

JUNE 14, 2012

Minutes of the monthly meeting of the Municipal Services Commission held June 14, 2012 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Daniel F. Knox, Commissioner, presiding.

Attendance Report:

Present:

Robert S. Appleby, President, Commissioner (arrived late)
Daniel F. Knox, Commissioner
Dr. Roy J. Sippel, Commissioner
Francis L. Patterson, Secretary
Pamela A. Patone, Comptroller

MINUTES

With the concurrence of all the Commissioners the minutes of the May 24, 2012 regular monthly meeting were approved without alteration.

COMPTROLLERS REPORT

Comptroller Patone began her reports telling the Commissioners in collections Converting Solutions bankruptcy plan will take effect July 2, 2012. She said this will recapture 24.5% of the monies owed over the next four years. She said once the MSC is out from under the bankruptcy rules it can require a larger deposit against future defaults. She told the Commissioners Karen Lynch and she are still in the process of checking references of the different collection agencies.

She directed the Commissioners attention to the monthly financial balance sheets. She told the Commissioners cash for the most part was unchanged with a \$16,000 variance from the previous month. She went on to say Current Assets increased \$41,000, Investments were up \$6,000 and Net Fixed Assets decreased \$9,000 largely due to depreciation expenses surrounding the sale of the old van and purchase of a new one. She went on to say Total Assets increased approximately \$44,000.

She next covered the Liabilities and Net Assets telling the Commissioners current liabilities increased \$133,000 due to accounts payable and accrued appropriations to the city. She said meter deposits are virtually unchanged. The Change in Net Assets, she said, for the two months ending May 31, 2012 reflects a deficit of approximately \$117,000 or \$89,000 more than the previous month but less than the budgeted loss of approximately \$171,759.

She went on to say Net Operating Revenues is down \$113,000 or 6.43% due to the reduction in electric rates which was anticipated. She added the cost of Power and Water is down due to the decrease in the cost of electric purchases. She told the Commissioners the payment for transmission services to DEMEC are in accordance with the bond payments. Operating Expenses are up \$40,000 due to less capitalized labor and increased depreciation, Administrative Expenses

are up due to wages, expenses for the dedication ceremony, the retirement dinner for Tom and Jake and bad debt. She concluded by saying the Change in Net Assets is a deficit of approximately \$117,000 and is down \$138,000 compared to fiscal year 2012.

She told the Commissioners in operations she is working on organizing the On-Line bill payment program through PNC Bank, the interest on deposits payments through Billmaster, solving problems with the check scanner which has issues with humidity and the drivers being dropped when the MSC updates its Microsoft programs. She said she has been trying to cross train staff and she now has one person who will be out for awhile due to health issues.

She said next she would like to address the Draft Audit and any changes or comments the Commissioners may have. She said the Secretary has already spoken to her about some changes and she had some comments for the auditors. The Commissioners had no changes. She shared with the Commissioners her journal entries she was making and comments she had from the auditors that would probably be in the management letter. Commissioner Knox asked if the auditors would be at the July meeting to make their presentation. Comptroller Patone said they would. She concluded her reports by telling the Commissioners she was trying to implement some additional controls and asked if the Supervisors would take turns opening the bank statements. She said Supervisor Guyer did it for the current statement and was very thorough.

The Secretary said the Comptroller and he were informed that the MSC's insurance agent left Bramhall & Hitchens. He said the Comptroller and he interviewed his replacement and feel comfortable he will provide the same quality service.

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

SECRETARY'S REPORT

Secretary Patterson reported the June meeting of DEMEC was cancelled. He said on June 7, 2012 DEMEC commissioned the Beasley Unit #2 generator in Smyrna. He said the event was well attended and the Governor and Secretary of DNREC Collin O'Mara both spoke effusively about Public Power and the value the municipal utilities bring to their communities. The Secretary said he included in the Commissioner's papers the DEMEC Energy Supply Report for May which once again shows that actual cost of energy is substantially below the billable rate. He said this has allowed DEMEC to build a 5.8 million dollar reserve going into the summer months.

The Secretary said Riverbend's attorney, Lee Ramunno, sent a demand letter to the MSC's attorney Scott Shannon of Marshall, Dennehey requesting payment of sums he claims the MSC owes Mr. Capano. In a conference call between Dan McCollom and Scott Shannon it was decided that Scott would ask Mr. Rammuno to be specific as to the claim and that the Secretary and Mr. McCollom would try to arrange a meeting with Cecil Bank to discuss completion of the infrastructure. He went on to say that he learned that Mr. Capano is appealing the court's ruling that dismissed Riverbend versus Greenstone Engineering to the Supreme Court.

The Secretary said in Centerpoint Business Park the water crew is replacing water meters with new radio read units. In Twin Spans Business Park, Supervisor Guyer reports Harvey Hanna is working on cross connection control compliance issues.

The Secretary reported for Supervisor Blomquist in electric. He told the Commissioners that Riverbend site superintendent Joe George called Supervisor Blomquist for site plans. He said when Mr. George learned the MSC would charge he went elsewhere. The Secretary said electrician Kevin Creek has been on the MSC's list of contractors who are not in good standing under the Clean Hands provision of the tariff. Mr. Creek called to say he turned in "As Built" drawings to Supervisor Spicer several years ago. Supervisor Blomquist asked that he give us copies of what he claims to have turned in. Mr. Creek said he would look for them. Supervisor Blomquist said pulse metering for Zenith and EnerNoc was installed and is operating correctly. He says he is now waiting for EnerNoc's technician to make the connection. UltraChem called Supervisor Blomquist to tell him they have their solar plans complete and would like him to review the plans so they can start construction. The Secretary said Supervisor Blomquist will be on vacation for two weeks. The Secretary said Supervisor Blomquist has the Penn Farm project on hold until their electrician installs the conduit through the foundation to serve the large barn. He said for the Seeds of Greatness Church the Trustees approved easements for water and electric along Route 273. The Secretary told the Commissioners that both Supervisors Blomquist and Guyer have developed material lists, the engineering is complete, the construction letter agreement is signed and the MSC is just now just waiting for the City to complete the annexation process before they begin construction on the Seeds of Greatness water and electric services. Supervisor Blomquist reports no outages or storm damage this past month. Electric crews continue to trim trees and stay current on safety training. He said that Supervisor Blomquist verified that Delmarva's billing to DEMEC for May was correct. He added that there has been no resolution to past billing errors which have been brought to DEMEC and Delmarva's attention.

The Secretary reported for Supervisor Guyer in water. He told the Commissioners the MSC mailed the Quarterly Newsletter which includes the MSC's water quality report or "Consumer Confidence Report". The Secretary said Water Staff received and are reviewing the construction plans for Washington Street from DelDOT. He added that Supervisor Guyer is looking into Commissioner Appleby's suggestion that the MSC be allowed to open cut through the railroad crossing rather than jack and bore. The Secretary said Supervisor Guyer got three bids for the jack and bore which range from \$38,000 to \$114,000. He said Supervisor Blomquist has an issue with DelDOT's construction schedule for the change out of electric on Washington Street. He has e-mailed a complaint pointing out the work cannot be done in DelDOT's time frame. The Secretary said he has still not received the DelDOT agreement which he understands is still under review by their legal department. The Secretary said Supervisor Guyer is working with Security Instruments and Keystone Engineering on security for the water facilities. He went on to say the water crew replaced the fire hydrant along Ferry Cut-Off and significantly improved flow. He told the Commissioners the water department began the cleanup work to finish the Buttonwood Ave. project. The Secretary said the water crew repaired a break in the plastic line that runs across the Penn Farm. He added that AC Schultes will start drilling the test well on the Penn Farm June 18, 2012. He said they have been delayed by mechanical troubles which is why they did not start on June 4 or the 11th as promised. The Secretary said the contract with McBride

and Zeigler for surveying and permitting the grading of the yard at the Utilities Building has been signed. The Secretary said Commissioner Appleby had previously asked when the Utility Building would be paid off. The Secretary said he looked it up and it's March 2013.

Secretary Patterson said Supervisor Guyer has done a lot of work and investigation to determine how the Insurance Services Office determines the Public Protection Classification that assigns a score which determines what Insurance Companies will charge in fire premiums in a community. The Secretary said he has information if the Commissioners would like to see it. He said Supervisor Guyer will share this information with City Administrator Thomas. The Secretary said the Water Supervisors are getting two quotes to upgrade the automatic meter reading hardware and software which will become obsolete shortly. Assistant Supervisor Jaeger is gathering information and quotes to devise a strategy to complete the GIS mapping project. Water operators are securing the proper endorsements for their operator's license. All Supervisors will meet with the Comptroller to see that the safety programs meet insurance requirements.

OLD BUSINESS

Secretary Patterson said the electric crew has been installing the security cameras at the Wilmington Road substation and are ready to activate the system. He went on to say that Verizon has been totally non-responsive to Supervisor Blomquist's calls to connect the security system. The Secretary said the electric crew installed the new battery system and charger and has been working on demolition of the old buss structure which feed the 15 KVA transformers. He said Supervisor Blomquist has prepared the relay panels and replaced a deteriorating backer board. The Supervisor will have Norm Baron and Jim Havrilla in to configure the relays upon his return from vacation.. Keystone Engineering continues to work on the SCADA system for electric.

The Secretary said the House of Representatives voted unanimously to approve Senate Bill 176 the MSC charter changes. He said he sent thank you notes to both the state and city representatives for their help. He said it is now up to the Governor to sign the Bill.

JUNE MEETING

The Commissioners set the date of the next monthly meeting to be July 12, 2012 at the office of the Commission, 216 Chestnut Street.

ADJOURNMENT

By motion made and unanimous approval, the Commissioners voted to adjourn.

Approved _____
Date

Francis L. Patterson, IV

