

Municipal Services Commission Monthly Meeting  
February 27, 2025 – 9:00 a.m.  
216 Chestnut Street New Castle, Delaware

The meeting was called to order at 9:00 a.m. with Mr. Scott Blomquist, Secretary, presiding.

Present: David Atherton, Commissioner, President  
John Wik, Commissioner (*via ZOOM*)  
Mayor Valarie W. Leary, Commissioner  
Scott L. Blomquist, Secretary

Staff in Attendance: Kendrick Natale, Comptroller  
Art Granger, Manager, Electric Utility  
Jay Guyer, Manager, Water Utility

Mr. Blomquist convened the meeting at 9:00 a.m. Roll call followed and a quorum to conduct business was declared.

Minutes

January 23, 2025 – **A motion to approve the minutes of the January 23, 2025, regular meeting as presented was made by Commissioner Wik, seconded by Commissioner Atherton and was unanimously passed.**

**Resolution 2025-01 – Resolution to Approve Financing the Purchase of Two Vehicles Through M&T Bank**

Mr. Natale stated that bids were solicited for financing and M&T Bank and First American Equipment submitted bids. The vehicles will be titled to MSC with a lien through the financing institution. Staff recommends M&T's option to settle on both amounts now to lock in the interest rate of 4.7% for 84 months for both vehicles. Both vehicles are expected to last 10+ years. The Bucket Truck will be delivered in April and the Silverado will be delivered at a later date.

**A motion to approve Resolution 2025-01 to approve financing through M&T Bank was made by Mayor Leary. The motion was seconded by Commissioner Wik and passed unanimously.**

**Resolution 2025-02 – Restatement of Qualified Retirement Plan**

**A motion to approve Resolution 2025-02 to approve the restatement of the Qualified Retirement Plan was made by Mayor Leary. The motion was seconded by Commissioners Atherton and passed unanimously.**

Comptroller/Treasurer Report – Mr. Natale reporting  
(See attached report)

Mr. Natale reported as of January 31, 2025:

- Total cash on hand: \$3.9M, including restricted cash.
- Investment Portfolio: \$1.3M, which was a net gain of approximately \$5,000 from the previous month.
- Unrestricted cash on hand: 88 days cash on hand, which was down 11 days from the previous month.
  - Four days related to the City's Quarterly Appropriation.
  - Two days related to purchase of the water truck.

Municipal Services Commission Monthly Meeting  
February 27, 2025 – 9:00 a.m.  
216 Chestnut Street New Castle, Delaware

- There were no service disconnections in January due to the weather.
- Investments: The insured cash amount increased due to a delay in when HUB sold one investment and reinvested those funds.
- Check Register Disbursements:
  - \$5,000 to Heartline Press for newsletter printing and mailing.
  - \$95,000 to NuCar for the new water truck.
  - \$19,700 to Paragon Insurance Holding Inc., for quarterly insurance payment for auto liability and property insurance.

Electric Department

- User charges are \$78,000 under budget.
- January sales were about 3% higher compared with the same period last year.
- Consumption was about 1.5% lower than the 5-year average FYTD and 2.5% higher than the prior year to date.
- MSC is currently the 3<sup>rd</sup> lowest provider: MSC is 21.5% lower than Delmarva. MSC is higher than Dover and the Co-Op.
- Operating expenses have an unfavorable variance of \$88,000 on the budgetary basis..

Water Department

- User charges have an unfavorable variance of \$17,000 for the fiscal year.
- Consumption for the month of January was in line with the same period last year.
- Excluding sales to Artesian, sales are up 2.3% over the 5-year average.
- Operating expenses have a favorable variance, which is almost exclusively related to timing.

Electric Department Report – Mr. Granger reporting

*(See attached report)*

Developer Projects:

- Riverbend Subdivision – Freedom Development is getting proposals to install the next phase. MSC Continues to work with Gemcraft to provide power to houses as required.
- Insteel – There has not been much movement on that project.

Capital Projects

- Electric Mapping System – Mr. Granger received an initial Analysis and Needs Assessment from AMP/Parsons.
- SCADA Relay Replacement – MSC is waiting to hear back from DTI on funding options
- Substation Relay Replacement – All relays have been replaced and tested. MSC is working on a temporary SCADA solution to get some monitoring done.

Operations:

- MSC will be doing tree trimming and replacing cross-arms and poles throughout the City.

Outages:

- There were no planned or unplanned outages in January.

Municipal Services Commission Monthly Meeting  
February 27, 2025 – 9:00 a.m.  
216 Chestnut Street New Castle, Delaware

Repairs and Maintenance:

- Wilmington Road Substation – There was some acidity in the tap changer that was approaching max limits. The estimate to correct that is approximately \$24,000. Mr. Granger will be reviewing that with the engineers. The Transformer Analysis Report had noted some high acidity and Mr. Granger requested their recommendations on a fix, which he received this morning. Mr. Blomquist added that the issue is a slow progression over many years.
- Dobbinsville – A complete substation test was done while it was offline; and it is now back in service. The test came back good.

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

Developer Projects:

- Riverbend Subdivision – The developer is working with his engineer to get the railroad permit updated and revised. Mr. Guyer will be meeting with the new builder on March 10<sup>th</sup> to ensure they understand MSC's expectations for the project. In response to a question from Commissioner Atherton, Mr. Guyer explained that the material type and size of the conduit was changed and the permit needed to be updated and resubmitted. There was no expense to MSC for this extra work.
- Deemers Landing and The Helm Apartment Complexes – The plumbers continue to retrofit meters.
- School Lane Pathway/Trail – Frenchtown Road to Rt. 13 – The work was completed and final inspection was done. DelDOT accepted the project.
- Rail Road Improvements – Delaware Street and 8<sup>th</sup> Street – Mr. Guyer is working on getting plans together to be submitted, and is working on the Bond Bill Grant Application.

MSC Projects:

- Cross Connection Control Program – Hydro Corp. – The project is progressing. Mr. Guyer is working with First Baptist Church to get their device upgraded so it is in compliance. In response to a question from Commissioner Wik, Mr. Guyer noted that cost of doing the improvements is very expensive and MSC has been working with the customer. They have the device, and are working on scheduling. During further discussion, Mr. Guyer noted that there are four non-compliant customers working on getting into compliance.
- School Lane Water Treatment Facility PFAS Treatment System Improvements – Mr. Guyer reviewed the 90% plans and met with Pennoni. They will discuss a time to get that advertised. MSC met with Artesian in January to discuss the project. Artesian felt it would be best if MSC could plan to do the work in the October timeframe. Mr. Guyer has a call in to the SRF Group to determine the time frame for starting reimbursement requests against the SRF Funds.
- Lead Service Line Inventory (LSLI) – EPA Revised Lead and Copper Rule – Everything is updated on the Inventory and the Map has been uploaded to the website. One galvanized water service failed on January 20<sup>th</sup> due to the cold weather. The crew replaced the service line from the curb stop in to the house with copper.

Operations:

- Outages – There were no planned or unplanned outages for the month of January 2025.

Municipal Services Commission Monthly Meeting  
February 27, 2025 – 9:00 a.m.  
216 Chestnut Street New Castle, Delaware

- Calgon Carbon Corporation (CCC) Pilot Study – The study is ongoing. MSC continues testing. Adam Redding was on site in January and put new carbon in columns 1 and 2. Two coarseness's of F400 carbon were evaluated and Mr. Guyer will share those results when they are available.
- EAP Grant – Mr. Guyer started working with STRIDE on the EPA grant.
- ARC GIS Pro Water System Mapping Planning Grant – MSC's Mapping Grant was approved. A meeting was held with Pennoni in February to review the scope and tasks.
- PFAS Litigation – The 3M and DuPont settlement adjustment base scores have been completed and were released on February 18<sup>th</sup>. Mr. Guyer reviewed them and everything looked good. The next step is for them to start working on the calculations on settlement amounts. The TYCO and BASF settlements were reviewed and confirmed and they can be moved over to submission to move forward with that litigation.
- Cybersecurity Grant Program – DEMA received their preliminary approval from FEMA on the grants for the preliminary engineering report on the existing SCADA system and separating OT and IT.
- Radiation and Granular Activated Carbon – The Office of Radiation, Calgon Carbon and DNREC had members on site when the carbon exchange was done, and they found only slightly above background levels of radiation. On the virgin carbon levels were 6-10 millirems per hour of radioactivity presence, and in the spent carbon there were 15-18 millirems per hour. A letter was drafted with their findings that questioned why Calgon Carbon could not re-generate the carbon. A meeting is scheduled to discuss the letter and what was found and observed on site in both the spent and virgin carbon. Calgon has said they are committed to working with MSC to find a cost effective solution.

In response to a question from Commissioner Wik, Mr. Guyer explained that Calgon Carbon's document states they will accept carbon at their Newell Facility that is 2X above background. The carbon at MSC was just under 2X below background taking the lowest readings. Calgon's document states that anything at 50 millirems per hour is automatically flagged and deemed non-regenerable and must be disposed of.

Mr. Blomquist added that Calgon does not believe the carbon can be re-generated; however, the Office of Radiation, DNREC and MSC do believe it can be re-generated. Mr. Guyer noted that Calgon stated the carbon could not be regenerated and used for drinking water purposes; but they could take it and use it for industrial purposes.

- Artesian Water Company – MSC sold 2.3M gallons of water to Artesian for four days at the end of January.
- DNREC Water Use Report 2024 – The 2024 Water Use Report was updated and submitted before the January 31, 2024 deadline.
- DNREC Tier II Hazardous Chemical Report 2024 – The 2024 Tier II Hazardous Chemical Report was updated and submitted on January 14<sup>th</sup> prior to the March 1<sup>st</sup> due date.
- Delaware River Basin Annual Water Audit 2024 – The DRBC Annual Water Audit report for 2024 was updated and submitted on February 19<sup>th</sup> prior to the March 31<sup>st</sup> due date.
- Annual Water Billing and Meter Audit – Mr. Jaeger and Water Operators Schlecht and Granger are working on the Annual Water Billing and Meter Audit. Some items have been identified and MSC is working on correcting them.

Municipal Services Commission Monthly Meeting  
February 27, 2025 – 9:00 a.m.  
216 Chestnut Street New Castle, Delaware

System Repairs and Maintenance:

- Riverbend Subdivision – Riverbend was flushed on January 2<sup>nd</sup> and 15<sup>th</sup> to maintain chlorine.
- SL Water Treatment Facility – Water Operators continue doing maintenance and inspections at all facilities.
- Carbon Filter Exchange – The carbon filter exchange was completed on February 11<sup>th</sup> without incident. Backwashing started on February 12<sup>th</sup> and the vessel was put back into service on February 21<sup>st</sup>.

Equipment:

- New Truck 4 – The new truck was received on January 31<sup>st</sup> and staff is working on getting it into service.

Safety:

- Tailgate Talks – Morning Tailgate Talks are held daily.
- DFIT – Representatives will be sent to the next DFIT Safety Meeting.

Local, State, and Federal Agencies:

- WSCC – Water Supply Coordinating Council – The Drought Advisory Sub-Committee meets bi-weekly to review water conditions. We are still in a Drought Watch. The recent rains and precipitation this past month have not improved conditions much. We are still struggling with about a 9" deficit, and all indicators set us up to look like the Drought of 2002.
- WRA – Water Resource Agency – Mr. Guyer continues to send in demand data weekly.
- Water Operator Advisory Council – The February Advisory Council meeting was cancelled due to weather.

In response to a question from Commissioner Atherton, Mr. Guyer noted the various commissions that he sits on and agencies to which MSC must report.

Secretary's Report – Mr. Blomquist reporting

DEMEC:

- Messrs. Blomquist and Natale attended the February DEMEC Board meeting.
- Mr. Natale was confirmed by the Board to sit on the Finance Committee.
- The Executive Committee discussed member financing assessment and staff market review.
- Financial Summary for November 2024:
  - Demand January – November was 3.9% higher than the same period in 2023 and 2.3% higher than the Budget.
  - Demand for November was up 2.7% over November of 2023.
  - YTD Cash was up 58.8%, \$62.8M compared to \$38M in October 2023
  - YTD power sales to members was 24.3% higher than January –October 2023.
  - Net Income was \$38.3M, which was \$12.5M higher than the prior year's income for the same period.
- There was discussion on Indian River and the refund that will be forthcoming. It was agreed to wait until next month for a better understanding of the end of billing and what the final refund

Municipal Services Commission Monthly Meeting  
February 27, 2025 – 9:00 a.m.  
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looks like before the Board makes a decision on what will be refunded to customers. In response to a question from Commissioner Atherton, Messrs. Blomquist and Natale explained the ways a refund could be disseminated to customers.

Tariff Updates – The Tariff Updates on the Budget are to reduce it from a 24 month hold to a 12 month hold.

Budget Billing – Mr. Blomquist noted that MSC has the ability to do budget billing, but it is not currently being offered. Mayor Leary stated that budget billing is extremely helpful. Mr. Natale stated that the parameters to be used need to be determined. He explained how other municipalities do their budget billing and noted his recommendations for MSC. A further discussion of budget billing ensued. Messrs. Blomquist and Natale will draft some parameters and recommendations and send them to the Commissioners for review.

Transfer of 401A and 457 Plans from Nationwide to HUB International

Mr. Natale explained the difference in the Nationwide and Hub plans, summarizing that compared to HUB, Nationwide is too complicated and charges too much. In addition, Mr. Natale noted that HUB will meet with each employee to discuss their investment strategy and hold annual meetings with all employees to review their investments.

**A motion to transfer the MSC 401A and 457 Plans from Nationwide to Hub International based on information provided was made by Commissioner Atherton. Mayor Leary seconded the motion and it passed unanimously.**

Staff Evaluations – Mr. Blomquist asked that the Commissioners if they wanted to hold an annual evaluation for him. Commissioner Atherton noted that giving Mr. Blomquist a review had not been done in the past. Mayor Leary opined that there should be documentation that the organization is doing well and the reason for that is Mr. Blomquist's leadership. Mr. Blomquist will send the Commissioners a template of the non-union review.

Next Regular Meeting:

The Commissioners set the next monthly Board meeting to be Thursday, March 27, 2025, at 9:00 a.m.

The Commissioners set the April Board meeting to be Thursday, April 24, 2025, at 9:00 a.m.

**A motion to adjourn was made by Commissioner Atherton and seconded by Mayor Leary. The motion was unanimously passed and the meeting adjourned at 10:22 a.m.**



Kathleen R. Weirich, Stenographer

Approved: 

**ACTION BY THE GOVERNING BOARD  
RESTATEMENT OF QUALIFIED RETIREMENT PLAN**

The undersigned, being all of the members of the Governing Board of Municipal Services Commission ("Employer"), hereby consent to the following resolutions:

WHEREAS, the Employer has maintained the Pension Plan for Employees of the Municipal Services Commission ("Plan") since 1-1-1976 for the benefit of its eligible employees;

WHEREAS, the Employer is restating the above-referenced Plan to comply with the requirements of the 2020 IRS Cumulative List (IRS Notice 2020-14), along with the addition of a clarifying change relating to the application of same-sex marriage rules; Qualified Natural Disaster Relief provided by the IRS; revised disability claims procedures as provided by the Department of Labor; ability to allow for a rollover to a SIMPLE IRA, as allowed under the PATH Act; application of benefit restriction for certain eligible cooperative or eligible charity defined benefit plans; new rules extending the rollover period for Qualified Plan Loan Offset Amounts and other applicable guidance (collectively referred to herein as the Cycle 3 restatement); and

WHEREAS, the Employer wishes to affirm the appointment of Kendrick Natale II and Scott Blomquist as Trustee(s) of the Plan.

NOW, THEREFORE, BE IT RESOLVED that the Employer hereby adopts the Pension Plan for Employees of Municipal Services Commission as the complete Cycle 3 restatement of the prior Plan, to be effective on 1-1-2025;

RESOLVED FURTHER that the undersigned members of the Governing Board authorize the execution of the restated Plan document and authorize the performance of any other actions necessary to implement the adoption of the Cycle 3 Plan restatement. The members of the Governing Board may designate any members of the Governing Board (or other authorized person) to execute the restated Plan document and perform the necessary actions to adopt the restated Plan. The Employer will maintain a copy of the restated Plan, as approved by the members of the Governing Board, along with a copy of the prior Plan, in its files;

RESOLVED FURTHER that the Employer will act as administrator of the Plan and will be responsible for performing all actions necessary to carry out the administration of the Plan. The Employer may designate any other person or persons to perform the actions necessary to administer the Plan; and

RESOLVED FURTHER that Plan participants shall be provided with a summary of the Plan provisions within a reasonable period of time following the adoption of the restated Plan.

The undersigned hereby certifies that he/she is an Authorized Representative of the Employer and that the foregoing is a true record of a resolution duly adopted at a meeting of the Governing Board, and that said meeting was held in accordance with state law and the Bylaws of the above-named Employer.

IN WITNESS WHEREOF, I have executed my name below as an Authorized Representative of the Employer.



Authorized Representative

2/27/2025  
Date

Scott Blomquist General Manager  
Name / Title



**RESOLUTION 2025-01**

**RESOLUTION TO APPROVE FINANCING THE PURCHASE OF TWO VEHICLES THROUGH M&T BANK**

WHEREAS, the Municipal Services Commission (MSC) of the City of New Castle is a municipal utility duly organized and validly existing under the laws of the state of Delaware (the "State"); and

WHEREAS, the MSC budgeted to purchase two vehicles to replace existing vehicles at the end of their useful lives using financing not to exceed \$485,000; and

WHEREAS, MSC solicited bids for financing from eligible financial institutions; and

WHEREAS, M&T Bank submitted the most advantageous financing terms; and

WHEREAS, the financing agreement will have MSC hold the title to the vehicles with M&T having a security interest; and

NOW THEREFORE, BE IT RESOLVED THAT;

The Commissioners of the MSC hereby, approve Management complete the financing process and proceed with the vehicle purchases as budgeted in the Fiscal Year 2026 adopted budget.

BE IT FURTHER RESOLVED, that this resolution be spread upon the minutes of the Commission in testimony thereof.

Authenticated as Adopted This  
27th Day of February, 2025

  
David Atherton, President

  
Valarie Leary, Mayor/Commissioner

  
John Wik, Commissioner

  
Scott Blomquist, Secretary

Municipal Services Commission  
Resolution 2025- 01

A Resolution to Approve Financing the purchase of two vehicles through M&T Bank



# **Comptroller/Treasurer's Report**



**February 27, 2025 Commission Meeting**  
Prepared By: Ken Natale, CPFO on February 19, 2025

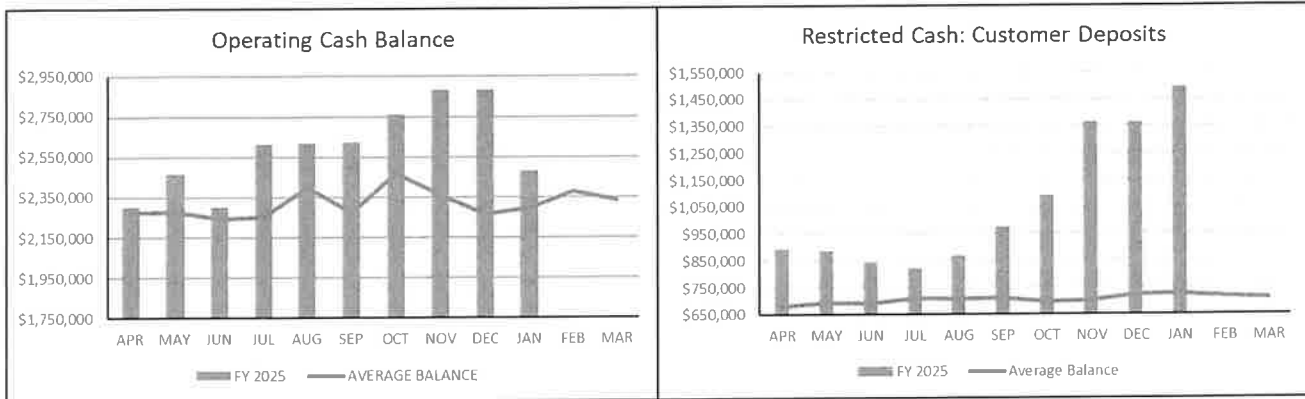
Contents	
Cash & Investments	1
Customer Service/Billing	4
New Castle Cares	4
Electric Revenues	5
Electric Expenses	5
Budget to Actual Comparison (non GAAP) – Electric	6
Water Revenues	7
Water Expenses	7
Budget to Actual Comparison (non GAAP) – Water	8
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Net Position	10
Combining Balance Sheet by Department	11
Combining Schedules of Revenues, Expenses, and Changes in Net Position by Department	13

# Comptroller/Treasurer's Report – February 27, 2025

## Cash & Investments

As of January 31, 2024 the cash balances were:

M&T Bank Checking:	\$ 321,281
M&T Investment Sweep:	2,157,198
M&T Bank Restricted	1,493,368
Petty Cash/Change Fund:	894
<b>Total Cash on Hand:</b>	<b>\$ 3,972,741</b>



A condensed cash flow summary for January is provided below for the operating accounts:

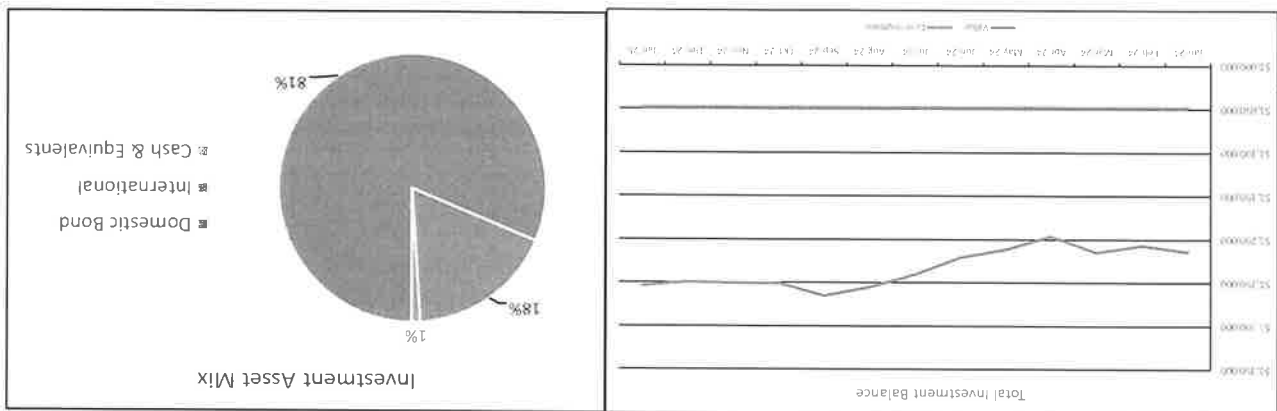
<b>Beginning Balance</b>	<b>\$ 2,881,882</b>
Cash from customers	1,042,694
Interest Income	8,486
Bond Proceeds	-
Refunds to customers - deposits	( 43,448)
Payments to suppliers for goods & services*	( 1,241,806)
Bank service fees	( 833)
Payments to employees for services	( 167,512)
Net Cash Provided (Used)	( 402,419)
<b>Ending Cash Balance</b>	<b>\$ 2,479,463</b>

\*A detailed check register for the month is available on page 3 of this report.

As of January 31, 2025 the value of the Commission's investment portfolio totaled \$1,254,238 which is a net gain of \$4,933 (0.4%) from the prior month.

The M&T Investment Sweep account is where cash that is not immediately needed for operations is placed to earn interest on the funds. Currently, those funds are invested in a Goldman Sachs Government Money Market Mutual Fund (FGTXX) which currently pays 4.33% interest and has a stable net asset value of \$1.00.

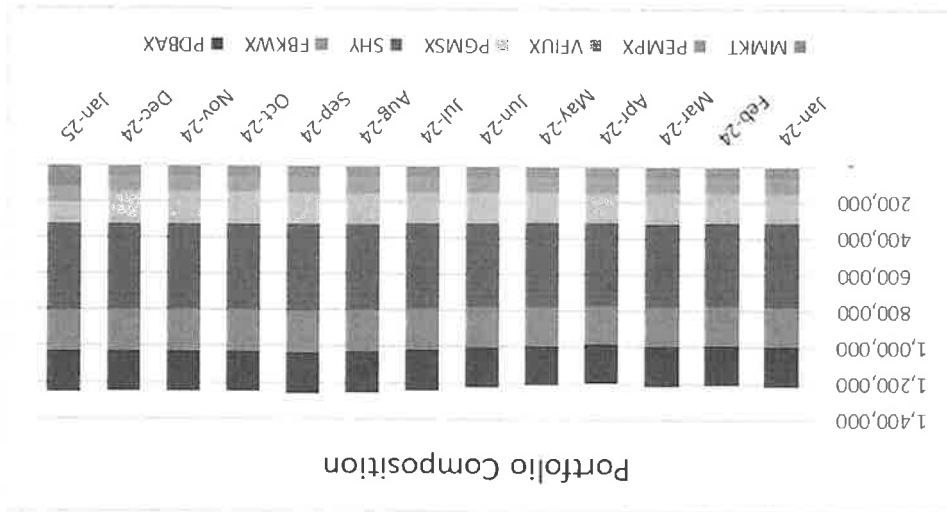
There were 88 days unrestricted cash on hand at January 31 (-11 days from prior month) when including the value of the Commission's investment portfolio which is held in liquid assets (mutual and exchange traded funds). The decrease is related to paying the City's quarterly appropriation (4 days), paying for the purchase of the new water truck (2 days), additionally due to weather, customers did not have service disconnected for non-payment which delayed normal collections.



The "domestic bond" category in the *Investment Asset Mix* chart above, includes US Government instruments and corporate bonds of US based organizations. The "international" category includes debt instruments of foreign governments as well as corporate bonds issued by foreign corporations.

The Commission's investment portfolio was invested in the following securities:

Holdings	Symbol	Market Value	Est. Yield
<b>Money Markets</b>			
Insured Cash Accounts		\$ 122,649	0.70%
<b>Mutual Funds</b>			
Fidelity Advisor Total Bond CL Z	FBKWX	229,921	4.68%
PGIM Total Return Bond CL A	PDBAX	222,863	4.50%
PIMCO Emerging Markets Bond I2	PEMPX	0	
T Rowe Price Global Multi Sector Bond I	PGMSX	115,404	5.24%
Vanguard Intermediate Term Treasury	VFIUX	86,368	4.37%
<b>Exchange Traded Funds</b>			
iShares Trust 1-3 Year Treasury Bond EFT	SHY	477,033	3.90%
<b>Total</b>		<b>\$ 1,254,238</b>	<b>3.99%</b>



Comptroller/Treasurer's Report – February 27, 2025

**JANUARY 2025 CHECK REGISTER**

Number	Date	Vendor Name	Amount
201772	01/02/2025	Anixter	\$ 142.25
201773	01/02/2025	Artesian Water Co Inc	1,807.87
201774	01/02/2025	City of New Castle	182,458.77
201775	01/02/2025	COLONIAL LIFE	781.34
201776	01/02/2025	Consult Dynamics Inc DCA Net	20.00
201777	01/02/2025	Council 81	437.50
201778	01/02/2025	Delta Dental of Delaware Inc	1,854.82
201779	01/02/2025	DEMEC Inc	973.71
201780	01/02/2025	Dover Plumbing Supply Co.	199.26
201781	01/02/2025	Guyer Terri Lynn Green	1,000.00
201782	01/02/2025	Heartline Press	5,163.22
201783	01/02/2025	Kathleen R Weirich	187.50
201784	01/02/2025	KDI Inc.	196.27
201785	01/02/2025	Principal Financial Group	2,395.14
201786	01/02/2025	Transformer Associates Limited	1,765.00
201787	01/02/2025	Tyler Technologies Inc.	640.00
201788	01/02/2025	VersaLift East, LLC	3,901.40
201789	01/13/2025	Antonio's Lawn Service	1,005.00
201790	01/13/2025	Delmarva Power	722.20
201791	01/13/2025	Hydro Corp Inc	495.00
201792	01/13/2025	KDI Inc.	276.32
201793	01/13/2025	United Electric Supply Co	812.80
201794	01/13/2025	Utility Engineers PC	880.00
201795	01/29/2025	Artesian Water Co Inc	1,882.02
201796	01/29/2025	COLONIAL LIFE	1,172.01
201797	01/29/2025	Consult Dynamics Inc DCA Net	20.00
201798	01/29/2025	Council 81	454.00
201799	01/29/2025	Delta Dental of Delaware Inc	1,817.24
201800	01/29/2025	Grainger	20.11
201801	01/29/2025	Kathleen R Weirich	180.00
201802	01/29/2025	NuCar	95,382.63
201803	01/29/2025	PARAGON INSURANCE HOLDING INC	19,765.60
201804	01/29/2025	Pennoni Associates Inc.	13,142.63
201805	01/29/2025	Principal Financial Group	2,395.14
201806	01/29/2025	SFS Tools and Safety LLC	482.00
201807	01/29/2025	Trans Union LLC	432.90
201808	01/29/2025	Tyler Technologies Inc.	9,771.00
201809	01/29/2025	Utility Financial Solutions LLC	7,487.50
DFT0002475	01/01/2025	Department of Human Resources Financial Services	49,214.22
DFT0002482	01/03/2025	Nationwide Retirement Sol	5,846.36
DFT0002485	01/03/2025	United States Treasury	19,874.13
DFT0002488	01/02/2025	M&T ONE CARD	32,408.08
DFT0002489	01/02/2025	Ferguson Enterprises Inc	2,420.00
DFT0002490	01/16/2025	BRINKS CAPITAL	761.93
DFT0002491	01/10/2025	Nationwide Life Ins. Co. of America	23,990.33
DFT0002492	01/15/2025	Principal Financial Group	180.55
DFT0002493	01/17/2025	DEMEC Inc	624,611.57
DFT0002496	01/17/2025	Nationwide Retirement Sol	6,004.16
DFT0002499	01/17/2025	United States Treasury	20,587.16
DFT0002500	01/02/2025	OpenEdge	2,136.55
DFT0002501	01/17/2025	M&T ONE CARD	15,780.32
DFT0002502	01/31/2025	Nationwide Retirement Sol	6,139.06
DFT0002505	01/31/2025	United States Treasury	20,128.06
DFT0002506	01/31/2025	Delaware Div. of Revenue	18,620.00
DFT0002507	01/31/2025	Ferguson Enterprises Inc	4,869.00
DFT0002508	01/31/2025	M&T ONE CARD	23,018.88
DFT0002509	01/31/2025	Stuart C. Irby Co.	2,695.30
<b>TOTAL PAYMENTS</b>			<b>\$ 1,241,805.81</b>

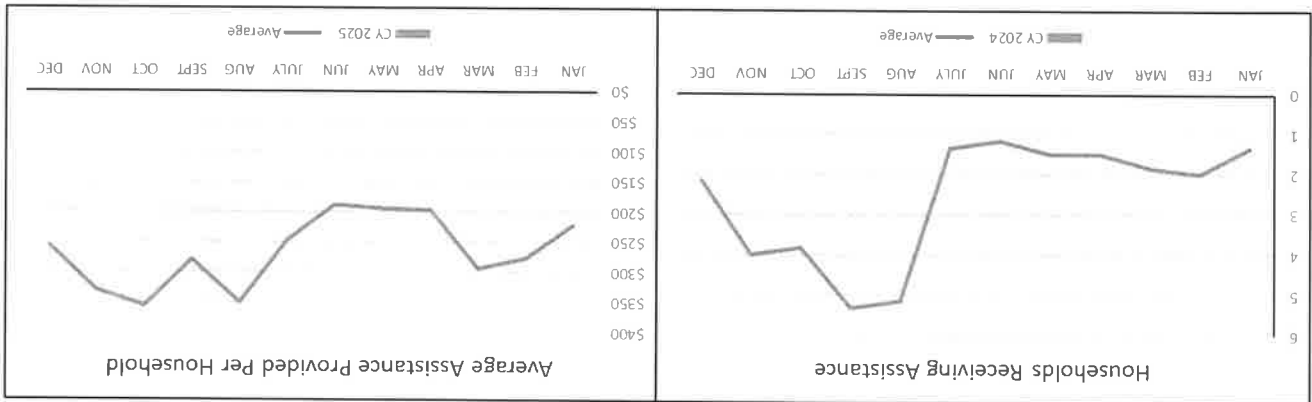
Customer Service/Billing

Since the previous meeting, the Customer Service Department processed:

Bills sent	3,248
Delinquent & past due notices	364
Automated phone notifications	238
Payment arrangements	8
Contracts	0
Service cuts for non-payment	0
Accounts sent to collections	4
Electric bad debt write-offs	\$110.95
Applications for service	20

New Castle Cares

The Salvation Army oversees the New Castle Cares Fund which is funded by the Commission to assist households having trouble making their utility payments. During the month of January, the fund assisted zero customers. The maximum allowed by the program is \$400. The current balance in the fund is \$7,983.

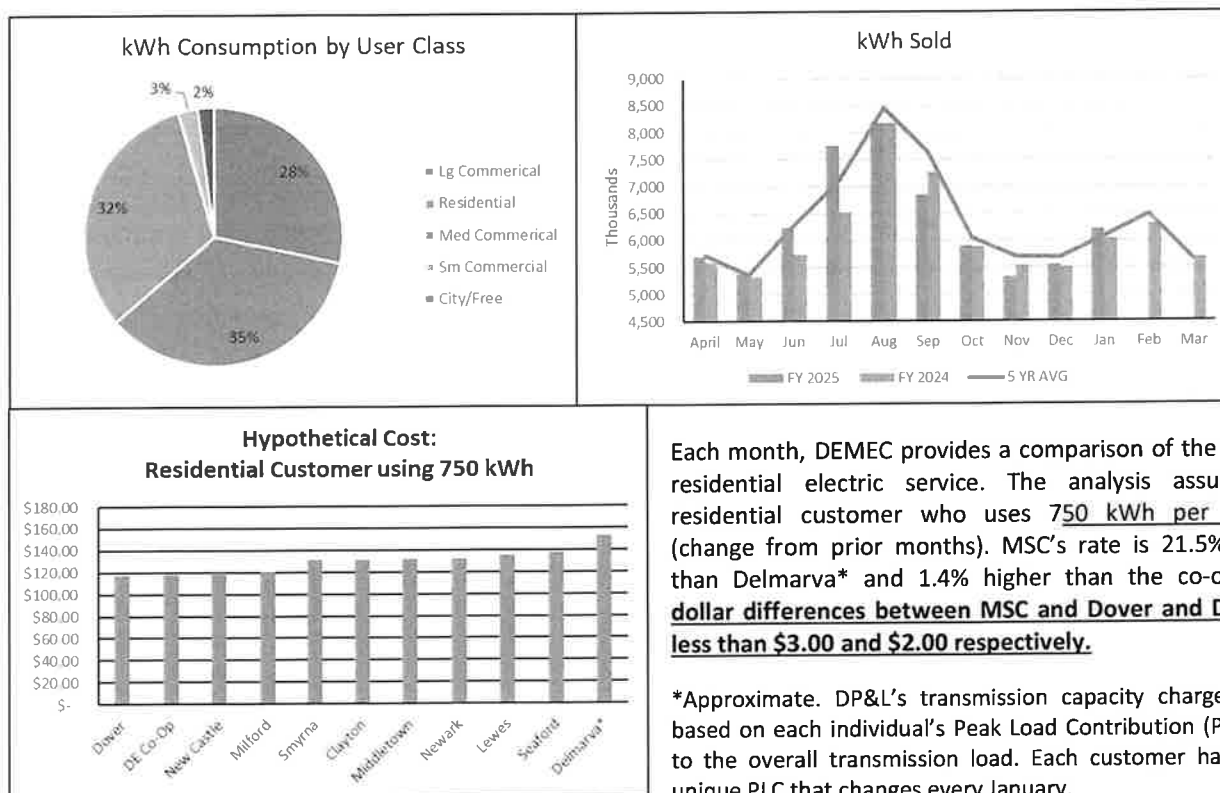


In addition to assistance provided through the New Castle Cares fund, six customers received an average of \$218 from other agencies or nonprofits that provide assistance for utility bills.

**UNAUDITED**

## Electric Revenues

User charges are \$78,000 under budget fiscal year to date. January kWh sales were 2.95% higher compared to the same period last year. Consumption for the fiscal year to date was approximately 1.5% lower than the 5-year average, and 2.5% higher than the prior year to date. The PCA offset \$174,000 of additional power purchase costs through January.



Each month, DEMEC provides a comparison of the cost of residential electric service. The analysis assumes a residential customer who uses 750 kWh per month (change from prior months). MSC's rate is 21.5% lower than Delmarva\* and 1.4% higher than the co-op. The dollar differences between MSC and Dover and DEC are less than \$3.00 and \$2.00 respectively.

\*Approximate. DP&L's transmission capacity charge is based on each individual's Peak Load Contribution (PLC) to the overall transmission load. Each customer has a unique PLC that changes every January.

## Electric Expenses

Electric operating expenses have an unfavorable variance (\$88,000) on the budgetary basis. \$137,000 of that variance is due to timing differences between how MSC bills customers and pays DEMEC for electric consumption as well as higher than anticipated consumption YTD. Some amount of the reported variances are related to the way the system spread budget amendment number 2, and are anticipated to work themselves out over the remaining months of the fiscal year.

After accounting for non-operating revenues and expenses, there is an increase in net position on the budgetary basis of \$40,000, which is \$30,000 less than anticipated. Unrealized gains on the Commission's intermediate portfolio are \$22,000 less than anticipated which is the result of monetary policy affecting bond prices.

When converting from the budgetary basis of accounting to Generally Accepted Accounting Principles, net position decreased by \$87,000 as a result of non-cash transactions (depreciation expense \$650,000, a reduction of salaries and equipment costs of \$259,000 related to Van Dyke construction, and \$253,000 of principal debt payments and capital outlays moving to the balance sheet).

**Municipal Services Commission  
Budget to Actual Comparison (non GAAP) – Electric  
As of January 31, 2025**

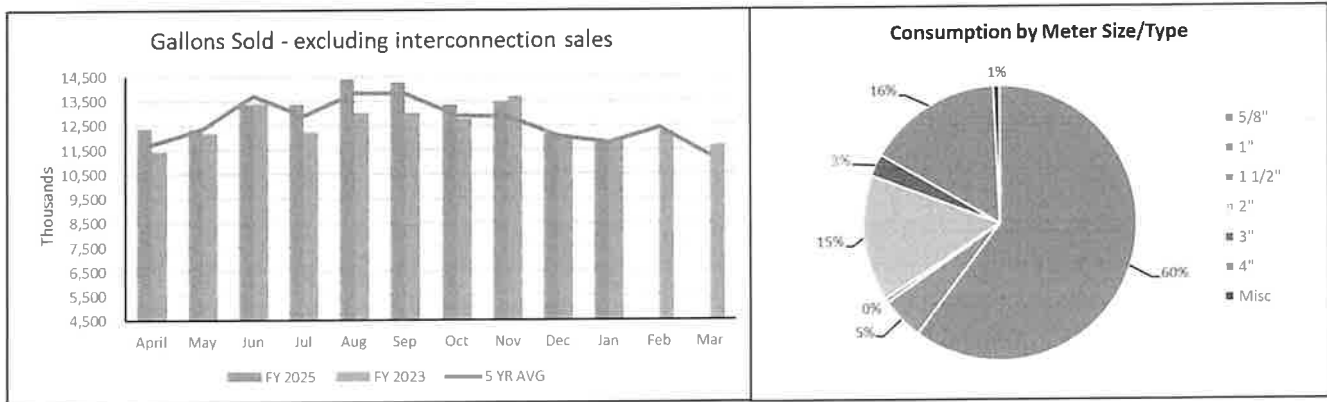
**UNAUDITED**

	YTD Budget	YTD Activity	Variance	Total Budget
<b>Operating Revenues</b>				
User Charges	8,885,743	8,847,293	(38,450)	10,543,256
City & MSC Services	71,649	31,698	(39,951)	89,000
Miscellaneous Income	60,396	41,777	(18,619)	70,391
<b>Total Operating Revenues</b>	<u>9,017,788</u>	<u>8,920,768</u>	<u>(97,020)</u>	<u>10,702,647</u>
Less: Free Service	5,385	6,582	(1,197)	8,000
<b>Net Operating Revenues</b>	<u>9,012,403</u>	<u>8,914,186</u>	<u>(98,217)</u>	<u>10,694,647</u>
<b>Operating Expenses</b>				
<b>Operations Dept</b>				
Purchase of electric for resale	6,223,371	6,361,319	(137,948)	7,414,000
Salaries and benefits	1,001,508	989,122	12,386	1,211,685
Professional fees	56,133	35,169	20,964	66,200
Repairs and maintenance	65,314	102,292	(36,978)	102,700
Other purchased services	38,373	36,050	2,323	36,770
Supplies and materials	31,928	28,754	3,174	35,808
<b>Total operations</b>	<u>7,416,627</u>	<u>7,552,706</u>	<u>(136,079)</u>	<u>8,867,163</u>
<b>General &amp; administrative</b>				
Salaries and benefits	468,385	464,569	3,816	562,249
Professional fees	165,976	158,299	7,677	203,950
Repairs and maintenance	19,952	17,805	2,147	24,579
Other purchased services	34,382	34,527	(145)	35,090
Supplies and materials	34,190	9,968	24,222	40,073
Miscellaneous	18,330	8,248	10,082	20,000
Debt Service	74,972	75,000	(28)	90,002
<b>Total general &amp; administrative</b>	<u>816,187</u>	<u>768,416</u>	<u>47,771</u>	<u>975,943</u>
<b>Total operating expenses</b>	<u>8,232,814</u>	<u>8,321,122</u>	<u>(88,308)</u>	<u>9,843,106</u>
<b>Operating Income</b>	<u>779,589</u>	<u>593,064</u>	<u>(186,525)</u>	<u>851,541</u>
<b>Nonoperating revenue(expense)</b>				
Investment income	116,556	119,839	3,283	137,000
Investment expense	(2,500)	(2,452)	48	(2,500)
Unrealized gain(loss) on investment	20,833	(1,053)	(21,886)	25,000
Gain(loss) on disposal of asset	-	1,772	1,772	41,176
Other Expense	-	11,311	11,311	-
Capital outlays	(390,050)	(223,128)	166,922	(468,217)
Appropriations	(483,146)	(483,539)	(393)	(580,000)
Mayor and Council	-	(12,069)	(12,069)	-
<b>Total nonoperating revenue(expense)</b>	<u>(708,827)</u>	<u>(552,601)</u>	<u>156,226</u>	<u>(812,165)</u>
<b>Change in Net Position</b>	<u>70,762</u>	<u>40,463</u>	<u>(30,299)</u>	<u>39,376</u>



**UNAUDITED****Water Revenues**

User charges have an unfavorable variance of \$17,000 for the fiscal year. Water consumption for the month of January was in line with the same period last year. Fiscal year to date, excluding sales to Artesian, sales are up 2.3% over the five-year average and 4.2% prior year's fiscal year to date.

**Water Expenses**

Water operating expenses have a favorable year to date variance (\$71,000) on the budgetary basis. Variances are the result of timing differences and are expected to be eliminated as the year progresses.

After accounting for non-operating revenues and expenses, there is an increase in net position on the budgetary basis of \$2.2 million which is of \$2.1 million better than anticipated. \$1.8 million is related to the State processing principal forgiveness for the Water AMI and Hewlett & Javier Main Replacement bonds which occurred earlier than anticipated. Additionally work on water capital projects has not proceeded as quickly as anticipated (\$1.6 million).

When converting from the budgetary basis of accounting to Generally Accepted Accounting Principles, there is a decrease in the increase in net position to \$1.9 million as a result of non-cash transactions (\$240,000).

**Municipal Services Commission  
Budget to Actual Comparison (non GAAP) – Water  
As of January 31, 2025**

	YTD	YTD	Activity	Variance	Total Budget
<b>Operating Revenues</b>					
User Charges	2,425,773	2,414,821	(10,952)	2,904,197	
City & MSC Services	36,776	30,763	(6,013)	44,000	
Miscellaneous Income	(142,415)	18,110	160,525	(171,694)	
<b>Total Operating Revenues</b>	<u>2,320,134</u>	<u>2,463,694</u>	<u>143,560</u>	<u>2,776,503</u>	
Less: Free Service	3,290	2,666	624	4,000	
<b>Net Operating Revenues</b>	<u>2,316,844</u>	<u>2,461,028</u>	<u>144,184</u>	<u>2,772,503</u>	
<b>Operating Expenses</b>					
<b>Operations Dept</b>					
Purchase of water for resale	22,126	17,802	4,324	26,000	
Salaries and benefits	962,098	969,764	(7,666)	1,150,625	
Professional fees	73,110	51,593	21,517	88,241	
Repairs and maintenance	228,717	221,959	6,758	288,115	
Other purchased services	34,739	34,217	522	34,217	
Supplies and materials	53,588	38,913	14,675	63,183	
<b>Total operations</b>	<u>1,374,378</u>	<u>1,334,248</u>	<u>40,130</u>	<u>1,650,381</u>	
<b>General &amp; administrative</b>					
Salaries and benefits	270,407	272,578	(2,171)	324,549	
Professional fees	133,179	127,544	5,635	166,180	
Repairs and maintenance	16,653	14,568	2,085	20,673	
Other purchased services	28,817	28,351	466	29,526	
Supplies and materials	29,407	6,909	22,498	34,722	
Miscellaneous	833	10	823	1,000	
Debt Service	11,825	10,353	1,472	23,649	
<b>Total general &amp; administrative</b>	<u>491,121</u>	<u>460,313</u>	<u>30,808</u>	<u>600,299</u>	
<b>Total operating expenses</b>	<u>1,865,499</u>	<u>1,794,561</u>	<u>70,938</u>	<u>2,250,680</u>	
<b>Operating Income</b>	<u>451,345</u>	<u>666,467</u>	<u>215,122</u>	<u>521,823</u>	
<b>Nonoperating revenue(expense)</b>					
Investment income	19,564	20,512	948	23,000	
Investment expense	(500)	(433)	67	(500)	
Unrealized gain(loss) on investment	4,167	(186)	(4,353)	5,000	
Realized gain(loss) on sale of asset	5,327	6,392	1,065	6,392	
Grant income	1,459,105	1,766,631	307,526	1,751,545	
Other Expense	-	(5,797)	(5,797)	-	
Capital Outlays	(1,722,087)	(137,568)	1,584,519	(2,067,260)	
Appropriations	(124,950)	(124,657)	293	(150,000)	
Mayor and Council	(33,356)	(37,588)	(4,232)	(40,000)	
City Services	(434,397)	1,487,306	1,921,703	(521,823)	
<b>Change in Net Position</b>	<u>16,948</u>	<u>2,153,773</u>	<u>2,136,825</u>	<u>-</u>	

**UNAUDITED**

**Municipal Services Commission  
Statement of Net Position  
As of January 31, 2025 and 2024**

	2025	2024
<b>ASSETS:</b>		
Current assets:		
Cash and equivalents	\$ 2,479,373	\$ 2,449,307
Investments	1,254,238	1,214,600
Accounts receivable, net	902,834	731,318
Inventories	1,019,709	887,745
Prepays	124,496	92,157
Restricted cash	1,493,368	832,736
Total current assets	7,274,018	6,207,863
Noncurrent assets:		
Capital assets not being depreciated:		
Land	43,796	43,796
Construction in progress	722,552	3,362,459
Capital assets net of accumulated depreciation:		
Buildings	649,685	682,145
Equipment	573,333	641,135
Infrastructure	15,948,584	13,873,843
Total noncurrent assets	17,937,950	18,603,378
Total assets	25,211,968	24,811,241
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	327,027	574,626
Total deferred outflows	327,027	574,626
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	775,375	1,298,642
Accrued liabilities	36,208	104,372
Customer Deposits	1,545,641	911,685
Total current liabilities	2,357,224	2,314,699
Noncurrent liabilities:		
Due within one year	102,456	96,050
Due in more than one year	2,131,086	3,631,499
Total noncurrent liabilities	2,233,542	3,727,549
Total liabilities	4,590,766	6,042,248
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	348,995	250,334
Total deferred inflows	348,995	250,334
<b>NET POSITION</b>		
Net investment in capital assets	17,087,724	16,052,283
Unrestricted	3,511,510	3,041,002
Total net position	\$ 20,599,234	\$ 19,093,285

**UNAUDITED**

**Municipal Services Commission  
Statement of Revenues, Expenses, and Changes in Net Position  
As of January 31, 2025 and 2024**

	2025	2024
<b>Operating Revenues:</b>		
Water sales	\$ 2,445,584	\$ 2,076,507
Power sales	8,878,991	8,085,026
Miscellaneous	59,887	86,784
Total operating revenues	11,384,462	10,248,317
Less: free service	(9,248)	(8,681)
Net operating revenues	11,375,214	10,239,636
<b>Operating Expenses</b>		
Purchase of water and power	6,379,121	5,644,571
Salaries and benefits	2,491,110	2,179,597
Repairs and maintenance	256,770	267,419
Professional fees	372,605	249,315
Supplies	84,544	148,105
Other purchased services	133,145	153,254
Miscellaneous	8,258	12,631
Debt service - interest	46,819	18,545
Depreciation	1,070,901	918,320
Total operating expenses	10,843,273	9,591,757
Operating income (loss)	531,941	647,879
<b>Nonoperating revenues (expenses):</b>		
Net investment income	137,466	109,951
Realized gain (loss) on investments	6,392	-
Unrealized gain(loss) on investments	(1,239)	10,386
Gain (loss) on disposal of assets	1,772	(39,595)
Grant income	1,807,807	177,589
Grant Expense	(4,458)	(9,079)
Miscellaneous	5,514	(9,871)
Appropriations to Mayor & Council of New Castle	(608,196)	(569,433)
Ordinary	(37,588)	(30,357)
City Services	(12,069)	(8,053)
Special	1,295,401	(368,462)
Total nonoperating revenues (expenses)	1,827,342	279,417
Change in net position	18,771,892	18,813,868
Net position - beginning	\$ 20,599,234	\$ 19,093,285
Net position - ending	\$ 20,599,234	\$ 19,093,285

**UNAUDITED**

**Municipal Services Commission  
Combining Balance Sheet by Department  
As of January 31, 2025 and 2024**

	Water		Electric		Total	
	2025	2024	2025	2024	2025	2024
<b>ASSETS:</b>						
Current assets:						
Cash and equivalents			2,479,373	2,449,307	2,479,373	2,449,307
Investments	188,136	182,190.00	1,066,102	1,032,410	1,254,238	1,214,600
Accounts receivable, net	156,877	163,343.00	745,957	567,975	902,834	731,318
Inventories	302,145	253,907.00	717,564	633,838	1,019,709	887,745
Prepays	50,866	13,363.00	73,630	78,794	124,496	92,157
Restricted cash	-	-	1,493,368	832,736	1,493,368	832,736
Total current assets	698,024	612,803.00	6,575,994	5,595,060	7,274,018	6,207,863
<b>Noncurrent assets:</b>						
Capital assets not being depreciated:						
Land	43,796	43,796	-	-	43,796	43,796
Construction in progress	240,033	2,349,750	482,519	1,012,709	722,552	3,362,459
Capital assets net of accumulated depreciation:						
Buildings	295,650	310,405	354,035	371,740	649,685	682,145
Equipment	256,592	205,839	316,741	435,296	573,333	641,135
Infrastructure	8,967,654	7,202,628	6,980,930	6,671,215	15,948,584	13,873,843
Total noncurrent assets	9,803,725	10,112,418	8,134,225	8,490,960	17,937,950	18,603,378
Total assets	10,501,749	10,725,221	14,710,219	14,086,020	25,211,968	24,811,241
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	140,270	258,418	186,757	316,208	327,027	574,626
Total deferred outflows	140,270	258,418	186,757	316,208	327,027	574,626

(Continued)

**Municipal Services Commission  
Combining Balance Sheet by Department  
As of January 31, 2025 and 2024**

**UNAUDITED**

	Water		Electric		Total	
	2025	2024	2025	2024	2025	2024
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	27,906	618,548	747,469	680,094	775,375	1,298,642
Accrued liabilities	16,294	76,420	19,914	27,952	36,208	104,372
Customer Deposits	6,618	-	1,539,023	911,685	1,545,641	911,685
Due to other funds	553,332	797,100	(553,332)	(797,100)	-	-
Total current liabilities	604,151	1,492,068	1,753,073	822,631	2,357,224	2,314,699
Noncurrent liabilities:						
Due within one year	22,197	15,592	80,259	80,458	102,456	96,050
Due in more than one year.	1,013,711	2,324,407	1,117,376	1,307,092	2,131,086	3,631,499
Total noncurrent liabilities	1,035,908	2,339,999	1,197,635	1,387,550	2,233,542	3,727,549
Total liabilities	1,640,058	3,832,067	2,950,708	2,210,181	4,590,766	6,042,248
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension	159,729	112,650	189,266	137,684	348,995	250,334
Total deferred inflows	159,729	112,650	189,266	137,684	348,995	250,334
<b>NET POSITION</b>						
Net investment in capital assets	9,423,674	8,062,211	7,664,050	7,990,072	17,087,724	16,052,283
Unrestricted	(581,442)	(1,023,289)	4,092,952	4,064,291	3,511,510	3,041,002
Total net position	8,842,232	7,038,922	11,757,002	12,054,363	20,599,234	19,093,285

**UNAUDITED**

**Municipal Services Commission**  
**Combining Schedules of Revenues, Expenses, and Changes in Net Position by Department**  
**For the ten months ending January 31, 2025 and 2024**

	Water		Electric		Total	
	2025	2024	2025	2024	2025	2024
<b>Operating Revenues:</b>						
Charges for services	\$ 2,445,584	\$ 2,076,507	\$ 8,878,991	\$ 8,085,026	\$11,324,575	\$10,161,533
Miscellaneous	18,110	35,573	41,777	51,211	59,887	86,784
Total operating revenues	2,463,694	2,112,080	8,920,768	8,136,237	11,384,462	10,248,317
Less: free service	(2,666)	(2,995)	(6,582)	(5,686)	(9,248)	(8,681)
Net operating revenues	2,461,028	2,109,085	8,914,186	8,130,551	11,375,214	10,239,636
<b>Operating Expenses</b>						
Purchase of water and power	17,802	20,356	6,361,319	5,624,215	6,379,121	5,644,571
Salaries and benefits	1,207,683	1,029,023	1,283,427	1,150,574	2,491,110	2,179,597
Repairs and maintenance	235,807	210,824	20,963	56,595	256,770	267,419
Professional fees	179,137	111,529	193,468	137,786	372,605	249,315
Supplies	45,822	71,937	38,722	76,168	84,544	148,105
Other purchased services	62,568	69,004	70,577	84,250	133,145	153,254
Administrative						
Miscellaneous	10	(123)	8,248	12,754	8,258	12,631
Debt service	2,165	2,799	44,654	15,746	46,819	18,545
Depreciation	420,596	293,229	650,305	625,091	1,070,901	918,320
Total operating expenses	2,171,590	1,808,578	8,671,683	7,783,179	10,843,273	9,591,757
Operating income (loss)	289,438	300,507	242,503	347,372	531,941	647,879

(Continued)

**UNAUDITED**

**Municipal Services Commission**  
**Combining Schedules of Revenues, Expenses, and Changes in Net Position by Department**  
**For the ten months ending January 31, 2025 and 2024**

	Water		Electric		Total	
	2025	2024	2025	2024	2025	2024
Nonoperating revenues (expenses):						
Net investment income	20,079	16,434	117,387	93,517	137,466	109,951
Realized gain (loss) on investments					-	-
Unrealized gain(loss) on investments	(186)	1,558	(1,053)	8,828	(1,239)	10,386
Realized gain(loss) on investments	6,392	-	-	-	6,392	-
Gain(loss) on disposal of fixed assets	-		1,772	(39,595)	1,772	(39,595)
Grant income	1,766,631	177,589	41,176	-	1,807,807	177,589
Grant Expense	-	(9,079)	(4,458)	-	(4,458)	(9,079)
Miscellaneous	(5,797)	(9,292)	11,311	(579)	5,514	(9,871)
Appropriations to Mayor & Council of New Castle						
Ordinary	(124,657)	(129,105)	(483,539)	(440,328)	(608,196)	(569,433)
City Services	(37,588)	(30,357)	-	-	(37,588)	(30,357)
Special	-	(1,828)	(12,069)	(6,225)	(12,069)	(8,053)
Total nonoperating revenues (expenses)	1,624,874	15,920	(329,473)	(384,382)	1,295,401	(368,462)
Income before capital contributions	1,914,312	316,427	(86,970)	(37,010)	1,827,342	279,417
Capital Contributions	-	-	-	-	-	-
Change in net position	1,914,312	316,427	(86,970)	(37,010)	1,827,342	279,417
Net position - beginning	6,927,920	6,722,495	11,843,972	12,091,373	18,771,892	18,813,868
Net position - ending	<u>\$ 8,842,232</u>	<u>\$ 7,038,922</u>	<u>\$11,757,002</u>	<u>\$12,054,363</u>	<u>\$20,599,234</u>	<u>\$19,093,285</u>





**RESOLUTION 2025-XX**

**RESOLUTION TO APPROVE FINANCING THE PURCHASE OF TWO VEHICLES THROUGH M&T BANK**

WHEREAS, the Municipal Services Commission (MSC) of the City of New Castle is a municipal utility duly organized and validly existing under the laws of the state of Delaware (the "State"); and

WHEREAS, the MSC budgeted to purchase two vehicles to replace existing vehicles at the end of their useful lives using financing not to exceed \$485,000; and

WHEREAS, MSC solicited bids for financing from eligible financial institutions; and

WHEREAS, M&T Bank submitted the most advantageous financing terms; and

WHEREAS, the financing agreement will have MSC hold the title to the vehicles with M&T having a security interest; and

NOW THEREFORE, BE IT RESOLVED THAT;

The Commissioners of the MSC hereby, approve Management complete the financing process and proceed with the vehicle purchases as budgeted in the Fiscal Year 2026 adopted budget.

BE IT FURTHER RESOLVED, that this resolution be spread upon the minutes of the Commission in testimony thereof.

**Authenticated as Adopted This  
27th Day of February, 2025**

\_\_\_\_\_  
David Atherton, President

\_\_\_\_\_  
Valarie Leary, Mayor/Commissioner

\_\_\_\_\_  
John Wik, Commissioner

\_\_\_\_\_  
Scott Blomquist, Secretary

Municipal Services Commission

Resolution 2025- x

A Resolution to Approve Financing the purchase of two vehicles through M&T Bank

**BID TABULATION**  
**Financing for Vehicle Acquisition - FYE 2026**

Institution	Bucket Truck		Silverado		Tax Exempt	Payment Frequency	Payments (*)		Annual Debt Service
	Rate (+)	Term	Rate (+)	Term			Total	Principal	
M&T Bank (1)	4.720%	60 months	4.720%	60 months	Yes	Semiannual	\$ 550,819.30	\$ 485,000.00	\$ 65,819.30
M&T Bank (1)	4.728%	84 months	4.728%	84 months	Yes	Semiannual	\$ 576,273.18	\$ 485,000.00	\$ 82,324.75
M&T Bank (2)	4.728%	84 months	6.400%	60 months	Yes	Semiannual	\$ 576,142.72	\$ 485,000.00	\$ 89,088.32
First American Equipment (2)	5.050%	84 months	4.950%	60 months	Yes	Monthly	\$ 568,614.00	\$ 485,000.00	\$ 87,666.00

(1) M&T Bank is proposing closing on the financing for both vehicles to lock in the interest rate and holding the amount needed for the Silverado in escrow until MSC is ready to take delivery.

(2) Rates quoted from the Silverado are illustrative only, and won't be finalized until settlement. M&T's quote is a projected future rate, First American quoted their current rate if closing were to occur in April.

(\*) FYE 2026 Budget includes increased debt service of \$45,067, the 84 month (7 years) financing through M&T fit within that budget. Both vehicles estimated useful lives are in excess of that term (10+ years).

(+) Interest rates above can fluctuate up to 3 day before settlement.

# TAX EXEMPT MUNICIPAL LEASE-PURCHASE FINANCING

Tax Exempt Municipal Lease-Purchase Financing has become increasingly popular with government entities as a way to finance the acquisition of essential use equipment over time. A Tax Exempt Municipal Lease-Purchase Agreement allows a municipality to conserve working capital. These agreements are typically structured to avoid the creation of long-term debt and also serve as an effective means of managing cash flow. Entities can obtain immediate capital to address growth, emergencies, or unforeseen expenses such as cost overruns. Structured to meet all of the requirements of federal, state and local finance laws, Tax Exempt Municipal Lease-Purchase Agreements are one of the fastest growing areas of municipal finance.

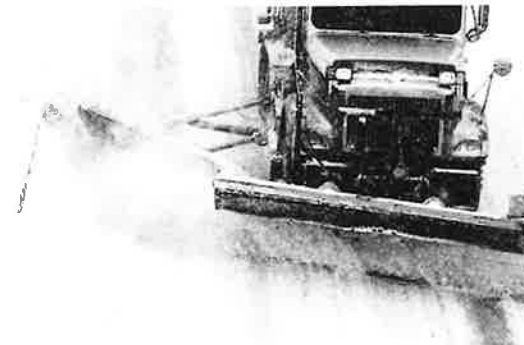
## THE M&T ADVANTAGE

**Definition.** A Tax Exempt Municipal Lease-Purchase Agreement is simply a conditional sales or installment sales agreement. It is the market alternative to a cash purchase or tax-exempt municipal bond issue. The interest portion of a Tax Exempt Municipal Lease-Purchase's lease payment is exempt from federal (as well as some state) taxation for the Bank. This allows us to provide the lessee (the municipality) with significant cost savings, as compared to conventional (taxable) commercial financing.

**How Tax Exempt Municipal Lease Agreements Work.** Any asset that can be deemed "essential use equipment" can be acquired using a Tax Exempt Municipal Lease-Purchase Agreement.

During the term of a lease, the municipality holds the title of the leased equipment while the lessor retains a security interest. With each payment, the municipality establishes an equity interest in the equipment.

**Structure of Agreements.** Tax Municipal Leasing Agreements are typically structured so that the term of the financing matches the useful life of the asset. This is preferable to forcing the asset to be financed far beyond its useful life - as is often the case with bond financing. The interest rate is generally fixed at closing and remains fixed throughout the term of the lease (although variable rate structures are available to meet certain needs). The obligation is subject to annual appropriation of funds in the budget. This non-appropriation risk is offset by the fact that the leased assets are considered "essential use" assets. The lease payment constitutes a current expense. The payback structure (payments) can be designed to meet the budgetary needs of the municipality.



## TO LEARN MORE:

CONTACT YOUR LOCAL M&T BANK RELATIONSHIP  
MANAGER OR VISIT [WWW.MTB.COM/CORPORATE](http://WWW.MTB.COM/CORPORATE)

M&T Bank

**Eligibility.** Section 103 (a)(1) of the Internal Revenue Code defines an eligible entity as "any state, territory, or possession or any political subdivision of the foregoing or of the District of Columbia." The most frequent users are states, cities, counties, school districts, fire districts, authorities and public universities.

**Essential Use Assets.**

- |                              |                                  |                                        |
|------------------------------|----------------------------------|----------------------------------------|
| • Police and Safety Vehicles | • Tractors and Bucket Loaders    | • Recycling Equipment                  |
| • Maintenance Equipment      | • Furniture and Fixtures         | • Phone Systems                        |
| • Computer Technology        | • Machine Tools                  | • Road Construction Equipment          |
| • Snow Plows                 | • HVAC/Boilers/Hot Water Systems | • Waste Management                     |
| • School Buses               | • Energy Performance Contracts   | • Lighting                             |
| • Fire Trucks and Ambulances | • Co-Generation Facilities       | • Portable Classrooms and Office Space |

**Advantages of Tax Exempt Municipal Lease Financing.**

- **Fast, Simple Approval Process:** Compared to issuing a bond referendum, a Tax Exempt Municipal Lease-Purchase is fast and flexible. Time required to close such financing is reduced from months to weeks. Most costs associated with a bond financing are eliminated. With a tax exempt municipal lease, the municipality borrows only the cost of the assets. This differs from bond financing, where the municipality borrows the cost of the assets and the fees associated with floating the bond.
- **Reduced Rate Risk:** In a volatile rate market, the ability to close quickly and (if necessary) fund an escrow account eliminates the majority of interest rate risk associated with waiting for 2 or 3 months to float a bond. A fixed rate at closing ensures level payments for the term of the lease.
- **Competitive Interest Rate:** The interest income on a municipal lease is tax exempt to the lessor. The municipality benefits when the lessor passes these savings on to the municipality in the form of a lower interest rate.

- **100% Financing:** Most project costs can be financed with a Tax Exempt Municipal Lease-Purchase Agreement. No down payments are required and vendors are paid promptly upon funding the lease. Funding into an escrow account for projects requiring progress payments ensures that the municipality can take advantage of the deepest discounts afforded by the vendor because immediate payment can be made upon acceptance of the assets or services by the municipality.
- **Practical Terms:** The term of the lease is matched with the useful life of the asset. No large capital outlay is required and current taxpayers pay for the assets and improvements only as they are used. This process also assists municipalities and school districts with better management of capital reserve fund balances.

- **Ultimate Ownership:** Each lease payment builds equity in the future unencumbered ownership of the asset. At the end of the original lease term, there are no residual values, balloon payments or purchase options to consider. Issues such as return provisions, run-on rent, stipulated loss values and asset management can present a municipality with hidden liability issues. None of these apply with a Tax Exempt Municipal Lease Purchase Agreement.

- **Expert Assistance:** M&T Bank has leasing experts waiting to share more about the advantages of Tax Exempt Municipal Lease Financing. We will help you determine if this is a viable alternative for your state, county, municipality or other public institution. One of our leasing specialists would be happy to meet with you and your associates, review your project(s) and provide you with the benefit of our experience.

**Tax Exempt Municipal Lease Purchase Agreement.**

- Avoids classification as a debt obligation, and, therefore does not affect constitutional debt limits
- Cost of issuances is substantially lower than traditional bond financing
- Less complex and can close in a much shorter period of time than general obligation debt
- Payback schedule is flexible to meet municipality budget cycles
- Provides alternative source of capital allowing capital expenditures to take place in the time frame they are needed
- Can provide immediate funds to address an emergency, unforeseen expense, or even a project cost overrun



Financing options are subject to credit approval and other conditions. All products and services are subject to qualification, fees and restrictions may apply. Unless otherwise specified, all advertised offers and terms and conditions of accounts and services are subject to change at any time without notice. After an account is opened or service begins, it is subject to its features, conditions and terms, which are subject to change at any time in accordance with applicable laws and agreements. Please contact an M&T representative for full details. Some product and services may be provided through subsidiaries or affiliates of M&T Bank. Equal Housing Lender. ©2019 M&T Bank. Member FDIC. CEF-204-0818

# M&T Bank

Understanding what's important®

February 12, 2025

Kendrick S. Natale II, CPFO  
Comptroller/Treasurer  
Municipal Services Commission of the City of New Castle  
216 Chestnut Street  
New Castle, DE 19720

Dear Ken,

Manufacturers and Traders Trust Company ("M&T Bank") is pleased to outline the following indicative rate financing proposal for the Municipal Services Commission of the City of New Castle.

LESSOR:	M&T Bank (its nominees, assigns or affiliates)	
LESSEE:	Municipal Services Commission of the City of New Castle	
EQUIPMENT & FUNDING AMOUNT (APPROXIMATELY):	Option #1: (1) New Versalift Bucket Truck.....	\$385,000.00
	Option #2: (1) New Versalift Bucket Truck and (1) New Chevrolet Silverado 3500HD.....	\$485,000.00
	Option #3: (1) New Chevy Silverado 3500HD.....	\$100,000.00

FACILITY: Tax-Exempt Municipal Lease Purchase Agreement

This will be a non-cancelable, net lease transaction whereby maintenance, insurance, applicable taxes, and all items of a similar nature will be the responsibility of the Lessee. Provisions of the lease will require that Lessor be named Lender/Loss Payee on the insurance coverage. Lessor will require a first position security interest in all equipment financed.

TERMS & PAYMENT:	Lease Term:	5 or 7 Years
	Closing Date:	April 15, 2025 (estimate)
	First Payment Date:	October 15, 2025 (6 months after closing with semi-annual payments – other options available)
	Payment Frequency:	Semi-annual (other options available)
	Interest Rate (Option #1):	4.720% for 5-year term 4.728% for 7-year term
	Interest Rate (Option #2):	4.720% for 5-year term 4.728% for 7-year term
	Interest Rate (Option #3):	6.400% for 5-year term 6.408% for 7-year term

1310 West Chester Pike, Havertown, PA 19083  
Phone: (610) 449-3944

Payment Schedule: See attached sample Amortization Schedules. Other structures are available.

If required, a lease may be funded into an escrow disbursement account held by M&T Bank at the closing date. This will lock the interest rate at closing and protect against any future rate increases. During the build/delivery period, with Lessee's approval, payments to the vendor(s) will be made from this escrow account as needed. Any interest earned on this account will accrue to the benefit of Lessee. Any interest earnings and/or unexpended funds remaining in the escrow account once the equipment has been paid for will be applied to the next lease payment or returned to Lessee.

ESCROW:

The indicative interest rates in this proposal are based on M&T Bank's respective like term Cost of Funds (COF) as of February 11, 2025, for a Bank Qualified (BQ) transaction. Final pricing may change based on fluctuations in Lessor's COF, closing date, tax rates, any changes in tax or other legislation that impact Lessor's pricing and other operating parameters. The actual rate will be fixed three days prior to the closing and may be indexed to this COF at discretion of Lessor.

BASIS OF INTEREST  
RATES/INDEXING:

Cost of Funds shall mean a measure of the Bank's cost of borrowing, inclusive of a standard risk premium, all as may be determined by the Bank from time to time and consistently applied. Such measure is the sum (i) the yield on United States Treasury Obligations adjusted to a constant like-term maturity in effect three (3) New York Business Days as published by the Board of Governors of the Federal Reserve Statistical Release H.15 (519), or by such other quoting service, index or commonly available source utilized by the Bank, plus (ii) the "ask" side of the like-term Secured Overnight Financing Rate ("SOFR") swap spread in effect three (3) business days prior to closing date as set forth in Bloomberg, L.P., or by such other quoting service, index or commonly available source utilized by the Bank.

TAX

INDEMNIFICATION:

Delaware Lessee will provide to Lessor the appropriate State of Delaware Exempt Organization certificate. Lessee will also provide to Lessor, at Lessee's expense, a written opinion of counsel stating the transaction qualifies as tax-exempt Bank Qualified (BQ) along with other appropriate representations for this type of borrowing.

DOCUMENTATION &  
APPLICABLE FEES:

All documentation will be provided by Lessor and must be satisfactory to all parties. Lessee will pay to Lessor a documentation fee equal to \$250 for each lease. The fee for an escrow account, if required, will be \$500. No acquisition fees, disposition fees or security deposit will be charged to this account.

M&T Bank may utilize a wholly owned subsidiary as originating Lessor. This requires that lease documentation be executed between Lessee and the designated subsidiary as Lessor. To help facilitate this, any official Resolution or other form of authorization will need to be made in the name of the wholly owned subsidiary as designated by M&T, or alternatively in the name of "M&T Bank and/or any wholly owned subsidiary of M&T Bank". The originating Lessor for this lease is expected to be "233 Genesee Street Corporation", a wholly owned subsidiary of M&T Bank.

END OF LEASE  
OPTIONS:

Provided the Lessee has met all the terms and conditions of the lease agreement, the Lessee at lease expiration will have clear title of equipment upon payment of all amounts due under the lease.

EARLY TERMINATION: Pursuant to General Municipal Law the lease will allow for early termination for reasons of non-appropriation.

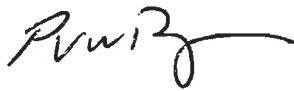
CONDITIONS: This proposal is For Discussion Purposes Only. The proposed terms and conditions herein do not constitute an offer, agreement, or commitment to lend and are confidential. Final approval, if any, may only be granted upon receipt of all information deemed appropriate by Lessor and in accordance with Lessor's loan, legal and other applicable policies. Lessor will require a Resolution or other form of authorization showing this financing was approved by Lessee. This proposal is subject to Lessor's final credit and investment approval. Lessor takes a general exception to the application of any contract terms and conditions included in any solicitation for quotations. The terms and conditions applicable to the provision of our products and services will be those reflected in those final signed agreements and documents.

Lessee shall have delivered to M&T Bank, sufficiently in advance of closing, all documentation and other information required by the Bank and bank regulatory authorities generally, under all applicable "know your customer" and "anti-money laundering" rules and regulations in effect from time to time, including, without limitation, the USA PATRIOT Act and the Bank Secrecy Act. Any failure by Lessee or any necessary third party to deliver to the Bank, in a timely manner, any material information required under the Bank's applicable regulatory compliance policies, as may be amended from time to time, or any misrepresentation or inaccuracy with respect to any such information received, or if the Bank's due diligence reveals that opening the accounts contemplated herein would potentially violate the Bank's regulatory compliance policies or applicable law, shall entitle the Bank, in its sole discretion, to withdraw and/or cancel this proposal letter and retain all fees.

EXPIRATION: This proposal shall expire in thirty (30) days unless extended by Lessor.

Thank you for allowing us the opportunity to present this proposal. Please contact me at (610) 449-3944 if you have any questions in reference to this proposal.

Sincerely,



Paul V.W. Black  
Senior Vice President  
M&T Bank - Commercial Equipment Finance/Government Banking  
Phone: 610-449-3944  
Email: pvblack@mtb.com

CC: Todd Feeley, M&T Bank  
Ron Ward, M&T Bank

M&T Bank  
 – Sample Amortization Schedule –

Municipal Services Commission of the City of New Castle – 5 Year Term

Compound Period: Monthly

Nominal Annual Rate: 4.720 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	04/15/2025	385,000.00	1	Semiannual	04/15/2030
2 Lease Payment	10/15/2025	43,724.83	10		

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

Lease	Date	Lease Payment	Interest	Principal	Balance
1	04/15/2025	43,724.83	9,175.82	34,549.01	385,000.00
2025 Totals	10/15/2025	43,724.83	9,175.82	34,549.01	350,450.99
2	04/15/2026	43,724.83	8,352.40	35,372.43	315,078.56
3	10/15/2026	43,724.83	7,509.36	36,215.47	278,863.09
2026 Totals	10/15/2026	87,449.66	15,861.76	71,587.90	
4	04/15/2027	43,724.83	6,646.22	37,078.61	241,784.48
5	10/15/2027	43,724.83	5,762.52	37,962.31	203,822.17
2027 Totals	10/15/2027	87,449.66	12,408.74	75,040.92	
6	04/15/2028	43,724.83	4,857.75	38,867.08	164,955.09
7	10/15/2028	43,724.83	3,931.42	39,793.41	125,161.68
2028 Totals	10/15/2028	87,449.66	8,789.17	78,660.49	
8	04/15/2029	43,724.83	2,983.01	40,741.82	84,419.86
9	10/15/2029	43,724.83	2,012.00	41,712.83	42,707.03
2029 Totals	10/15/2029	87,449.66	4,995.01	82,454.65	
10	04/15/2030	43,724.83	1,017.80	42,707.03	0.00
2030 Totals	04/15/2030	43,724.83	1,017.80	42,707.03	
Grand Totals		437,248.30	52,248.30	385,000.00	



**M&T Bank**  
**– Sample Amortization Schedule –**

**Municipal Services Commission of the City of New Castle – 7 Year Term**

Compound Period: Monthly

Nominal Annual Rate: 4.728 %

**CASH FLOW DATA**

	<b>Event</b>	<b>Date</b>	<b>Amount</b>	<b>Number</b>	<b>Period</b>	<b>End Date</b>
1	Lease	04/15/2025	385,000.00	1		
2	Lease Payment	10/15/2025	32,675.28	14	Semiannual	04/15/2032

**AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year**

	<b>Date</b>	<b>Lease Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Lease	04/15/2025				385,000.00
1	10/15/2025	32,675.28	9,191.52	23,483.76	361,516.24
2025 Totals		32,675.28	9,191.52	23,483.76	
2	04/15/2026	32,675.28	8,630.87	24,044.41	337,471.83
3	10/15/2026	32,675.28	8,056.83	24,618.45	312,853.38
2026 Totals		65,350.56	16,687.70	48,662.86	
4	04/15/2027	32,675.28	7,469.09	25,206.19	287,647.19
5	10/15/2027	32,675.28	6,867.31	25,807.97	261,839.22
2027 Totals		65,350.56	14,336.40	51,014.16	
6	04/15/2028	32,675.28	6,251.17	26,424.11	235,415.11
7	10/15/2028	32,675.28	5,620.32	27,054.96	208,360.15
2028 Totals		65,350.56	11,871.49	53,479.07	
8	04/15/2029	32,675.28	4,974.41	27,700.87	180,659.28
9	10/15/2029	32,675.28	4,313.07	28,362.21	152,297.07
2029 Totals		65,350.56	9,287.48	56,063.08	
10	04/15/2030	32,675.28	3,635.95	29,039.33	123,257.74
11	10/15/2030	32,675.28	2,942.67	29,732.61	93,525.13
2030 Totals		65,350.56	6,578.62	58,771.94	
12	04/15/2031	32,675.28	2,232.83	30,442.45	63,082.68
13	10/15/2031	32,675.28	1,506.04	31,169.24	31,913.44
2031 Totals		65,350.56	3,738.87	61,611.69	
14	04/15/2032	32,675.28	761.84	31,913.44	0.00
2032 Totals		32,675.28	761.84	31,913.44	
Grand Totals		457,453.92	72,453.92	385,000.00	

M&T Bank

– Sample Amortization Schedule –

Municipal Services Commission of the City of New Castle – 5 Year Term

Compound Period: Monthly

Nominal Annual Rate: 4.720 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	04/15/2025	485,000.00	1	Semiannual	04/15/2030
2 Lease Payment	10/15/2025	55,081.93	10		

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

Lease	Date	Lease Payment	Interest	Principal	Balance
1	10/15/2025	55,081.93	11,559.14	43,522.79	441,477.21
2025 Totals		55,081.93	11,559.14	43,522.79	485,000.00
2	04/15/2026	55,081.93	10,521.85	44,560.08	396,917.13
2026 Totals		110,163.86	19,981.69	90,182.17	351,295.04
3	10/15/2026	55,081.93	9,459.84	45,622.09	304,585.63
4	04/15/2027	55,081.93	8,372.52	46,709.41	256,762.98
2027 Totals		110,163.86	15,631.80	94,532.06	207,800.56
5	10/15/2027	55,081.93	7,259.28	47,822.65	157,671.20
6	04/15/2028	55,081.93	6,119.51	48,962.42	106,347.09
2028 Totals		110,163.86	11,072.08	99,091.78	53,799.76
7	10/15/2028	55,081.93	4,952.57	50,129.36	0.00
8	04/15/2029	55,081.93	3,757.82	51,324.11	
2029 Totals		110,163.86	6,292.42	103,871.44	
9	10/15/2029	55,081.93	2,534.60	52,547.33	
10	04/15/2030	55,081.93	1,282.17	53,799.76	
2030 Totals		55,081.93	1,282.17	53,799.76	
Grand Totals		550,819.30	65,819.30	485,000.00	

**M&T Bank**  
**– Sample Amortization Schedule –**

**Municipal Services Commission of the City of New Castle – 7 Year Term**

Compound Period: Monthly

Nominal Annual Rate: 4.728 %

**CASH FLOW DATA**

	<b>Event</b>	<b>Date</b>	<b>Amount</b>	<b>Number</b>	<b>Period</b>	<b>End Date</b>
1	Lease	04/15/2025	485,000.00	1		
2	Lease Payment	10/15/2025	41,162.37	14	Semiannual	04/15/2032

**AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year**

	<b>Date</b>	<b>Lease Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Lease	04/15/2025				485,000.00
1	10/15/2025	41,162.37	11,578.93	29,583.44	455,416.56
2025 Totals		41,162.37	11,578.93	29,583.44	
2	04/15/2026	41,162.37	10,872.65	30,289.72	425,126.84
3	10/15/2026	41,162.37	10,149.51	31,012.86	394,113.98
2026 Totals		82,324.74	21,022.16	61,302.58	
4	04/15/2027	41,162.37	9,409.11	31,753.26	362,360.72
5	10/15/2027	41,162.37	8,651.03	32,511.34	329,849.38
2027 Totals		82,324.74	18,060.14	64,264.60	
6	04/15/2028	41,162.37	7,874.85	33,287.52	296,561.86
7	10/15/2028	41,162.37	7,080.14	34,082.23	262,479.63
2028 Totals		82,324.74	14,954.99	67,369.75	
8	04/15/2029	41,162.37	6,266.46	34,895.91	227,583.72
9	10/15/2029	41,162.37	5,433.35	35,729.02	191,854.70
2029 Totals		82,324.74	11,699.81	70,624.93	
10	04/15/2030	41,162.37	4,580.35	36,582.02	155,272.68
11	10/15/2030	41,162.37	3,706.99	37,455.38	117,817.30
2030 Totals		82,324.74	8,287.34	74,037.40	
12	04/15/2031	41,162.37	2,812.78	38,349.59	79,467.71
13	10/15/2031	41,162.37	1,897.22	39,265.15	40,202.56
2031 Totals		82,324.74	4,710.00	77,614.74	
14	04/15/2032	41,162.37	959.81	40,202.56	0.00
2032 Totals		41,162.37	959.81	40,202.56	
Grand Totals		576,273.18	91,273.18	485,000.00	

M&T Bank

– Sample Amortization Schedule –

Municipal Services Commission of the City of New Castle - 5 Year Term

Compound Period: Monthly

Nominal Annual Rate: 6.400 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Lease	04/15/2025	100,000.00	1	Semiannual	04/15/2030
2 Lease Payment	10/15/2025	11,868.88	10		

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

Lease	Date	Lease Payment	Interest	Principal	Balance
1	10/15/2025	11,868.88	3,242.97	8,625.91	91,374.09
2025 Totals		11,868.88	3,242.97	8,625.91	100,000.00
2	04/15/2026	11,868.88	2,963.24	8,905.64	82,468.45
3	10/15/2026	11,868.88	2,674.43	9,194.45	73,274.00
2026 Totals		23,737.76	5,637.67	18,100.09	
4	04/15/2027	11,868.88	2,376.25	9,492.63	63,781.37
5	10/15/2027	11,868.88	2,068.41	9,800.47	53,980.90
2027 Totals		23,737.76	4,444.66	19,293.10	
6	04/15/2028	11,868.88	1,750.59	10,118.29	43,862.61
7	10/15/2028	11,868.88	1,422.45	10,446.43	33,416.18
2028 Totals		23,737.76	3,173.04	20,564.72	
8	04/15/2029	11,868.88	1,083.68	10,785.20	22,630.98
9	10/15/2029	11,868.88	733.92	11,134.96	11,496.02
2029 Totals		23,737.76	1,817.60	21,920.16	
10	04/15/2030	11,868.88	372.86	11,496.02	0.00
2030 Totals		11,868.88	372.86	11,496.02	
Grand Totals		118,688.80	18,688.80	100,000.00	

**M&T Bank**  
**– Sample Amortization Schedule –**

**Municipal Services Commission of the City of New Castle – 7 Year Term**

Compound Period: Monthly

Nominal Annual Rate: 6.408 %

**CASH FLOW DATA**

	<b>Event</b>	<b>Date</b>	<b>Amount</b>	<b>Number</b>	<b>Period</b>	<b>End Date</b>
1	Lease	04/15/2025	100,000.00	1		
2	Lease Payment	10/15/2025	9,002.40	14	Semiannual	04/15/2032

**AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year**

	<b>Date</b>	<b>Lease Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Lease	04/15/2025				100,000.00
1	10/15/2025	9,002.40	3,247.08	5,755.32	94,244.68
2025 Totals		9,002.40	3,247.08	5,755.32	
2	04/15/2026	9,002.40	3,060.20	5,942.20	88,302.48
3	10/15/2026	9,002.40	2,867.25	6,135.15	82,167.33
2026 Totals		18,004.80	5,927.45	12,077.35	
4	04/15/2027	9,002.40	2,668.04	6,334.36	75,832.97
5	10/15/2027	9,002.40	2,462.36	6,540.04	69,292.93
2027 Totals		18,004.80	5,130.40	12,874.40	
6	04/15/2028	9,002.40	2,250.00	6,752.40	62,540.53
7	10/15/2028	9,002.40	2,030.74	6,971.66	55,568.87
2028 Totals		18,004.80	4,280.74	13,724.06	
8	04/15/2029	9,002.40	1,804.37	7,198.03	48,370.84
9	10/15/2029	9,002.40	1,570.64	7,431.76	40,939.08
2029 Totals		18,004.80	3,375.01	14,629.79	
10	04/15/2030	9,002.40	1,329.32	7,673.08	33,266.00
11	10/15/2030	9,002.40	1,080.17	7,922.23	25,343.77
2030 Totals		18,004.80	2,409.49	15,595.31	
12	04/15/2031	9,002.40	822.93	8,179.47	17,164.30
13	10/15/2031	9,002.40	557.34	8,445.06	8,719.24
2031 Totals		18,004.80	1,380.27	16,624.53	
14	04/15/2032	9,002.40	283.16	8,719.24	0.00
2032 Totals		9,002.40	283.16	8,719.24	
Grand Totals		126,033.60	26,033.60	100,000.00	

# REQUEST FOR PROPOSAL

Municipal Services  
Commission of  
New Castle

By First American Equipment Finance February 12, 2025

[faef.com/power-utilities](https://faef.com/power-utilities)

**FIRST AMERICAN™**



AN RBC/CITY NATIONAL COMPANY





Municipal Service Commission of New Castle  
Attn: Ken Natale  
216 Chestnut Street  
New Castle, DE 19720

Re: Request for Proposal of Lease Purchase Financing

Dear Ken,

Thank you for the opportunity to present the Municipal Service Commission of New Castle with this proposal. First American Equipment Finance (First American), an RBC/City National Bank Company is pleased to provide the enclosed tax-exempt leasing solution for your capital lease financing. Enclosed you will find:

- Tax-Exempt Lease Proposal
- Reference List
- First American Information

By choosing to work with First American, you will benefit from best-in-class digital tools and a dedicated team of industry experts. You can use our online lease management system to efficiently manage your leases while taking advantage of concierge style service to reduce your administrative burden.

As requested, the following is an overview of the process of getting funds. Once the Municipal Service District (MSC) is ready to take delivery of the vehicles, our process ensures a smooth and efficient transition. Upon delivery, please send an email notification confirming the arrival of the vehicles. We will confirm that the vehicles meet all expected specifications. Once confirmed, we will prepare schedule documentation for your execution. After the documentation is completed, First American will promptly pay the vendor. The vehicles will then be available for MSC's use, and the lease payments will commence as per the agreed schedule.

If any questions on the process arise or clarification is needed, I would be happy to have a call to discuss.

Thank you for your consideration

*Shannon Harnes*

Shannon Harnes  
VP, Power & Utilities  
Shannon.harnes@taef.com  
585-643-3216

First American Equipment Finance  
211 High Point Drive  
Victor, NY 14564  
Phone: 585.598.0900 | Fax: 585.598.0908  
taef.com/power-utilities

February 12, 2025

# Lease Proposal

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# LEASE PROPOSAL

**Lessor** First American Equipment Finance, 211 High Point Drive, Victor, NY 14564

**Lessee** Municipal Services Commission of New Castle (MSC), 216 Chestnut Street, New Castle, DE 19720

**Equipment** Bucket Truck and Silverado Extended Cab

**Equipment Cost** \$485,000.00

**Lease Options**

<b>Lease Term</b>	84 Months	60 Months
<b>Lease Rate Factor</b>	0.01410	0.01877
<b>Monthly Payment</b>	\$5,428.50	\$1,877.00
<b>Lease Type</b>	Tax Exempt	Tax Exempt
<b>Payment Frequency</b>	Monthly	Monthly
<b>Interest Rate</b>	5.05%	4.95%

**Fees** None

**Tax-Exempt Lease** At the end of the lease you will own the equipment. The terms of the lease will be evidenced by documents usual and customary for a Tax-Exempt Lease Purchase, including an IRS 8038-G form. The lease documents must be acceptable to you and your counsel, who will provide an opinion that the lease is valid, binding, and enforceable.

**Board Contingency** All terms related to this proposal shall be contingent on final budget and solicitor approval. In the event either approval is not obtained, you shall have no obligation under the terms of this proposal.

**Rental Payments** The lease will begin on the day you accept the equipment. Rental payments will be due monthly, in advance.

**Index Rate** Your rental rates are based on the average-life Swap Rates of 4.09% and 4.11% (referred to as the Index Rate) as of February 11, 2025 and may be adjusted proportionately for any change in the Index Rate prior to funding. In that instance, the monthly lease rate factor would be adjusted by 0.000046 for every 1 bp (0.01%) change in the Index Rate. After funding, the rental rate will remain fixed for the duration of the lease term.

**Business Information** You will provide financial information reasonably requested by First American, including but not limited to year-end audited financial statements and interim financial statements for the Lessee.

**Account Access** You will have access and visibility into all aspects of your equipment leases and project financing through your online account – a digital hub that expedites the funding process, puts you in control, and houses all documentation related to your leases. Your account can also provide API connectivity to communicate with your systems. Visit [mylaex.com](http://mylaex.com) for more information.

**Concierge Service** Your dedicated Project Manager will manage every step of your lease:

- ✓ Project communication
- ✓ Lease documentation
- ✓ Vendor payment
- ✓ Lease invoicing

**Additional Terms** Each lease schedule will be a net lease, and you will be responsible for all expenses relating to the equipment and the transaction, including maintenance, insurance, sales, use and personal property taxes, and other expenses relating to the purchase, possession, lease, and use of the equipment.

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## LEASE PROPOSAL

You authorize First American to file and record financing statements regarding this transaction and take a first priority security interest in the equipment and deposits. You will be responsible for any purchase orders issued by First American on your behalf.

The terms and conditions of this proposal, except for the provisions concerning security interests and the good faith deposit, will be superseded by the final documentation for each lease schedule. This proposal is not a commitment. You will be submitting a formal application of credit upon signing this proposal and submitting specific details for the equipment to be leased. First American will only provide lease financing upon the satisfactory completion of its due diligence and mutually acceptable documentation.

First American welcomes the opportunity to serve your organization. This proposal expires on March 31, 2025. To accept, please sign below and send an electronic copy to First American.

**Offered by:**

First American Equipment Finance

Shannon Hames

Vice President

February 12, 2025

**Accepted by:**

Municipal Services Commission of New Castle (MSC)

By .....

Name .....

Title .....

Date .....

# Reference List

City of Fredericksburg, TX:  
Krista Wareham  
Director of Finance  
(830)-990-2039  
[kwareham@fbgtx.org](mailto:kwareham@fbgtx.org)

City of Weslaco, TX:  
Homer Rhodes  
Purchasing Agent  
(956)-447-2240  
[hrhodes@weslacotx.gov](mailto:hrhodes@weslacotx.gov)

City of Claremont, NH:  
Cathy Parks  
Treasurer  
(603)-504-0395  
[treasurer@claremonth.com](mailto:treasurer@claremonth.com)



[faef.com/power-utilities](http://faef.com/power-utilities)

CONFIDENTIAL - Intended solely for the named parties and further disclosure of this communication is prohibited



# LEGENDARY SERVICE

From Your Dedicated Team

**Our people are the reason First American is truly different than the rest.**

First American specializes in full-solution financing for the utilities industry and will get to know your organization's procedures, processes and preferences. This team has the authority to make decisions, respond quickly to your needs, and will coordinate the entire lease transaction.



**SHANNON HARAMES**  
VICE PRESIDENT, RELATIONSHIP  
MANAGER

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585.361.6503

# Strength & Stability Working for You

First American is one of the top equipment finance companies in the U.S., as ranked by new business volume and by net assets.<sup>1</sup> Our strength is in our structure. We are a subsidiary of City National Bank, which has over \$93B in assets.<sup>2</sup> In 2015, City National was acquired by RBC, a top 10 bank globally based on market capitalization.<sup>3</sup> This allows us to offer you competitive rates while delivering unique value through our industry-aligned teams.

## First American By the Numbers

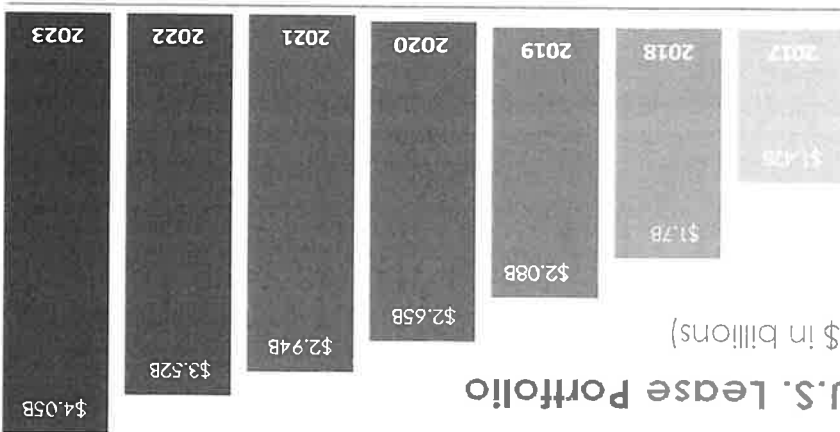
30 Years of Experience

5K+ Clients Served

25<sup>th</sup> Largest Lessor in the U.S.<sup>4</sup>

## U.S. Lease Portfolio

(\$ in billions)



## City National Bank (\$USD)

Q1/2023<sup>5</sup>

## RBC (\$CAD)

Q1/2023<sup>6</sup>

Assets

Credit Rating

\$95.9B

Moody's A2

Assets

Credit Rating

\$2.08T

Moody's Aa1

For more information on our parent

company, visit [cnb.com](http://cnb.com)

For more information on our ultimate

parent company, visit [rbc.com](http://rbc.com)

<sup>1</sup> Monitor Daily, 2023 Monitor 100, Vol. 50, No. 5, 2 City National Bank, A1-A-Glance Q4 2023  
<sup>2</sup> RBC, RBC at a Glance - Q4/2023, 4 Represents Moody's Issuer Rating, 5 Ratings for senior  
 long-term debt issued prior to Sept. 23, 2018, and senior long-term debt issued on or after  
 Sept. 23, 2018, which is excluded from the Canadian Bank Recapitalization (Bail-in) regime.<sup>6</sup>  
 Monitor, Monitor 100 2023, Ranked by New Business V.

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[faet.com](http://faet.com)



Municipal Services Commission  
Injury or near miss log  
For the Fiscal Year Ending 3-31-25  
Prepared by: Kendrick Natale

	Near	Noted in	Workers' Compensation
Month of April 2024	No new claims / Near Misses		
Month of May 2024	No new claims / Near Misses		
Month of June 2024	No new claims / Near Misses		
Month of July 2024	No new claims / Near Misses		
Month of August 2024	No new claims / Near Misses		
Month of September 2024	No new claims / Near Misses		
Month of October 2024	No new claims / Near Misses		
Month of November 2024	Lindberg backed into another vehicle, no damage to MSC property claim submitted for other vehicle		
Month of December 2024	No new claims / Near Misses		
Month of January 2025	No new claims / Near Misses		
Month of February 2025			
Month of March 2025			

# **MUNICIPAL SERVICES COMMISSION**

CITY OF NEW CASTLE, DELAWARE 19720-0208

P.O. BOX 208

<http://newcastlemsc.delaware.gov>

Office: 302-323-2330 Utility Building: 302-323-2333 Fax: 302-323-2337

## **Water Department Commission Meeting Report**

**January 23, 2025**

**Prepared by: Jay Guyer on January 15, 2025**

### **1. Developer Projects**

#### **A. Riverbend Subdivision**

1. RailPros (RP) forwarded the request for the Permit Amendment due to the change in conduit material and diameter. WUM Guyer forwarded the request to Freedom Development (FD) and their engineer Civil Engineering Associates (CEA) for updating. WUM Guyer paid the Rail Pros Inspection Invoices which will be submitted to FD for reimbursement. MSC Inspector Schlecht continues performing inspection and testing of the Phase I services along Arrowgrass Lane and North Heron Circle. WUM Guyer will follow up with FD / CEA on the RR Permit Amendment, completing Phase I Punchlist items and the status of the revised plans for Phase II to review.

#### **B. Deemers Landing and Helm Apartment Complexes**

1. The property owner's plumber continues retrofit plumbing work at Deemer's Landing preparing each unit for a meter. The first reading cycle for the Helm residents started on November 12<sup>th</sup> and they received their first individual bill on December 12<sup>th</sup>.

#### **C. Minor Subdivision on Arbutus Avenue – 8, 10, 11, 12, 13 Arbutus Avenue**

1. Homes at 11 and 13 Arbutus are completed. Four water meters have been installed in the units 1 / 2 for houses 11 and 13 and bacteria samples collected for testing. Construction on homes at 8, 10, and 12 is scheduled to start early 2025. Final billing and reconciliation will be prepared.

#### **D. School Lane Pathway / Trail - Frenchtown Road to RT 13**

1. Final inspection meeting scheduled for January 8, 2025 on site was cancelled by Del-DOT due to the snow and rescheduled for January 22<sup>nd</sup> at 9:00am.

#### **E. The Battery Apartment Complex – 427 West 7<sup>th</sup> Street (152 Units)**

1. WUM Guyer has nothing to update on this project.

#### **F. Rail Road Improvements – Delaware Street and 8<sup>th</sup> Street**

1. MSC met with Kleinfelder Engineering to review/discuss the Railroad upgrade project, timeline for scheduling of the phases, and the water main work related to the project. They have approval from Del DOT to complete the water engineering for MSC and can have a separate agreement with MSC for services outside the RR track project. WUM Guyer is working on plan comments and scope of work to review with Kleinfelder Engineers. The DWSRF PA forwarded WUM Guyer information on the Drinking Water Bond Bill Grant Guidelines and Application process to consider submitting for assistance with the project.



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## Water Department Commission Meeting Report

January 23, 2025

Prepared by: Jay Guyer on January 15, 2025

### 2. MSC Projects

#### A. Advanced Metering Infrastructure – American Municipal Power (AMP)

1. MSC, DEMEC, and AMP schedule monthly meetings to discuss issues/concerns with the AMI System. MSC water operators installed 14 remote antennas for the pit installations that were having issues communicating to the network. The remote antennas appear to have resolved the communication issue with these water meters.

#### B. Cross Connection Control Program – Hydro Corp

1. Cross Connection Control (CCC) Program – WUS Jaeger and Operator Schlecht continue following up on certifications following the third/final notices being mailed. Operator Schlecht also continues working with non-compliant customers to schedule testing and replacement.

#### C. School Lane Water Treatment Facility PFAS Treatment System Improvements

1. WUM Guyer and WUS Jaeger received 90% Submission Package that included Plans and Project Specifications on December 20, 2024. These documents are being reviewed and MSC comments will be incorporated into the final plans.

#### D. Lead Service Line Inventory (LSLI) - EPA Revised Lead and Copper Rule -

1. WUM Guyer continues working on information for a Lead and Copper Tab to be created on our web site and link to the LSLI Map for our customers to access their property survey. WUM Guyer and WUS Jaeger have started planning for replacing the 19 galvanized services and drafting warranty and scope of services agreements for customers to execute to have their services replaced by MSC. Material and tools for this project have been ordered with work anticipated to start when weather permits.

### 3. Operations

#### A. Outages

1. There were no planned or unplanned water outages for the month of December 2024. Outage Report is attached.

#### B. Reporting

1. Calgon Carbon Corporation (CCC) Pilot Study – The Study is ongoing collecting and transmitting daily data to CCC. MSC collects bi-weekly PFAS samples for all 4 columns delivering them to the STRIDE Lab for testing, evaluation, and comparison.

2. WUM Guyer and WUS Jaeger met with representatives of the STRIDE Group to discuss MSC partnering with them on an EPA Grant they received to further study PFAS treatment options and methods for removing PFAS contamination from water.

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## **Water Department Commission Meeting Report**

**January 23, 2025**

**Prepared by: Jay Guyer on January 15, 2025**

WUM Guyer will follow up with STRIDE representatives about the Study and to schedule a meeting them and Calgon representatives to discuss moving forward.

3. US EPA East Basin Road Groundwater Superfund Site – WUM Guyer has no update on behalf of the EPA, DNREC, Artesian Water.
4. Cybersecurity & Infrastructure Security Agency (CISA) –WUM Guyer and WUS Jaeger have nothing to update on this item.
5. ARC GIS Pro Water System Mapping Planning Grant - The DWSRF Planning Grant Application was submitted to the DWSRF Program Administrator (PA) on November 8<sup>th</sup>. The DWSRF PA forwarded the draft grant agreement for review and WUM Guyer returned comments for processing by the Bureau of Contracts and Grants. All documents were executed by GM Blomquist on January 8<sup>th</sup> and returned. The DWSRF PA is waiting for the Office of Budget and Management to issue the PO. When the PO is issued, MSC can move forward executing the Pennoni Engineering Proposal so they can begin work on the project.
6. PFAS Litigation (Executive Session) – WUM Guyer received notification from the attorneys the court overseeing the AFFF Multi-District litigation issued orders approving the TYCO and BASF Drinking Water Settlements. WUM Guyer is reviewing the information entered by the Attorney's for the Action Fund and Special Needs Fund submissions.
7. Delaware State and Local Cybersecurity Grant Program (DSLCCG) - WUM Guyer and WUS Jaeger submitted 2 Grant requests to the program. DEMA approved both grants totaling \$32,290.00 and submitted them to FEMA for final approval. WUM Guyer received notification FEMA approved both Grants as presented. WUM Guyer will work with DEMA completing final approval and paperwork.
8. FYE 2026 Budget Preparation – WUM Guyer and WUS Jaeger completed work on the FYE 2026 O & M Budget and provided a draft to GM Blomquist, Comptroller Natale, and Treasurer Malloy for review/comment.
9. Radiation and Granular Activated Carbon – WUS Jaeger attended a meeting with Calgon Carbon representative Adam Redding and Delaware State Office of Radiation Control representative Robert Brinsfield about background radiation in carbon and the levels detected at School Lane Water Treatment facility. Calgon's representative will follow up with additional information on radiation levels and test methods. Both individuals are invited to attend our February 11<sup>th</sup> carbon exchange to observe.

# MUNICIPAL SERVICES COMMISSION

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## Water Department Commission Meeting Report

January 23, 2025

Prepared by: Jay Guyer on January 15, 2025

### C. System Repairs and Maintenance

1. Riverbend Subdivision - Flushed on December 6<sup>th</sup> and 19<sup>th</sup> to maintain Chlorine.

2. SL Water Treatment Facility - The SC 60 Lime Machine Controller was repaired, tested and certified by Acrison. The controller was reinstalled and is functioning properly. MSC water operators have been doing general maintenance to the facility including painting ceilings in the pump and lime rooms, painting finished pump motor bases and piping, maintenance Fluoride LMI pumps and fittings, replaced heater in Chlorine room, added a light in the Interconnection room, replaced bolts on Aerator piping, replaced hinges on Blower Unit Filter door, Cleaned all motor control units.

3. Carbon Filter Exchange - Random sampling of the carbon filtration system indicates the carbon in the lead vessel (Vessel #2) needs to be exchanged. WUM Guyer applied for and received Drinking Water Grant 2024 Bond Bill Funds to cover the full cost of the carbon exchange. WUM Guyer received the final approval and PO for the project. WUM Guyer scheduled the Carbon Exchange with Calgon Carbon for February 11<sup>th</sup>.

### D. Equipment

1. Truck 4 - The truck developed a fuel leak. First State Fleet diagnosed the problem and found the top of the gas tank failed around the pump/sending unit. A new gas tank has been ordered.

2. New Truck 4 - The truck is at Intercon Truck Equipment, Inc getting the body installed and final painting. The truck is expected to be ready by the 3<sup>rd</sup> week of January.

### E. Personnel and Training

1. No personnel issues to report.

### F. Safety

1. MSC Water Operators hold daily morning Tailgate Talks discussing jobs / tasks to be performed each day with potential hazards and control measures to be taken. Winter Safety - Guide to Preventing Slips and Falls at Work was received from DFIT and reviewed with all water personnel.

2. The next DFIT Safety Meeting is scheduled for January 21<sup>st</sup> at the Kent County Facility.

## 4. Local, State, and Federal Agencies

### A. WSCC - Water Supply Coordinating Council

1. The next New Castle County WSCC Subcommittee meeting is pending.

# **MUNICIPAL SERVICES COMMISSION**

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## **Water Department Commission Meeting Report**

**January 23, 2025**

**Prepared by: Jay Guyer on January 15, 2025**

2. The next WSCC Full Council meeting is pending.
3. The WSCC Drought Advisory Subcommittee meets bi-weekly to review DGS Water Conditions reports, State Climatologist Weather predictions, and Water Purveyor System reports.
4. NOTE: Water Conditions remain very dry and are being monitored. Recent rain and snow events have helped but done little to improve conditions. Stream flows and precipitation are being reviewed and compared to the Delaware's Drought Operating Guidelines. Weekly Water Condition Reports and Weather Reports are being forwarded from the Delaware Geological Group and State Climatologist. The Governor's Drought Watch declaration remains in effect requesting residents and business voluntarily conserve water. Neighboring states of Pennsylvania and New Jersey have declared Drought Watches or Warnings for various counties bordering Delaware.

### **B. WRA – Water Resource Agency**

1. WUM Guyer continues sending weekly pumping demand data to the University of Delaware Water Resource Agency (WRA) during the Governors Drought Watch.

### **C. DEWARN – Delaware Water/Wastewater Agency Response Network**

1. The December 10<sup>th</sup> meeting went well. The group approved the September Meeting Minutes then was updated by Chairman Preis, the ODW, and DRWA on events, proposed rule/regulation changes, and upcoming training opportunities. The next DEWARN meeting will be scheduled in March 2025.

### **D. Water Operator Advisory Council**

1. The January 9<sup>th</sup> meeting went well. Council discussed proposed changes to the Del Tech Water Operator Licensing Exams and made / approved recommend changes. The next Advisory Council Regular meeting is scheduled for February 6<sup>th</sup>.

### **E. WIAC - Water Infrastructure Advisory Council**

1. The next WIAC meeting is scheduled for March 26<sup>th</sup>.

**End of Report**

P.O. BOX 208

Office: 302 323-2330    Utility Building: 302-323-2333    Fax: 302-323-2337

**Prepared By: Jay Guyer on January 15, 2025**

Water Production		FT 300			
Month	Year	Raw Total Gallons	Adjusted Finished Total Gallons		
December	2023	11,187,600	11,042,493	Raw	11,969,800
December	2024	11,969,800	11,840,614	Finished	11,840,614
	Difference	782,200	798,121	Difference	-129,186
	Percentage Difference	6.5	6.7	Percentage Difference	1.1

Well(s) in Operation	Basin Road	Frenchtown Road	School Lane	Cross Roads	Reserve
Days Pumped	Reserve Status	OOS - Resting	XXX	XXX	Not Used
			11	20	OOS Out of Service
					XXX Run and No. of Days

Water Quality	MSC Average	Goal / Target Level	Range
Average Chlorine Residual	1.34 ppm	1.40 ppm	1.0 - 4.0 ppm
Average pH	7.0	7.5	6.5 - 8.5 on a 0 - 14 Scale
Average Fluoride Residual	0.78 ppm	0.80 ppm	0.60 - 1.00 ppm

# General Water System Report

Routine Bacteria Sampling (Office of Drinking Water)	# Collected Results	Absent Present
	10	
	10	
	0	

Miss Utility Locate Requests (Water and Electric Locates)	# Received	# Completed	# of Damages
2010	1,000	950	50
2011	1,200	1,150	50
2012	1,100	1,050	50
2013	1,300	1,250	50
2014	1,400	1,350	50
2015	1,500	1,450	50
2016	1,600	1,550	50
2017	1,700	1,650	50
2018	1,800	1,750	50
2019	1,900	1,850	50
2020	2,000	1,950	50
2021	2,100	2,050	50
2022	2,200	2,150	50
2023	2,300	2,250	50
2024	2,400	2,350	50
2025	2,500	2,450	50
2026	2,600	2,550	50
2027	2,700	2,650	50
2028	2,800	2,750	50
2029	2,900	2,850	50
2030	3,000	2,950	50

**Building Permit Review (Water Related Conflicts)**

**MUNICIPAL SERVICES COMMISSION**

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**Monthly Water Outages / Interruptions Report**

**December 1 - 31, 2024**

**Prepared By: Jay Guyer on January 15, 2025**

**Planned Outage / Interruptions**

**Approximate  
Duration**

**Date      Hours / Minutes**

**Location**

**No. of**

**Customers**

**Comments**

No Planned Outages or Interruptions for the Month of December 2024.

**Unplanned Outage / Interruptions**

**Approximate  
Duration**

**Date      Hours / Minutes**

**Location**

**No. of**

**Customers**

**Comments**

No Unplanned Outages or Interruptions for the Month of December 2024.

**MUNICIPAL SERVICES COMMISSION**  
CITY OF NEW CASTLE, DELAWARE 19720-0208  
P.O. BOX 208

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Office: 302 323-2330 Utility Building: 302-323-2333 Fax: 302-323-2337

**ELECTRIC DEPARTMENT COMMISSION REPORT**

**February 27, 2025**

**Prepared by Artie Granger on February 19, 2025**

**1. Developer Projects:**

**A. Riverbend Subdivision:**

- I. Freedom Development has been getting proposal from contractors to begin installing the electric infrastructure for the next phase.
- II. Gemcraft has continued to build houses and MSC has been energizing them as requested.
- III. The Electric Department has been in touch regarding additional services as needed.

**B. Insteel**

- I. There is nothing new to report at this time.

**2. Capital Projects:**

**a. Electric Mapping System**

1. MSC has received a proposal to do a initial analysis and needs assessment from AMP/ Parsons. MSC is reviewing this.
2. MSC will look into this around April as this is budgeted for this coming year.

**b. Electric SCADA System**

- I. MSC is waiting to hear back from DTI on funding options.

**c. Substation Relay Replacement**

- I. MSC has substantially completed this project.
- II. All of the relays have been replaced and tested.
- III. MSC is working on a temporary SCADA Solution to get some monitoring from this substation.

**MUNICIPAL SERVICES COMMISSION**  
CITY OF NEW CASTLE, DELAWARE 19720-0208

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<http://newcastlemsc.delaware.gov/>

**ELECTRIC DEPARTMENT COMMISSION REPORT**

**February 27, 2025**

**Prepared by Artie Granger on February 19, 2025**

**3. Operations:**

1. MSC has been working on tree trimming throughout the city.
2. MSC has started began to replace worn cross arms throughout the city.
3. MSC has completed all of the electric vehicle monthly inspections.
4. The Line truck T-6 had a check engine light on and was taken in for service. There was a problem with the DEF system and the repair was around \$3000.00

**4. Outages:**

- i. MSC had no outages in the past month. MSC had no outages during that extreme wind event on Sunday 2/17

2/1/24 -2/1/25			
SAIDI (minutes)	SAIFI (number of interruptions)	CAIDI (minutes)	ASAI (percent)
77.358	0.775	99.794	99.9853

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

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

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

ASAI - is the Average Service Availability Index.



**MUNICIPAL SERVICES COMMISSION**  
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**5. Repairs and Maintenance:**

**A. Wilmington Road Substation:**

- I. The electric department has performed the monthly inspections at this location.
- II. MSC has gotten the oil samples from the substation transformer. The report states that the acidity of the tap changer is approaching the maximum limits and we should consider treating it. We are still waiting for recommendations on this.

**B. Dobbinsville Substation:**

- I. MSC had the complete substation tested during the relay replacement project. This substation is back in service.
- II. The electric department has performed the monthly inspections at this location.
- III. MSC has gotten the oil samples from the substation transformer. The report states that there are no issues at this time.