



**Municipal Services Commission  
of the City of New Castle**

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**MEET OUR EMPLOYEE**



**KEN NATALE**

# SECRETARY'S MESSAGE

## *Do you know where the energy you use comes from? Delaware Municipal Electric Corporation (DEMEC)*

The City of New Castle along with 7 other Delaware Municipalities are members of DEMEC. DEMEC is a joint action agency created by the members to purchase the bulk energy needed to supply its member communities. DEMEC was created by an act of the Delaware General Assembly in 1978. Today over 99,000 Delaware residents from New Castle, Newark, Middletown, Smyrna, Clayton, Milford, Seaford, and Lewis receive the benefit of economy of scales through DEMEC. Member communities receive 100% of their electrical energy requirements from DEMEC whom manages a multitude of owned generation, bilateral contracts with third-party suppliers, and participates in the PJM Interconnection, LLC regional markets in an effort to reduce your energy costs.

DEMEC provides other services for its member communities as well including legal and technical services, representation in the federal, state, and regional arenas regarding electrical industry regulation and operation. DEMEC also provides training programs, assists with project development, key account programs, economic development, capital financing, and system improvements. MSC recently received approval to finance a portion of our Advanced Metering upgrade through DEMEC.

Additionally, MSC brings to our customers Efficiency Smart which is a program to help reduce your energy consumption thus saving you money. Efficiency Smart offers Home Energy Rebates, Appliance Recycling, Online Savings, and a host of other savings measures. To learn more about Efficiency Smart please visit MSC's website and click on Efficiency Smart under Services. MSC is a proud member of DEMEC and enjoys all of the benefits this organization brings to the City of New Castle.

This edition of the MSC newsletter provides the citizens of New Castle with the financial statements for the year ending March 31, 2021. You can find the complete report on the MSC's website at: <https://newcastlemsc.delaware.gov/financial-statements/>. Please feel free to call to discuss any questions or concerns you may have regarding the financial health of MSC.

MSC strives to keep the citizens of New Castle informed. Please be sure you have provided customer service with your phone number so we can send you messages throughout the year or call us at 302-323-2330 or visit our website at: <https://newcastlemsc.delaware.gov/contact-form/>

**Thank You!**

*Scott Blomquist*

**General Manager/Secretary**

## Resources At Your Fingertips

**City Administration Office 322-9801**

**Mayor's Office 322-9802**

**Public Works Department 322-9813**

**MSC Main Office 323-2330**

**MSC Utility Building 323-2333**

**Scott Blomquist 221-4513**  
General Manager / Secretary

**Ken Natale 221-4517**  
Comptroller/Treasurer

**Art Granger 221-4514**  
Electric Utility Manager

**Jay Guyer 221-4515**  
Water Utility Manager

**After Hours Electric or Water Emergency**  
**323-2330 or 323-2333**

**Planning a project at home which  
involves digging on your property?**

**Call MISS UTILITY**

**1-800-282-8555**

## Calendar Of Events

December 23rd - Christmas Eve Observed - MSC Closed

December 24th - Christmas Day Observed - MSC Closed

December 31st - New Years Day Observed - MSC Closed



**Dr. Roy J. Sippel**  
**President**

Appointed by The Mayor  
Term: April 1, 2019 to March 31, 2022



**Daniel F. Knox**  
**Commissioner**

Appointed by City Council  
Term: April 1, 2020 to March 31, 2023



**Michael J. Quaranta**  
**Mayor**

Commissioner / Mayor  
Appointed by MSC Charter



# Meet Our Employee

**KEN NATALE**

The newest addition to MSC's administrative office is Ken Natale. Ken is MSC's Comptroller and started in June stepping into roles filled by longtime MSC staffers Mary Jane Stubbs and Tara French who both retired this year.

Ken has over a decade of experience working in local government finance in Maryland. He has worked with both Kent County, Maryland and the Town of North East helping to modernize and streamline accounting, billing, and customer service functions.

Since his arrival, Ken has been busy working with the Accounting and Customer Service department on converting paper driven and manual workflows to electronic ones increasing accuracy and efficiency in the office.

Ken resides outside of Newark with his wife Laura, daughter Caroline, and dog Malcom.

# VAN DYKE

## UNDERGROUND ELECTRIC CONVERSION



In April this year, MSC Electric and Water crews worked together on the Van Dyke underground electric project. After completing the last two houses on Stuyvesant Avenue, the crews moved to 14<sup>th</sup> Street installing electric and communication conduits, manholes, and transformer pads from Moore's Lane to the cul-de-sac.

With 14<sup>th</sup> Street completed, crews began working on New Amstel Avenue from 14<sup>th</sup> Street to Casimir Drive including Van Dyke Drive installing the same components. With the buried equipment installed by late fall, the crews have installed 23 street lights and started transferring the 41 house services from the aerial to underground service.

MSC plans to have this phase of the project completed by Spring 2022 then begin the next phase which includes the remaining homes on New Amstel Avenue and Casimir Drive.





## NEW CASTLE LITTLE LEAGUE PROJECT

In the Summer of 2021, many of you may have seen MSC equipment and employees working at the NC Little League Fields.

In coordination with the Trustees, MSC installed a larger water service from the 12" water main on French-town Road to the concession stand / club house. This water service installation included a new water supply to each field so the recently graded and sodded fields could be watered and maintained.

MSC also removed the failing blacktop around the concession stand and installed new blacktop paving making the complex more attractive and safer for the kids.



## Water Tank Painting

The Municipal Services Commission operates 2 elevated water storage tanks as part of its Water Distribution System. With a combined capacity of 1.6 million gallons of storage, the 600,000 gallon tank located on Gray Street was constructed in 1950 and the 1 MM gallon tank located on Ships Landing Lane near Twin Spans Industrial Park was constructed in 1980. Both tanks are visible to residents and visitors entering and leaving the City. The Commission performs routine maintenance on these structures to protect our investment. During their 2019 evaluation, our tank consulting engineer recommended the Commission plan to repaint the tanks in the next 2-3 years due to their deteriorating coatings. The last time both tanks were repainted was nearly 12 years ago in 2010.

The Commission is evaluating options for repainting the tanks during the Spring / Summer of 2022 and will keep the public updated on the project. During the project, there will be increased activity resulting in elevated noise levels around both tanks during the preparation and refinishing process. The Commission apologizes for any inconvenience and requests your understanding and cooperation during this project. Should you have any questions or concerns, please contact the Commission at 302-323-2333 Monday through Friday, 7:00am to 3:30pm.



**Gray Street Tank**



**Ships Landing Tank**

## MSC Cross Connection Control and Backflow Prevention Program

The MSC Water Department is responsible for ensuring the water provided to our customers meets all Federal and State Drinking Water Standards and that the water quality is not compromised within our distribution system. To provide the highest level of protection against contamination, a comprehensive Cross Connection Control (CCC) Program was developed and implemented by MSC in 2006. The Commission's approval and adoption of our Cross Connection Control (CCC) Manual outlines the requirements for existing and new connections to the water distribution system.

A Cross Connection is any actual or potential connection between the public water distribution system and a source of contamination or pollution. A Cross Connection Control Program is the cooperative effort between the Water Provider / Municipality, City Officials, Plumbing Contractors, and Customers.

In February 2021, the State of Delaware, Department of Health and Social Services adopted revised regulations that govern Public Drinking Water Systems requiring every water utility in the State develop and implement a comprehensive Cross Connection Control Program for the containment, elimination, prevention, and control of cross connections. This regulation places all responsibility on MSC to maintain compliance with the regulation including penalty clauses for violations and non-compliance.

Recognizing the additional resources required to maintain compliance with these new Regulations and our limited staff, MSC evaluated several options and is proud to partner with Hydro Corp to administer its' CCC program effective January 1, 2022. Hydro Corp has been in business for more than 38 years assisting customers with programs related to protecting water and people, reducing risk, cutting operational costs, and increasing efficiency for its clients. To learn more about Hydro Corp, please visit their web site at: <https://hydrocorpinc.com/>

Starting January 2022, MSC and Hydro Corp will begin contacting our Water Customers to introduce Hydro Corp, review the new State of Delaware Regulations, and what will be required going forward for both our customers to maintain compliance with MSC's Cross Connection Control Program allowing MSC to maintain compliance with the State Regulations. To learn more about MSC's CCC Program, visit our web site at: <https://newcastlemsc.delaware.gov/>





# Financial Report

December 2021

To the Ratepayers of Municipal Services Commission:

We are pleased to present the Municipal Services Commission's (MSC) annual financial report in accordance with the charter of the MSC, as well as part of our effort to focus on providing excellent customer service and transparency to our customers. This report is an unaudited summary of MSC's financial activities and condition for the fiscal year ended March 31, 2021.

The information contained in this report was derived from MSC's audited financial statements, but presented in a less technical, easier to read format. The audited financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Barbacane Thornton & Company. This report, by its summary nature, is not intended to

conform to generally accepted accounting principles (GAAP) and associated reporting standards set by applicable governing bodies. The complete audited financial statements are available online at: [www.newcastlemsc.delaware.gov/financial-statements/](http://www.newcastlemsc.delaware.gov/financial-statements/).

We hope this report will give you a better understanding of MSC and its financial condition. We welcome your comments and suggestions.

Respectfully submitted,

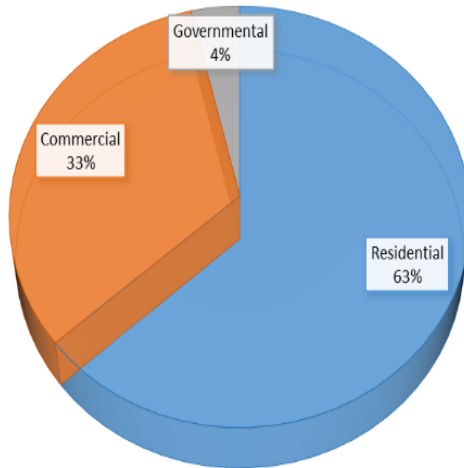


Kendrick S. Natale II  
Comptroller/Treasurer

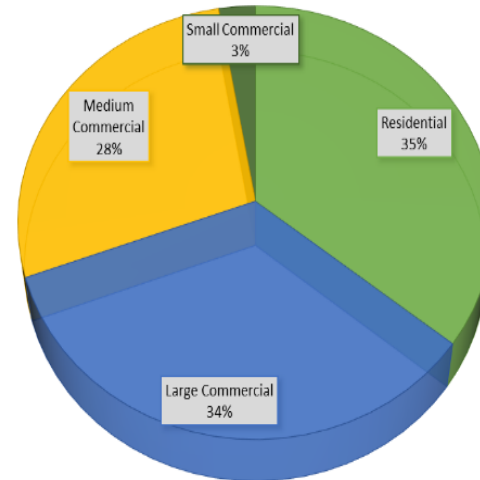


# STATISTICAL SNAPSHOT

FISCAL YEAR END 2021  
WATER REVENUE BY USER CLASSIFICATION



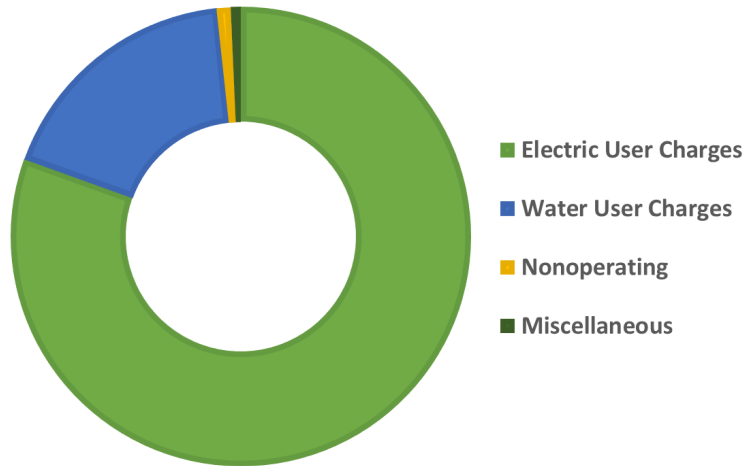
FISCAL YEAR END 2021 ELECTRIC REVENUE  
BY USER CLASSIFICATION



## FACT:

One customer accounts for approximately 10% of the Commission's net operating revenues.

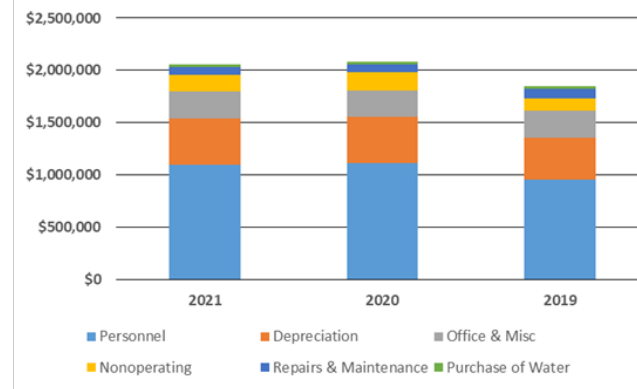
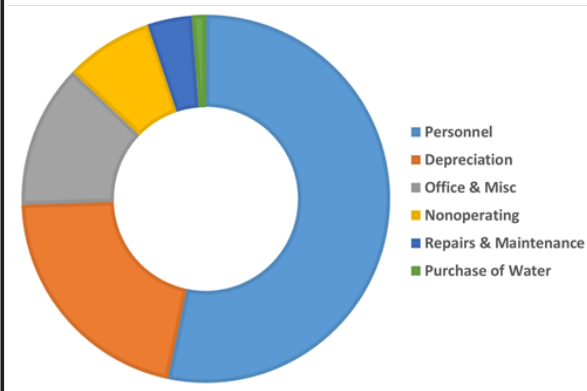
# Total Revenues - \$11,160,212



Total revenues decreased in fiscal year 2021 by \$147,000 or 1.3% from the fiscal year 2020 revenue amount of \$11.3 million. Electric revenues were the largest driver of the revenue decline due to commercial customers having their operations disrupted by the COVID-19 pandemic in the beginning of the fiscal year. Water revenues were relatively stable in fiscal year 2021 as compared to 2020, however, residential consumption increased while consumption from commercial/industrial customers decreased as a result of stay at home orders being in effect at the beginning of fiscal year 2021.

Miscellaneous revenues consist of items such as penalties, and applications fees. These revenues increased \$9,000 or 13% from fiscal year 2020. Nonoperating revenues consist of interest income and investment gains, gains from sale of capital assets, and grants. These items increased by \$7,000, or 7% from 2020.

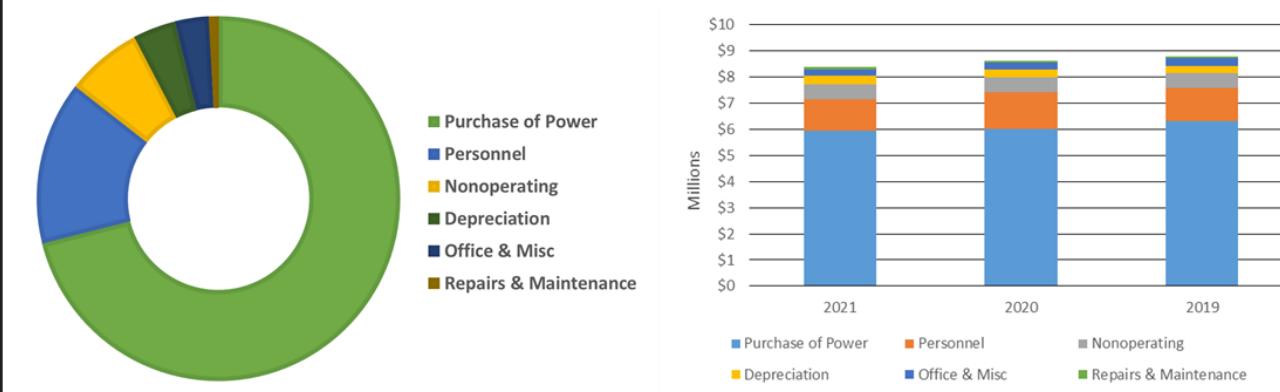
# Water Expenses - \$2,034,006



Total water expenses decreased in fiscal year 2021 by \$25,000 or 1.2% from the fiscal year 2020 total expense amount of \$2,059,497. This is mostly the result of having a decrease in grant expenses related to developing an asset management program which was funded by a grant from the Water Infrastructure Advisory Council. Office and Miscellaneous expenses increased by \$11,000 (4.2%) and purchase of water expense increased by \$2,600 (11.5%) from fiscal year 2020 while personnel, depreciation, repairs and maintenance and nonoperating expenses all decreased by \$16,000, \$1,500, \$600, and \$18,000 respectively. Personnel and depreciation expense continue to be the largest components of the water utility's expenses, accounting for 75.4% of total expenses.

Nonoperating expenses consists of appropriations to the City of New Castle for free services and payments in lieu of taxes (\$35,000 and \$118,000 respectively).

# Electric Expenses - \$8,373,103



Total electrical expenses decreased in fiscal year 2021 by \$243,000 or 2.8% from the fiscal year 2020 total expenses of \$8,615,767. This is the result of \$76,000 (1.3%) less in purchased power due to decreased demand from the COVID-19 pandemic's effect on commercial customers' operations. Additionally, personnel costs were \$166,000 (12%) lower than fiscal year 2020 as a result of costs associated with the Van Dyke Village undergrounding project being capitalized. Other expenses were relatively stable compared to fiscal year 2020. Purchase of power and personnel expense continue to be the largest components of the electric utility's expenses, accounting for 86% of total expenses

Nonoperating expenses consist of appropriations to the City of New Castle for payments in lieu of taxes (\$562,000) and labor provided to the City for special projects at no cost to the City (\$3,200).



# Financial Status

The Municipal Services Commission's 2021 financial condition continued to be strong as revenues exceeded expenses. Total net position increased by \$746,000, or 4.3% in 2021 as compared to the 2020 increase of \$610,000, or 3.6%. The conservative management strategy used by the MSC continues to provide a stable financial position.

**Current Assets** consists of items such as cash, investments, inventory and receivables.

**Restricted Assets** are amounts held in escrow for customer deposits.

**Capital Assets, net** is the carrying value of MSC's plant, property, and equipment net of accumulated depreciation.

**Deferred Outflows/Inflows of Resources** are the recognition of revenues and expenses that are delayed and will take place in a future fiscal year, such as for pensions.

**Current Liabilities** are debts and obligations MSC owes outside parties that are due within one year.

**Noncurrent Liabilities** are debts and obligations MSC owes outside parties that are due more than one year after the close of the year, such as compensated absences, and customer deposits.

## Condensed Statement of Net Position

	2021	2020	2019
<b>Assets</b>			
Current Assets	5,053,741	5,157,845	5,054,523
Restricted Assets	698,934	748,777	733,128
Capital Assets, net	12,028,967	11,588,654	11,105,014
<b>Total Assets</b>	<b>17,781,642</b>	<b>17,495,276</b>	<b>16,892,665</b>
 Deferred Outflows of Resources	 3,289,181	 3,355,090	 2,720,913
<b>Liabilities</b>			
Current Liabilities	650,465	680,621	606,779
Noncurrent Liabilities	1,616,825	2,643,807	2,081,886
<b>Total Liabilities</b>	<b>2,267,290</b>	<b>3,324,428</b>	<b>2,688,665</b>
 Deferred Inflows of Resources	 659,474	 128,335	 136,917
<b>Net Position</b>			
Investment in capital assets	12,028,967	11,588,654	11,105,014
Unrestricted	6,115,092	5,808,949	5,682,982
<b>Total Net Position</b>	<b>18,144,059</b>	<b>17,397,603</b>	<b>16,787,996</b>



Indoors or out, use only lights that have been tested for safety. The lights should have the Underwriters Laboratories (UL) label.

To hook up your outdoor lighting, use a three-prong grounded extension cord with the UL label.

Buy LED holiday lights. They are not only longer-lasting, but they don't get hot to the touch, so they're a lot safer.

When putting up lights and decorations, use a step stool or ladder to reach high places.

**HELP YOUR NEIGHBOR BY**  
MAKING A TAX DEDUCTIBLE DONATION

Make your check payable to New Castle Cares Fund and mail to: The Salvation Army c/o New Castle Cares Fund, P.O. Box 308, Wilmington, DE 19899 or drop your donation off at our office at 216 Chestnut Street and we will mail it for you.





**Municipal Services Commission  
of the City of New Castle**

216 Chestnut St.  
New Castle, De 19720  
302-323-2330

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