MSC's 10 year old jumping jack tamp quit running. The unit was delivered to our local Bomag distributor for service. Repairs are pending.

E. Perfluorinated Compounds – PFC Contamination

1. GM Patone is working with the USDA in reference to the Grant. GM Patone and Assistant Supervisor Jaeger met with Jay Jones of USDA and their Engineer on September 21st to perform a final inspection of the Carbon Filtration system. The project was accepted with no corrections required.
2. During testing of the Artesian Interconnection, it was discovered that there is a problem with running more than 820gpm through both Carbon Vessels in series. Supervisor Guyer has been working with Calgon Carbon and AC Schultes on the issue. Everything is being reviewed to determine what might be causing the limitation of 820gpm when the system was designed to be run in series at 1,000gpm. AC Schultes completed pump performance testing on October 7th and the pumps are performing above the design capacity. Supervisor Guyer will contact design engineer Dan Barbato of Pennoni to advise the system is not performing as designed and request his assistance.

F. Water Quality Testing

1. Supervisor Guyer contacted Eurofins Lab requested Eurofins Lab in reference to issuing a Corrective Action Report illustrating the incident, how it occurred, and the steps being taken to prevent it from occurring again in the future. The report was received and forwarded to Office of Drinking Water who accepted it as written. The next round of PFC sampling is scheduled for December 2016.
2. MSC completed our second round of Lead and Copper monitoring. 40 samples were collected and delivered to Eurofins / QC Laboratory for analysis. Results from this round of sampling were received and reviewed. MSC is in compliance with the 90th

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percentile requirements set forth by the US EPA. Letters were drafted and mailed to the Customers who participated on October 13th and the required results and copies of the letters mailed to the Office of Drinking Water for compliance on October 19th.

G. Personnel

1. Water Operators are enrolled in several courses at Del Tech in Georgetown for continuing education hours/credits toward maintaining our licenses.

3. Reporting Agencies

A. WSCC - Water Supply Coordinating Council

1. GM Patone and Supervisor Guyer attended the WSCC Meeting on September 29th. Presentations were made the Delaware Geological Survey Group and the State Climatologist reviewing current conditions and future weather predictions. Water purveyors updated Council on their individual conditions and projects. Council had a lengthy discussion about the current dry conditions, recent precipitation and any actions that may be necessary. WSCC voted to take no action at this time and to evaluate conditions going forward.
2. GM Patone and Supervisor Guyer are waiting for the next Sub-Committee meeting to be scheduled to review current water demands and establish projected demands through 2030.
3. The next meeting is scheduled for January 2017.

B. WRA – Water Resource Agency

1. Supervisor Guyer sends weekly pumping data to Jerry Kauffman of University of Delaware Water Resource Agency (WRA).

C. DEWARN – Delaware Water/Wastewater Agency Response Network

1. The next meeting is scheduled for December 15, 2016.

D. Water Operator Advisory Council Meeting

1. The next meeting is scheduled for November 3, 2016.

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End of Report

Attachments: September 2016 Water Works Report
September 2016 Water Outage Tracking Sheet

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ELECTRIC DEPARTMENT COMMISSION REPORT

October 24, 2016

Prepared by Scott Blomquist on October 17, 2016

1. Projects:

a. Riverbend:

- I. 10/12/16 Management met with the customers living in Riverbend and discussed MSC's interactions with Parkway Gravel and Cecil Bank.

b. 2, 4, and 8 Meehan:

- I. We still have not received the second half of the estimated costs to install the underground to the three houses Rocky DeAscanis is building on Meehan.

c. Riverwalk Apartments:

- I. Electric department received plans for the proposed project. After reviewing the plans, questions and changes were submitted and we are waiting for a response.

d. New Castle Foundry Apartments – 7th Street:

- I. Electric department has had no further communication on this project.

2. Capital Projects:

a. Booker Circle:

- I. The Electric Department has completed the conversion from aerial to underground on this project.
- II. We are in the process of removing the aerial infrastructure from the poles in the rear of the properties.
- III. We still need to go back and restore the concrete and blacktop for the houses on the third and fourth transformers. We plan on finishing restoration after we finish the removal of the aerial.

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b. Loop Feed for Downtown Delaware Street:

- I. We plan to start this project when we have completed Booker Circle. We are in the process of gathering materials for this project.

c. Wharf Pier:

- I. The Water and Electric Departments will work together to install services to the location on the Wharf designated as a demarcation point. Supervisor Guyer and Assistant Supervisor Granger met with the engineers for this project. They plan to still install under the pier.

d. Solar Portal:

- I. We plan to install an online portal to view the solar production at the School Lane Solar Array. We are able to use green energy funds to fund the install and the monthly costs. To connect the solar array we need a wireless card and a network adaptor. The cost for the adaptor is around \$100.00 and the wireless card is \$40.00 a month. Supervisor Blomquist will work with Schneider Electric to get the array connected to their online site. At this time we don't believe there are any ongoing costs associated with Schneider Electric.

3. Capital Purchases:

a. T-2 Bucket Truck:

- I. T-2 was sent up to Terex to get the 5 year PM performed on it. We are waiting for Terex to complete the work.
- II. The replacement bucket truck for T-2 is estimated to cost around \$155,000.00. This includes painting, lettering, lights, and the tools needed to get the truck operational. We are asking for approval to move forward with the purchase.

4. Operations:

a. Outages :

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1. There have been no outages over the last month.
2. 10/1/15 – 10/1/16

SAIDI (minutes)	SAIFI (number of interruptions)	CAIDI (minutes)	ASAI (percent)
19.8	0.133	149	99.9962

S

SAIDI - is the average outage duration for each customer served.

SAIFI - is the average number of interruptions that a customer would experience.

CAIDI - gives the average outage duration that any given customer would experience.

ASAI - is the Average Service Availability Index.

5. Repairs and Maintenance:

a. System:

i. Vandyke Village:

- i. This project has been put on the capital schedule FYE 2019 through FYE 2021. We plan to use this year to go over the design and communicate with the customers in Vandyke.

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b. Wilmington Road Substation:

- I. There is nothing to update for this location.

c. Dobbinsville Substation:

- I. There is nothing to update for this location.

d. Metering:

- I. Knotts and the Fire house are getting the correct reads from the new 60 hertz meters. We are running them in parallel to get an idea how to correct the billing on the 50 hertz meters.