

Municipal Services Commission
Monthly Meeting
June 21, 2018
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
Dr. Allen Hansen, Commission
Pamela A. Patone, Secretary

Staff in Attendance: Treasurer Mary Jane Stubbs; Accounting/Customer Service Manager Tara French; Scott Blomquist, Manager, Electric Department; Jay Guyer, Manager, Water Department

Agenda – Secretary Patone clarified the 40HP pump under New Business should read VFD. Secondly, the Asset Management Project and federal grant is not on the agenda. Secretary Patone and Mr. Guyer will review the project later in the meeting.

Minutes -- A motion was made and seconded to approve the minutes of the 5/31/18 monthly meeting. The motion was approved.

Treasurer's Report – Treasurer Stubbs reporting

Treasurer Stubbs reported a total operating cash balance of \$2,455,707.00. PNC escrow and meter deposit total in the amount of \$729,982.05. Total cash balance is \$3,185,689.05. Total investments are \$1,091,470.27. Electric Utility Supervisor Artie Granger reviewed the bank statements for the month. Treasurer Stubbs addressed his questions satisfactorily. The checkbook register is attached to Treasurer Stubbs' report.

Treasurer Stubbs pointed out three large transactions:

- Riverwalk Housing – Money used from escrow for water tie-in and hydrant install at Riverwalk apartments;
- Summit Financial for 2018 for actuarial service and GASB report;
- Itron is the mobile data collector (meter reading device) maintenance agreement.

Human Resources – Treasurer Stubbs said an open enrollment presentation with Colonial Life Insurance took place. Representatives reviewed updates and gave employees the opportunity to apply for a plan or make changes to an existing plan. This is done on an annual basis.

Accounting and Customer Service Report – Accounting/Customer Service Manager Tara French reporting

(See attached report.)

Financial Report (For the period ending 5/31/18)

The financial report was distributed to Commissioners. Ms. French reported total assets of \$16,693,334. Cash increased over \$320,000 over the previous month. The increase is attributed to several developer deposits collected from the Riverwalk project for the electric portion and the second phase of the water portion (reflected in the Liability section).

Schedule for Revenue and Expenses – Ms. French reported a \$12,210 deficit in net assets; \$1,913 attributed to water and \$10,297 attributed to electric.

Fiscal years ending 3/31/17 and 3/31/18 – Secretary Patone said the auditors' final report is expected next month. She noted that user charges are down about 1.2% from 2018 to 2017. Purchase of power and water is down about 6%, due mostly to rate changes with DEMEC. Operating expenses were up about 8%. The primary reason for the increase is related to Salaries and Benefits. General and Administration are up about 9.5%, partly due to salaries, partly due to the consulting fee for cost to serve (not in previous year), and salaries and bad debt expense over the previous year. Secretary Patone and Ms. French are discussing steps to ensure the increase in bad debt expense is not a trend. The change in net position for fiscal year end 2018 is \$192,568 compared to \$173,000 for yearend 2017. Secretary Patone informed that updates have been done using financial information from the actuarial report.

GASB 62 – Secretary Patone stated that the DEMEC Audit Committee has chosen to adopt GASB 62 for DEMEC. Further, she said a recommendation will be made to new communities that will be financing their substations through DEMEC and what it means for their accounting. She suggested reviewing MSC's financial reporting so when we put the new substation on the books we are not realizing gains and losses at that time. She spoke to MSC's auditors who said we can go through this process in the fall and be prepared for next year's audit and make a recommendation at that time whether to adopt GASB 62 or continue with the accounting treatment we have been using.

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

VanDyke Village Project Community Meeting – Mr. Blomquist reported the first meeting on 6/12/18 with residents took place in the park in VanDyke Village. The meeting was well attended (about 33 households out of 171 households present). Councilmen Platt and Quaranta were present. Secretary Patone announced the next community meeting has been scheduled for 7/26/18 at the Good Will Fire Co. Agendas for the VanDyke and Gray Street community meetings were provided to Commissioners. Mr. Blomquist hopes to start the VanDyke project in August 2018.

Safety – Mr. Blomquist reported that on a yearly basis he and Mr. Guyer review all certifications for all personnel, CPR, first aid, AED, confined space entry, flagging, radio and signaling, fire extinguisher, fork lift operation, trenching and shoring, flagging and OSHA 10. He reported that crane operator certification will be added this year and is in the budget. There has been a change in OSHA guidelines in adding crane operator certification that does not currently affect MSC.

Mr. Knox asked if OSHA recordable injuries are tracked. Secretary Patone said records are kept for workers compensation, but the MSC does not track OSHA recordable injuries. Incidents can be tracked within the new software. Treasurer Stubbs added there is a form that is completed for all injuries, regardless of severity. All incidents are reported and workers compensation personnel provide her with guidance on path forward and if more information is needed. Dr. Hansen suggested that the topic of safety be mentioned at all Commission meetings, including injuries and near misses. The Commission considers the safety of its employees paramount. Secretary Patone noted that supervisors and administrative staff participate in safety discussions. Additionally she said a safety inspector comes twice per year to all of our locations to ensure everything is in order.

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

Gray Street Water Main Project – Mr. Guyer reported that a community meeting took place on 6/13/18. It was well attended. The project began on 6/14/18 and should be completed in approximately 7 weeks. The goal is to finish the project by 7/27/18 that will allow the City to do a complete milling/paving on Gray Street from 9th to 11th Streets.

Asset Management Grant – Mr. Guyer informed we would use information in our mapping system to plan and budget for water projects. Four proposals were solicited from local engineering firms. He said that New Castle's infrastructure is getting old. We lack the software to house all of our information/data, to compile it and run it against data that we would define such as likelihood of failure, when maintenance is needed, etc. The amount of the grant is \$100,000 to be used over a 5-year period to develop an asset management program. Mr. Guyer said we have discussed the grant with four engineering firms and explained we need help to take our data collection to develop an asset management program. We met with all four firms and invited them to look at our data to get their input. Based upon what they reviewed we asked them for their recommendation. Mr. Guyer said we looked at projections for five and 10 years, budgeting, rate studies to better determine our financial situation, and look at what type of SRF loans (which require an asset management program) and grants we could seek. Mr. Guyer said that three proposals were received – AECOM, KCI Technologies, and RK&K.

Secretary Patone said we can utilize the local government model software which is part of the ESRI software we already have, but have not used to date. RK&K would put our data into that software. They would train us on how to use the government model and would predict for us where we should best focus our time. The \$100,000 grant money would enable RK&K to get MSC where we need to be. Further, Secretary Patone said that RK&K has experience with the grant group and believes we can get an Asset Management Program in place in two years and start utilizing it. We are confident we can get approved for the \$100,000 grant even with a two-year timeframe. Ongoing costs – Secretary Patone noted that our operating budget would increase about \$1,000 per year as a result of purchasing data collector hardware. Secretary Patone sees some uses for the hardware to help with our fixed asset list and tasks like rate designs. She does not see a downside to moving forward with this program. Dr. Hansen expressed concern with the low lump sum payment proposed by RK&K. Mr. Guyer explained that to meet the scope of trying to attain \$100,000, under the formal grant application there is a bulletin based on the EPA asset management mechanism that calls for clear definition of timing, description of project, deliverables and cost. Dr. Hansen does not want to give RK&K a lump sum. We could provide a letter of intent if we get the grant. Secretary Patone said they are looking for approval from Commissioners to apply for the grant and use RK&K's proposal as the mechanism we will move forward with. We believe they are the best vendor to utilize. She said a special meeting can be scheduled if Commissioners want more time to review the program. Dr. Sippel was concerned with what happens to the grant if RK&K spends more than the \$100,000 over five years. Secretary Patone said RK&K is locked in to \$100,000. RK&K's experience with this particular grant has allowed them to become comfortable with working within the grant amount and the government software. She said the grant process and application will be the responsibility of Secretary Patone and Mr. Guyer. The agreement between RK&K and MSC would

need to assure that no overages could take place and RK&K would need to cover the deliverables. More conversation should take place with RK&K to confirm how this would work. MSC and RK&K will both audit the monies.

A motion was made to approve filing an application for the grant. The motion was seconded and approved.

NPDES System – MSC and City employees attended a NPDES Training class on 6/6/18 at the City Police Building. Afterward the City's engineer, KCI Technologies, performed an inspection and noted a few deficiencies concerning containment and recommended spill kits in the event of a spill. We are getting pricing on these items at this time. DNREC will perform an inspection for the first time in August at which time fines could be levied for infractions.

(Messrs. Blomquist and Guyer, Ms. Stubbs and Ms. French were thanked and excused from the meeting.)

Secretary's Report – Secretary Patone reporting

There was no DEMEC meeting in June.

Railroad License Renewal – Dan McCollom, our attorney, continues to work on this.

Charter Change – Secretary Patone said the City has been working on their own charter change and planned on including MSC's charter change with their submission; however, the City has had some challenges. Secretary Patone will be working with Senator Nicole Poore to get the charter change correct. (Senator Margaret Rose Henry, Representative J.J. Johnson, and Representative Mike Mulrooney will be retiring from the legislature.) Secretary Patone will work separate from the City.

Old Business

Fiber Tech Pole Attach Agreement – Secretary Patone understood the City was calling this agreement a franchise agreement, but they are now referring to it as a right-of-way agreement. The City's agreement needs to be settled before we can do our pole attachment agreement. She has been working with Fiber Tech to have them submit their information so we can do an evaluation on the poles they want to attach to so when the agreement is approved we can move forward with attachment. She anticipates having something at the next meeting.

New Business

Artesian 40 HP Finish Water Pump Upgrade to VFD – Secretary Patone revisited Mr. Guyer's request to increase the capital budget from \$15,500 to \$23,000 to cover the cost of the Integrated MCC VFD, start-up support from the manufacturer and SCADA Integration by Keystone Engineering.

A motion was made and seconded to approve increasing the capital budget an additional \$7,500. The motion was approved.

Credit Card Limits (*informational*) – Secretary Patone informed we have a credit card limit of \$25,000 for all four cards (Patone, Stubbs, Blomquist, Guyer). Each card had a pre-set limit of \$3,000 equaling \$12,000. We had an additional \$13,000 available in the event we needed more funds for purchases. As opposed to opening an account for a vendor we might not use in the future we decided to increase credit card amounts \$3,000 per card, or \$5,000 each. Secretary Patone said that our future Accounting Policies and Procedures Manual will contain this information. Commissioners had no questions or concerns.

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Approval to hire an Intern – Secretary Patone said that rather than hire an intern she is proposing using the intern funds to hire an accounting firm to develop an Accounting Policies and Procedures Manual. She will provide more information to Commissioners in a later meeting.

Family Picnic – This year’s MSC Family Picnic is scheduled for 10/20/18 at Lum’s Pond State Park. More details to come.

Next Meeting

Commissioners set the next monthly Board meeting to be 7/25/18, 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 was approved. The meeting was adjourned at 5:52 p.m.



Deborah P. Turner, Stenographer

Approved: 

(Minutes transcribed from recording.)