

Municipal Services Commission
Monthly Meeting
August 24, 2017, 4 p.m.
216 Chestnut Street
New Castle, Delaware

The meeting was called to order at 4 p.m. with Dr. Roy Sippel, Commissioner, presiding.

Present: Dr. Roy J. Sippel, Commissioner, President
Daniel F. Knox, Commissioner
Hickman Rowland, Commissioner
Pamela A. Patone, Secretary

Staff in Attendance: Mary Jane Stubbs, Treasurer; Scott Blomquist, Supervisor, Electric Department; Jay Guyer, Supervisor, Water Department

Pension Presentation – Doug Johnson (*by phone*) and Jason Denton of Summit Financial will talk about pension valuation that includes actuarial work, high-level points for the pension from an actuarial standpoint, and investments for pension assets. Peter Manning, CPA will speak about bond investment performance and the 457 Plan.

Jason Denton reported there was little change with results of the annual valuation report for the pension plan (Plan). Results of annual work highlights:

- Actual contribution amounts calculated from year to year – the amount was down about \$8,000 in 2017 from 2016. We enjoyed a good asset return year with close to an 11% return during the Plan year 2016-2017. This narrows the funding gap needed to contribute to the Plan once people retire and receive their benefits. Mr. Denton said that one retiree passed away during the Plan year. There were no changes on Plan design this year. Last year we increased the maximum benefit allowed from the Plan from \$3,200/month to \$3,600/month. Additionally, we froze the Plan to new participants.
- Brief summary of Plan participants – There are 17 active employees; the number will not increase. These 17 will either retire or terminate. Most of them have vested benefits to the Plan meaning they have earned the right to receive the benefit they have earned. Of those, as of 4/1/17 five employees have not worked five full years under the Plan, which is the limit to become 100% vested. Three of those five employees will mark five years of service during this Plan year, one has a little over three years service and one has 2-1/2 years of service. Only a couple employees who leave now will not receive a benefit from the Plan; all others will receive a guaranteed benefit that is yet to be determined. As we move forward the group will increase in age and more people will receive benefits from the Plan. Assets of the Plan declined from 2015 to 2016—a return of negative 2%. From a funding standpoint we were about 75% funded two years ago. That number dropped a little under 70% with a decline in assets and increase in maximum benefits. We should see the funding percentage continue to increase, barring significant negative years on assets or benefit increases.

Secretary Patone questioned the note about mortality rates resulting in a slight increase in funding and if that is expected to continue. Mr. Denton said every year they strive to make sure they are using the most up-to-date mortality tables when valuing benefits and liability. Each year the IRS releases new updated tables and Summit's practice has been to revise mortality assumptions to whatever the current table reflects. It is minimal from year to year. Using the new table it was a minimal change – 2/10s of 1% liability. Mr. Denton said the IRS has informed they will revise the data they are using to base their tables and expect to see a larger increase in liability when we move to the next round of IRS tables, possibly in 2018 or 2019. We may see an increase in liability of around 3% to 4% in 2018.

Mr. Knox noted we are about 76% funded. He asked what our target is for funding. Mr. Denton responded that actual funding of the plan is based on getting your plan 100% funded on a future benefits basis by the time your employees reach retirement age. When we include the value of future service that employees have not yet worked, but are expected to work between now and when they retire, if we look at the value of benefits we expect them to earn by the time they retire on that basis you are 47.1% funded. The funding you put in each year is intended to get that 47.1% up to 100% by the time your average employee retires. Secretary Patone reminded that commissioners voted earlier this year to add an additional \$50,000 to funding so even though the schedule reads \$204,642 we are actually paying out \$21,167 monthly into this fiscal year and we should see this jump up to 80-85%. This is standard in other areas and, therefore, the commissioners decided to add the funds. Assuming investments continue performing as they have been we may see this percentage closer to 85% in next year's report. Mr. Denton concurred and said the goal is always to get up to 100% funding to pay all benefits for the rest of the retirees' lives.

Secretary Patone said we needed to book \$1.1 million last year as unfunded liability. That has reduced to \$890,000 this past year because of investment performance and we expect that to be reduced and come off the balance sheet when we are more funded. Mr. Denton stated the government accounting standards were expanded in the last few years to incorporate the actual dollar value of the difference between liability and assets and now require municipalities to record that dollar difference between assets and liability.

Mr. Johnson gave a summary of the Plan to the end of 2016. The portfolio had an approximate 8% return. The account value is about \$2.7 million. Mr. Johnson spoke about the performance of various mutual funds within the portfolio. He noted a couple of high level funds, namely Goldman Sachs Commodity Strategy, Vanguard Precious Metals and Mining, and the U.S. Domestic Asset Class. The portfolio performed well in all the core funds within the portfolio. International markets are starting to outperform domestic markets in the U.S. in market returns and overall growth in the economy. Because of this, Summit may look at increasing exposure to the international markets.

Fiduciary Series Report – Mr. Johnson reported that Summit uses the Fiduciary Series Report to evaluate mutual funds and their benchmarks. This is not the only system used when evaluating funds for the Defined Pension Plan. The Morningstar Style Box helps to educate clients on how mutual funds complement one another and the subject portfolio.

Allocation – Summit's objective is to make sure the portfolio is diversified capturing upside potential areas and protect for the downside.

Current allocation – Mr. Johnson said the portfolio is 30% invested in large U.S. companies, 13% in mid-cap blend, 6% towards small cap portfolio, and 11% in International funds. The represents a total of 60% of stock exposure. Summit used a mix of passive indexes and actively managed fund strategies on the equity side. Specialty funds are comprised of 3% real estate funds managed by Vanguard; 1% managed by Vanguard Precious Metals and Mining, and 1% managed by Goldman Sachs Commodity Strategy. The overall portfolio allocation is 65% bonds and 35% fixed income.

Mr. Denton noted changes to discuss based on a possible allocation change. Noting that U.S. stocks are more expensive than International funds, Summit suggested increasing our allocation to the international portfolio from 11% to 14%. They suggest reallocating the specialty funds by decreasing real estate from 3% to 2%, eliminate 1% investment in Vanguard Precious Metals and Mining and 1% in

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Goldman Sachs Commodity Strategy and reallocate that 3% to American Funds and Euro-Pacific Growth, increasing from 3% to 6%.

Mr. Johnson said the overall allocation of 65%/35% risk can be changed at any time. If we saw an economic event on the horizon we would likely recommend less risk. He believes we are well positioned for the goals of the Plan at this time. The decision should be revisited annually.

Mr. Johnson gave an overview of the Plan and costs for fiduciary, investment advisory and consulting work. He said the fee is 30 basis points of plan assets; actuarial work is \$6,000. One consideration is the 457 Plan that is with Nationwide. He informed that Nationwide looks at group pricing on combined pricing arrangements for multiple plans with an organization. Summit can help with an analysis to see what the benefit currently looks like and what it may look like if pricing were combined for the 457 Plan. Secretary Patone agreed and will follow up with Summit after the meeting. She estimated that 30 basis points is about \$8,400 and 20 basis points is roughly about \$5,600. Total costs associated are about \$20,000. She added there were changes this year that we need to begin reflecting separately.

Mr. Johnson agreed saying that fee-based services are part of the 30 basis points. It is different because it is a Defined Benefit Pension Plan that does not get reflected to employees like a traditional 401k Plan or 457 Plan. It would be reflected from a fee-based standpoint at a Plan level on the statement. The change is more reflective of Summit's 401k Plan work.

Secretary Patone said the MSC established a 401a Plan last quarter. We froze the defined benefit plan and employer contributions could not go into a 457 Plan. Employees contribute to the 457 Plan and the employer contributes to the 401a Plan for new employees. She reported the 401a Plan is also with Nationwide. Mr. Johnson informed that Summit can help with pricing with Nationwide. They have a similar arrangement with other clients who have a Defined Benefit Pension Plan, a 457 Plan for employee contributions, and 401a Plans for defined benefit plans that may be frozen. From a plan design perspective Mr. Johnson believes this is what MSC should be doing.

Commissioners will review recommendations made by Summit Financial. There were no questions about Plan costs from Commissioners.

Peter Manning, CPA spoke about the portfolio's fixed account. He reported the account is up about 2.75% through the most recent period ending 8/14/17.

Fixed Income Investment Review – The monitoring system in place is to ensure good quality funds are part of the investment. The monitoring system uses a 0-100 scoring system with 60 and above considered to be passing. All four funds in the fixed account rate 90 or above.

Risk Reward – Four funds are being used and Summit is thinking about moving funds with some of the funds, thus removing some risk. They recommend Oppenheimer that provides protection against rising interest rates and reduces risk. Secretary Patone asked if Summit is suggesting that short-term potential will fall off. Mr. Manning said this fund was good protection against high-rising interest rates. They believe interest rates will rise at a slower rate. Secretary Patone asked if the percentages in other areas will change because of Prudential going away and if there is anything she should be watching for. Mr. Manning will work with her to develop an overall strategy. He said they are targeting a 3% to 5% return for a fixed income component. Mr. Manning wonders if we want to direct some of the monies to reduce

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liability, suggesting it might be a better use of our funds. Further, Mr. Manning said it is good for him to know our decision so he is matching up the appropriate risk level with the investments in the portfolio.

Secretary Patone said it is a good time to discuss; they put the funds aside knowing they had enough cash flow to handle capital projects. MSC just finished a significant water project. She said their cash reserve target is about \$2.7 million and we have had \$3.3 million the last couple of years. Our cash is currently at about \$2.7 million.

Secretary Patone indicated the need to do a projection on our cash flow to make a decision on short-term investments because we anticipated this might be about the time we would liquidate. We need to look at them over the next month and come back to the Commissioners with a recommendation to liquidate the portfolio and use for pension funding or another purpose and/or make the recommendation to keep it invested. She will reach out to Mr. Manning in the next month with any questions and then finalize. Mr. Manning noted that for a short-term timeframe he would like to see us continue with a 20/40/40 strategy put in place. Sometimes there is a lack of liquidity floating rate that could have a sharp decrease in the value of the bond portfolio. He said we have been rewarded with an 8% return over some period, but he does not think the risk ratio is as favorable going forward.

President Sippel stated that decisions made in Washington, D.C. have an impact on the markets. He believes we should be cautious. Further, President Sippel said that one of the things we are able to see is the cost of producing electricity. Costs have come down because of decisions we are making. The oil situation and fracking is not going to be advantageous in the near term. He believes we should be careful with investing in natural gas, oil and nuclear over the next 3-5 years. Mr. Manning recognizes the need to reduce commodity exposure. He said there is the expectation of some kind of tax reform by the end of the year. If it does not happen Mr. Manning thinks it will adversely affect the markets. He does not expect a rate hike in September; economists project a rate hike more likely in December. Interest rates will increase slowly at that point.

(Messrs. Denton, Johnson and Manning were thanked and excused from the meeting.)

Minutes – Corrections was noted. A motion was made and seconded to approve the amended minutes of the 7/27/17 monthly meeting. The motion was seconded and approved.

A motion was made and seconded to approve the minutes of the 7/27/17 executive session. The motion was seconded and approved.

Treasurer's Report – Treasurer Stubbs reporting

Treasurer Stubbs reported a total operating cash balance of \$1,638,608.14. PNC escrow and meter deposit total in the amount of \$841,784.34. Total cash balance is \$2,480,392.48. Total investments are \$1,095,881.75. Treasurer Stubbs reported that bank statements were reviewed by Accounting/Customer Service Manager Tara French. Ms. French's questions were answered satisfactorily by Treasurer Stubbs. The checkbook register is attached to her report.

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

Accounting and Customer Service Report – Secretary Patone reporting

Ms. French was unable to attend the meeting. Secretary Patone said Ms. French has been spending a lot of time with the software conversion, getting the utility billing set up. Her report was distributed to Commissioners. They are in the process of setting up new reports for all the agencies and creating

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reports in billing. Secretary Patone is training Courtney Bublitz on all the month-end reports and month-end journal entries. She reported the billing went out on time this month.

Billing – President Sippel questioned a note on the recent billing indicating “if you use online bill paying you would need to re-enroll.” Secretary Patone indicated last month she might be approaching Commissioners about making a switch from PNC to Tyler Technologies. She said we are struggling with getting our online bill paying to work with the new software. Secretary Patone is trying to determine what might be related to PNC Payer Express and what Tyler Technologies is not able to do. She noted challenges with PNC Payer Express capabilities. We understood everyone would need to re-enroll after this month’s bills if they were already set up on PNC Payer Express for online bill paying and a note was included with this month’s billing. We had a problem with account numbers not matching up with over one-third of the accounts. Secretary Patone shut down the site last night once she learned of the problem to avoid customers accessing incorrect information. She received an email informing that those customers should be set up after this meeting. She now believes that customers will not need to re-enroll, that PNC information provided to her was incorrect. Secretary Patone and Ms. French will be looking into the problem.

Secretary Patone asked for approval to move forward with Tyler Technologies if they are deemed to be a more appropriate approach. She has received quotes on two areas she wants Commissioners to consider tonight. She wants to research Tyler Technologies more before making a decision.

President Sippel noted there is one group of customers who use online bill paying and another group who have automatic payments. He asked if they will be kept in one group or separately. Secretary Patone explained that those customers with automatic withdrawal would be someone who may have submitted to us their check and want us to pull from their account, but online bill payment are those customers who authorize payments to be removed from their account. Secretary Patone informed that the system we currently have with PNC Payer Express only gives us a summarized version of the bill. We are still required to send the paper copy so customers can see the detail of their electric usage. We would incur more cost if we wanted to go to a more advanced system with PNC Payer Express. Another email will be sent when the online bill paying feature is ready to use again.

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

Mr. Blomquist likes the new software. His department handles technical questions the Customer Service Department is unable to address for residential and commercial customers. The majority of residential inquiries go through the Customer Service Department first. At times a service order is warranted and his department handles the issue.

Secretary Patone said that call volume has increased during the summer, which is typical. Secretary Patone noted that meters were read on the 14th last month instead of the 12th meaning there were 32 days in the billing cycle. In addition, temperatures were higher and we try to break down customer’s usage to help them understand their bill. The current software does not have enough history for a bar chart showing usage patterns.

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

Mr. Guyer was made aware of an issue with a website for Environmental Working Group (EWG) that has compiled information on water systems and put it on a public website. After reviewing the information,

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Mr. Guyer said they report on lower reporting limits which are inaccurate for what the EPA has, our water system shows we purchase all our water from Artesian Water and we have all of Artesian Water's contaminants listed under our water system. Tom Coleman of the City of Newark notified Mr. Guyer about the website. The City of Newark, Artesian Water and United water have discussed the website and inaccurate information. Mr. Guyer also spoke with Keith Mensch, Program Administrator at the Office of Drinking Water about the website. In conclusion, Mr. Guyer said we could try to have EWG correct the information, but he has not reached out to them. No phone calls have been received referencing the incorrect information. Secretary Patone clarified this is a different website than the law firm website issue previously discussed.

Repairs and Maintenance for the Calgon Carbon System -- Test results for the carbon acceptance canister were received and revealed mercury levels exceeding what Calgon Carbon (Calgon) could use the carbon for meaning they cannot regenerate the carbon and use for their process. Calgon will dispose of the carbon. Consequently, the virgin carbon delivery will cost \$2,400 more, or \$31,400 as opposed to \$29,000. Mr. Guyer said our last Phase 2 and Phase 5 tests on the R-3 well (2006, 2007 and 2008) registered a non-detect of mercury. Calgon thinks the accumulative effect of the water continuously running over the carbon pulling the mercury out, even though it is low, is accumulating on the carbon. The carbon will be disposed of in a landfill.

Mr. Knox asked if MSC tests our water for mercury before it enters the filtration system and whether it registered as detected or non-detected. Mr. Guyer said it is non-detected; they go as low as parts per trillion. He informed he has been in communication with Dan Barbado, the designer of the system, who has provided guidance and ideas. He also spoke to Calgon about their testing process and how it is done, and he has spoken to our lab. Mr. Guyer informed we sent some carbon left over from our carbon acceptance canister to QC Labs to test for mercury. The cost is \$21.50; the sample was dropped off today. It will take about ten (10) days to get the results. This will give us a benchmark to compare with Calgon's reading of 2.1 milligrams per kilogram, or 2.1 parts per million. Calgon's minimum is 1.4 parts per million before being labeled as hazardous waste. There is a federal register mandating what they can and cannot use.

Mr. Knox asked if Artesian Water has experienced this problem. Mr. Guyer stated they have had some chemicals appear, but not mercury. They are still waiting for the results from their carbon acceptance canister. Dan Barbado of Pennoni Associates, Inc. informed that we will see things show up in the water that never showed up before. They do a lot of testing for the VOC's that are removed by the aerator, if any are detected. This carbon was from the temporary system used for 11 months and run in a fashion that was pre-aeration as opposed to post-aeration. Mr. Guyer does not think we will get good data until we run the second batch.

New Software – Mr. Guyer is pleased with the new software noting the amount of information available to his department. Secretary Patone has set up the software to allow the department access for reporting and look at GL accounts for their budget. She added they are getting involved with the work order module and are actively involved with the inventory module.

Mr. Knox mentioned the \$1.45 million the Department of Natural Resources and Environmental Control has been awarded for environmental projects from Volkswagen resulting from federal litigation related to diesel engines that Volkswagen advertised as meeting federal regulations. (*The \$9 million settlement involved 10 states.*) MSC is hoping to secure a grant from those funds for a dump truck and forklift; however, the threshold for a forklift is over 8,000 lbs. MSC's forklift is less than 8,000 lbs. The grant

provides 100% funding. There are specific requirements connected to this award that must be met. Mr. Guyer is hoping to get the dump truck funded; however, whatever is replaced must be disposed of. Mr. Guyer suggested they could possibly look at a trailer-mounted TMA, if we are successful with the grant.

President Sippel asked about the procedure used when the fire department (and other groups) tests their equipment using fire hydrants at the end of Second Street. He said the fire company ties up at a fire hydrant and wonders if MSC is aware they are there. Mr. Guyer said typically his department is notified, but this does not always happen. He said that State Fire Prevention regulations require that when a fire department utilizes a fire hydrant for any purpose (training, fire suppression) that they notify the water company they have used the hydrant so we can inspect the hydrant and ensure it is ready for service. Mr. Guyer will remind Chief Stockman.

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

Financial Report Executive Summary – Secretary Patone reporting

(For the period ending 7/31/17)

Secretary Patone is in the process of training the new accountant, Courtney Bublitz. Secretary Patone showed Commissioners an example of financial statements she will provide in the future. We are close to being caught up with our depreciation, but there are journal entries missing. The format for the balance sheet is similar. The budget report will be different. The report will be very standard for municipal government entities showing original budget, current year-to-date budget, period activity, fiscal activity and variances. The first sheet is the summary showing revenues and expenses. Secretary Patone reported we are about on target with the budget; over in revenues expected because of the summer months. Expenses are slightly lower than budgeted at this point. We budgeted a \$74,000 deficit for the whole year. Last year and this year we budgeted for small deficits that adds to the reduction in cash balances. The current year-to-date budget shows a negative \$24,000. She believes we are close and on target. By the end of September we will have six months of data and have a better idea of our financial position.

Secretary Patone noted there is a lot of detail in the new report. She may explore the software to get a better summary of expenses and revenue out of the software. Using "Subtotal Expenses by Categories" is one possibility.

Secretary's Report – Secretary Patone reporting

President Sippel and Secretary Patone attended the DEMEC monthly meeting on 8/15/17. Four (4) resolutions were approved acknowledging four (4) Board members who left over the past year. They will be honored in September at the DEMEC annual meeting.

Audit Committee Meeting – Secretary Patone presented as chair of the committee. Financial statements through 6/30/17 were discussed. She reported that generation is down, largely because Beasley has not been called upon because it is a peaking unit. President Pat McCullar anticipated that Beasley may get called upon more in the fall because units running throughout the summer may go into maintenance. Overall it is expected that generation revenues will be down, which is expected during the summer. The committee is reviewing the charter. They anticipate reviewing and updating the charter every five (5) years on a routine basis. Secretary Patone said that auditors will be coming earlier this year. A preliminary meeting with the auditors is to take place in October. They will come onsite and do

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preliminary field work at that time. The audit will be done by Baker Tilley. We are pleased with their work and have renewed with them for another five years.

City of Seaford and City Milford AMI Project – Secretary Patone reported that we are pursuing a high-level estimate to go with the AMI. Our electric and water meters are over 10 years old. We have seen some failing on water meters. She said now is an appropriate time to switch AMR to AMI. Once we get quotes for hours she expects they will return to Commissioners as part of a capital project to pursue.

Secretary Patone reported that Seaford and Milford are going through AMP because they will have all the back office big data managed by AMP. As we talk with other groups who are considering having that data managed at AMP, it may be good for the City of New Castle as well. Seaford and Milford are similar in size to New Castle. Seaford's budget was about \$1.2m for their whole AMI project that includes AMI, networking and infrastructure needed to be put in place for their AMI project.

Seaford and Milford expect their meters will be installed by the end of December and customer portals showing their activity will be accessible. Costs include a contractor installing the meters. Secretary Patone stated when we did AMR it was discussed whether staff should do the install, but it extends over a longer time and we do not implement fast enough. And, there was a lot of follow up with our staff regarding water meters because gaining access to basements was a problem. We decided it was best to go with the contractor to do the initial work and we would do the follow up.

Energy Efficiency Program – Secretary Patone reported that four of the municipals still have not committed either way. DEMEC staff is wondering whether to start with the five who have committed. President Sippel finds it interesting that the four who have not yet participated are still having the 90 cents taken out and put into an account of some type. Secretary Patone said we all voted as a board to start taking the fee out in January 2017 and to put it in the reserve. If we decided to participate in the Energy Efficiency Program we would use that money as seed money for the project. If the decision is made not to participate, the question is what we are doing with those funds -- do they go into a reserve or back to the municipalities. At this last meeting DEMEC staff indicated they would try to engage the four municipalities once more. Delmarva Power and Delaware Electric Cooperative are doing something to indicate to the state that there are programs related to energy efficiency. Secretary Patone anticipates they may still come onboard and we can take the step together.

DEMEC staff informed that Scott Lynch has contracted with an outside party to evaluate the LED Street Light Program that took place over the last five years. About five municipalities participated in purchasing large amounts of LED street lighting and installed them. The analysis indicated they were able to measure the success and the payback was an average of six years for the communities. Some municipalities were longer because they wanted more decorative lighting, such as in historic areas. The City of Dover is an example. Not all the lights are installed. Estimated labor costs for installation was included. We do not have a paper copy of the report to date.

President Sippel believes the program is a good one. Secretary Patone said the City of New Castle did not move forward with LED lights in the city, but we did some test sites to see if customers had any concerns. She noted that if the Energy Efficiency Program gets implemented the City of New Castle might participate.

Public Relations – After the last strategic plan by DEMEC it was decided that public relations (PR) needed to be part of DEMEC's goals. Heather Contant, Communications Specialist at DEMEC, presented to

the Board having billboards put up in communities during the month of October for Public Power Week. She proposed that signage would have our own logo and picture of our Electric Department personnel on the billboard. The board liked the idea for the short-term period during October to remind communities they are public power communities. This is a low-cost project. Secretary Patone said Ms. Contant needed a design from us, which was shown to Commissioners. Other communities are participating as well. We have put an insert in our bills about public power and what it means. Going forward, Ms. Contant plans to get involved with local schools sharing electric safety with children. The cost will be borne by DEMEC and not the communities. Secretary Patone welcomed input from Commissioners.

Secretary Patone reported the Town of Smyrna recently had a couple of their linemen get injured. They decided to have some refresher safety training for their staff and approached DEMEC to see if they could put together a program to be offered locally rather than going out of state. DEMEC has been approached about this in the past. They have discussed getting land and putting up a training building. The Board suggested pursuing an existing building and put up a pole or two for training. Secretary Patone said that MSC would be interested in sending our linemen to refresher or introductory training nearby, but we would rather rent a facility.

President Sippel suggested that voting rights language in the DEMEC charter be changed/deleted now rather than wait until after the City of Dover joins. Under current language the City of Dover would have overwhelming power when voting on issues. Addressing this issue now would be wise. President Sippel said they would take this concern to President McCullar before any action on the City of Dover takes place. Commissioners were in agreement.

President Sippel reported that programming for monthly meetings will be changing. Committees will meet from 9 a.m. to 10 a.m. before the regular meeting. It is a good use of time and will keep people engaged.

Old Business

Non-profit Services Update – Secretary Patone has not met with Mike Marinelli of the Trustees of the New Castle Common, but will be doing so in the near future.

Well Ordinance Revision – Secretary Patone and Mr. Guyer met with the City and we expect to hear back from City Administrator Bill Barthel in the next month.

President Sippel mentioned the New Castle Senior Center is struggling financially. They have submitted a request to the MSC to reconsider our decision to begin charging nonprofits for utility service effective 1/1/18. Secretary Patone had responded to the request by providing a copy of the Cost of Service Consultant recommendation regarding free service policies.

New Business

Tyler Technologies Online Bill Paying – Secretary Patone provided a utility account management summary, specifically automatic bill paying with the option to pay with a credit card. There are costs associated with using a credit card. We received a quote for \$2,336 that has some recurring fees associated. It is recorded as bank fees. Secretary Patone said that PNC is comparable. She will do a closer analysis between PNC and Tyler Technologies (Tyler) and review it in detail with Ms. French. Secretary Patone believes it is beneficial having an integrated system flowing from our software rather than having a middle translation. To that end there may be some positives by going with Tyler.

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Secretary Patone would like the ability to move forward if we deem this module to be the best route rather than wait another month. It does not impact the auto-pay feature.

Accounts Receivable (AR) Module -- Secretary Patone informed the Commissioners that this module was not included in her initial request because she wanted to see if we could accomplish the what we need through the billing software. We purchased an AR Module with our old software and found it to be cost effective. After working with the new software we believe it would be beneficial to purchase the AR Module and she presented a quote for \$7,000. The offices work is being impacted by not having the appropriate AR Module. The AR Module is more professional and allows us to send out statements, send bills to insurance companies when there is a claim, handle property tax bills and invoicing for the associated postage and more. Secretary Patone stated they handle a couple dozen of these items each month and work is backing up. She requested a vote to approve the purchase of the AR Module.

A motion was made to proceed with the purchase of the Accounts Receivable Module at a cost of \$7,000. The motion was seconded and approved.

Increase in cost of carbon -- A motion was made to approve the additional cost of \$2,400 for virgin carbon and disposal of the waste. The motion was seconded and approved.

Next Meeting

Commissioners set the next monthly Board meeting to be 9/21/17, 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 was adjourned at 6:08 p.m.

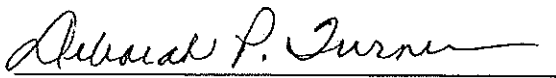
Reconvening of Regular Session

Commissioners agreed to reconvene to regular session to address recommendations made by Summit Financial earlier in the meeting.

A motion was made to approve recommendations by Summit Financial for their investment of the pension and fixed income (sell short-term Prudential investment and enter a long-term investment) investment allocation changes. The motion was seconded and approved.

Adjournment

A motion was made and seconded to adjourn the meeting. The motion was approved and the meeting was adjourned at 6:10 p.m.


Deborah P. Turner, Stenographer

Approved: 
(Minutes transcribed from recording.)

MUNICIPAL SERVICES COMMISSION

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Water Department Commission Meeting Report

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Prepared By: Jay Guyer on August 17, 2017

1. Projects

A. Riverbend Subdivision

1. The water system in Riverbend was flushed on August 7th and 16th to maintain the required 0.3 ppm of Chlorine Residual.

B. Water Metering

1. Meter reading was completed on August 14th by the Linemen. Water Operators followed up on water check reads as needed and high/low/zero reads were addressed.

C. Penn Farm 2" Water Service Installation

1. Supervisor Guyer and Assistant Supervisor Jaeger met with Trustee Clayton to discuss the Trustees request for MSC to install a new 2" water service from the new 4" main to the 2 hoop houses in the back field by the treatment facility. Supervisor Guyer prepared an estimated cost of \$4,224.87 and forwarded to Trustee Clayton for approval.

D. Cross Roads Well – Penn Farm

1. Supervisor Guyer and Assistant Supervisor Jaeger have not had an opportunity to work on the allocation permit.

E. Riverwalk Apartments – 7th Street

1. Construction at the site continues with pile driving and digging / pouring of footers and foundations, and erection of the walls for Building A.

F. City Street Repaving

1. Supervisor Guyer has not received any additional communication from the City Building Official or City Engineer in reference to this year's Street Repaving program and timing for when work will start.
2. Supervisor Guyer advised City Building Official Jeff Bergstrom the water main and service adjustment on 9th Street were completed on July 13th. MSC temporary Paving was completed August 3rd.

MUNICIPAL SERVICES COMMISSION

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Water Department Commission Meeting Report

August 24, 2017

Prepared By: Jay Guyer on August 17, 2017

G. Cleaning and Lining Projects

1. The cleaning and lining projects are complete. Supervisor Guyer is working with GM Patone to review the total cost of the project.
2. Supervisors Guyer and Jaeger will perform a final walk through of the projects and schedule a meter survey. Assistant Supervisor Jaeger updated the mapping system with as-built information.
3. Secretary Patone has reached out to the residents of Dobbinsville in reference to the 4 trees that were removed for the project and requested their input on the location of the 8 replacement trees the Commission agreed to plant.

H. Clark Street Water Main Installation – 600 Block

1. During the repaving, the 2" service at 6th and Clark Street developed a leak which was repaired by MSC Water Operators. Blacktop restoration was completed on August 13th.

I. 9th Street Water Main Installation – Delaware to Tremont Street

1. MSC Operators completed the main and service installation on July 28th. Temporary paving was completed on August 3rd. City Building Official Jeff Bergstrom was notified MSC completed the water main and temporary paving on August 7th.

J. Verizon Cell Tower at 100 Municipal Boulevard

1. Supervisor Guyer followed up with City Building Official Jeff Bergstrom in reference to proper site restoration being completed. Mr. Bergstrom requested MSC provide a quote to complete the restoration and he will forward to the contractor.

K. 807 Washington Street

1. Assistant Supervisor Jaeger observed the 4" water main installation which was completed in accordance with MSC Technical Water Specifications. Final billing was completed and forwarded to the main office on August 4th.

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2. Operations

A. Outages, Reporting, and Regulations

1. There were 3 planned and no unplanned outages for the month of July. The outage report is attached for review.
2. Supervisor Guyer was made aware of a web site hosted by an organization named the Environmental Working Group (EWG) which is reporting incorrect information about our water systems in Delaware. The article appeared in the July 27th edition of the News Journal about the EWG website. Supervisor Guyer reviewed the web site noting the inaccurate information and is following up with the Office of Drinking Water for guidance. MSC has not received any calls or inquiries about the web site or information.

B. Repairs and Maintenance

1. Supervisor Guyer contacted Calgon Carbon in reference to preparations for a carbon exchange. The test results from the carbon acceptance canister were received and illustrated the Mercury levels were above the acceptable limit for regeneration. Although MSC's raw water from our 3 production wells had a non-detect result for Mercury, Calgon Corp indicated that the cumulative effect of the 420 million gallons of water that have passed through the carbon filtration system has caused the Mercury level to be in exceedance. They have observed this same condition at other water utilities located in the North East. They requested the cost for Virgin Carbon and landfill disposal of the existing carbon to be \$31,400.00 which is \$2,400.00 more than the original quote. Note: Need approval for the increased cost due to disposal.

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

1. Water Infrastructure Advisory Council (WIAC) Grant Administrator Heather Warren has been kept up to date on the 3M Cleaning and Lining projects. Supervisor Guyer will follow up with GM Patone and Ms. Warren on the Grant reimbursement.
2. Supervisor Guyer and Assistant Supervisor Jaeger will review the 4 proposals received from engineering firms and make a recommendation to the Commissioners on which one the MSC should move forward with to assist in obtaining the grant and developing our Asset Management Program.

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3. Supervisor Guyer and Supervisor Blomquist have received information related to an Environmental Mitigation Trust that was established between the US EPA and Volkswagen. Delaware received \$9,000,000.00 which will be administered by DNREC. Supervisor Guyer is working on obtaining additional information about the grant qualifications and costs for a new dump truck and fork lift to replace our 1995 Dump Truck and 1986 Clark Fork Lift Truck.

D. Equipment

1. The washer and dryer have been purchased and installed at the Utility Building. These items were on the approved O & M Budget.
2. 3 Utility Trucks and the Office van all received vehicle recalls for defective parts. Work on the 3 utility trucks has been completed and the van is scheduled.

E. Water System Mapping

1. Assistant Supervisor Jaeger worked on the mapping system during the past month updating information from the cleaning and lining projects and the water main installation on Clark Street.

F. Personnel

1. Supervisors and the Facility Person have started using the new Tyler Incode Software for billing/account inquires and PO and inventory management. Issues are being identified and worked through with procedures and additional training. Secretary Patone and Supervisor's Guyer and Blomquist have met several times to discuss the Work Order Module.

G. DNREC Letter Reference Private Wells

1. Secretary Patone and Supervisor Guyer reviewed comments from the City Attorney on the Draft Private Well Ordinance presented for Councils consideration. Secretary Patone and Supervisor Guyer met with the City Administrator and Attorney to review the comments and provide responses. They plan to present it to Council at the September meeting as the first / second reading and then a third / final reading and Council vote at the October meeting. The City Administrator will follow up with Secretary Patone.

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H. City National Pollutant Discharge Elimination System (NPDES)

1. MSC Personnel attended (NPDES) training hosted by the City. The purpose of the training was to raise awareness about water that is discharged on the ground during our normal operations such as hydrant flushing, dewatering a trench, or vehicle washing. The Supervisors have started working on a list of items to be addressed and will plan a meeting with the City Building Official Jeff Bergstrom to review. A final list of items will be created including proposed solutions and a budget developed to address them.

3. Reporting Agencies

A. WSCC - Water Supply Coordinating Council

1. The WSCC continues to monitor water conditions in Northern Delaware. Stefanie Baxter of DGS sends weekly updates on water conditions. No conference calls with the water purveyors are currently scheduled.
2. The next WSCC meeting is scheduled for October 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 September 21, 2017.

D. Water Operator Advisory Council Meeting

1. The next meeting is scheduled for September 7, 2017.

End of Report

Attachments: July 2017 Water Works Report
July 2017 Water Outage Tracking Sheet

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ELECTRIC DEPARTMENT COMMISSION REPORT

August 24, 2017

Prepared by Scott Blomquist on August 17, 2017

1. Projects:

a. Riverwalk Apartments:

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

b. 200 and 202 W 9th St:

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

2. Operations:

a. Outages :

I. We had 2 outages over the last month.

i. The first was on 8/14/17 at 602 W 14th Street. 1 Customer was affected. The outage was caused by a squirrel.

ii. The Second was on 8/15 in Vandyke Village. 65 Customers were affected. The outage was caused by a tree branch on the primary.

2. 08/1/16 – 08/1/17

SAIDI (minutes)	SAIFI (number of interruptions)	CAIDI (minutes)	ASAI (percent)
55	1	55	99.99

S

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

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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.

3. Repairs and Maintenance:

a. System:

I. Vandyke Village:

- i. This project has been put on the capital schedule FYE 2019 through FYE 2021. We continue to develop a plan for review and approval.

II. Meter Reads:

- i. The electric crew performed the meter reads this month. Missed reads were collected by both departments. We are still working through some issues with the reading process.

III. Tree Trimming:

- i. The Electric crew continues to trim trees around town. With the high amount of rain we have had the trees are still growing at a fast pace. As we have been doing a lot of tree trimming there have been some complaints about the trimming. These complaints are being addressed.

IV. Capacitance:

- i. The Electric Department continues to monitor and make changes to our system to improve our power factor.

V. System Configuration:

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- i. As we have moved load around to balance circuits for load and for power factor correction we inadvertently created an issue for T.A. Instruments, one of our large customers in Riveredge Park. They were moved to a circuit that has a large amount of residential load which in turn because of the length of line and number of trees has more outage's or faults on it. This customer has some very sensitive equipment that trips when it sees a dip in voltage. We didn't realize that it was creating a problem for them until they contacted us. GM Patone and Supervisor Blomquist met with the T.A. Instruments and worked through with them their issues and what could be done to help correct the problem. Supervisor Blomquist moved the customer back to the original circuit they were fed from. We will need to make more changes to our circuits to rebalance load and to correct power factor. Supervisor Blomquist is working to determine what needs to be done to correct everything without creating more issues.
- b. **Wilmington Road Substation:**
 - I. There is nothing to update for this location.
- c. **Dobbinsville Substation:**
 - I. We are still waiting for the Ct's to be delivered.
- d. **Infrared**
 - I. Compliance Environmental performed the Infrared on our system. Several issues were found and all have been corrected.
- 4. **Customers Power Factor:**
 - a. **Zenith:**
 - I. Operations continue to provide the Load Profiling for this location.
 - b. **Techmer:**
 - I. The last contact that Supervisor Blomquist received from Techmer is that they expect the capacitor bank to ship at the end of August. They will schedule an outage with the MSC so they can install the bank.

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5. AMI Metering:

a. AMP:

- I. Supervisor Blomquist contacted George Bjelovuk from AMP and asked about the high level estimate they were preparing for us. They had a few questions about water meters and a meeting was scheduled with both the water and electric department. As of now all questions have been answered and they are finishing the estimate.

6. Banner Location Request:

- a. There have been no other banner location requests. We still need to schedule a meeting with the city to conclude on other locations.

7. Software Conversion:

- a. Operations Departments have been working in the ESS Module, Utility Billing Module, Inventory Module, Purchasing Module, and the General Ledger Module.