



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

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New

Electric Utility Bucket Truck



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Secretary's Report



I hope this letter finds you well and in the Holiday Spirits!

The MSC has had another exciting and busy year.

MSC customers will soon be able to make payment via credit card in the office. Currently you can make your payments online and we hope this new option will be helpful for our customers. Administrative Office renovations are well underway with more planned. The goal is to improve your overall personal experience and security when visiting our office.

The Electric Department is working Dobbinsville Substation upgrades, building a new circuit to improve reliability, and upgrading the Supervisory Control and Data Acquisition System (SCADA) for electric providing a higher level of data for more efficient system understanding and operation.

The Water Department is working on upgrades to the filtration system at the School Lane Treatment Facility and plans to add an additional Pilot Study to better understand the filter performance and future planning. A new water main extension project is being engineered for 14th Street to improve water quality and reliability in the area.

This edition of the MSC newsletter provides New Castle citizens with the financial statements for the year ending March 31, 2024. You can find the complete report on MSC's website at <https://newcastlemsc.delaware.gov/financial-statements/>. Please feel free to reach out and discuss any questions or concerns you may have regarding MSC's financial health.

The MSC strives to keep our customers informed. Please ensure you have provided MSC Customer Service with your updated contact information including phone number and e-mail so we can send you messages throughout the year. Call Customer Service at 302-323-2330 or visit our website at <https://newcastlemsc.delaware.gov/contact-form/> to update your information.

Read about these and other activities in this Fall Newsletter Edition.

I would like to take moment and thank our Customers, the Commissioners, and the MSC Staff for another great year. I am so proud of our accomplishments in 2025 and look forward to another great year in 2026!

Thank you and Happy Holidays!

Scott Blomquist

General Manager / Secretary

Resources



At Your Fingertips

City Administration Office 322-9801

Mayor's Office 322-9802

Public Works Department 322-9813

MSC Main Office 323-2330

MSC Utility Building 323-2333

Scott Blomquist 221-4513
General Manager / Secretary

Ken Natale 221-4517
Comptroller/Treasurer

Art Granger 221-4520
Electric Utility Manager

Jay Guyer 221-4515
Water Utility Manager

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

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

Call MISS UTILITY

1-800-282-8555



Valarie Leary
Mayor

Commissioner / Mayor
Appointed by MSC Charter
Term: August 2023 to March 31, 2027



John Wik
Commissioner

Appointed by City Council
Term: November 2023 to March 31, 2027



David Atherton
Commission President

Appointed by City Council
Term: September 2023 to March 31, 2026

Calendar Of Events

December 24th - Christmas Eve - MSC Closed

December 25th - Christmas Day - MSC Closed

December 26th - Day After - MSC Closed

January 1st - New Years Day - MSC Closed



Administrative Building Renovation and Mechanical Improvements

Over the last several years, MSC has made numerous renovations and mechanical improvements to our Administrative Office at 216 Chestnut Street. Interior renovations included reconfiguring interior office spaces, adding a designated conference room, an additional restroom, and updating the Customer Service Representative work space. This fall, the old entrance vestibule was replaced with an updated user friendly entrance into our customer service area and the outdated heating and air conditioning systems were replaced with new energy efficient systems. This has made accessing the building easier, safer and improved access to the drive up drop box. Future projects include replacing the building roof, installing curb around the perimeter, and resurfacing the parking lot.



New Bucket Truck



MSC maintains a large, very diverse fleet of utility trucks with specific equipment such as crane booms and lift gates, high reach bucket trucks, dump trucks, excavation equipment such as skid steers, mini/mid-size excavators, a backhoe, a hydro-excavation soft dig machine, and various utility trailers. MSC places high priority on caring for and maintaining our fleet keeping it operationally ready for any project, event or emergency. MSC has a Capital Replacement Program following industry standards for all equipment ensuring the fleet is healthy and reliable.

In 2022, MSC's electric department started the planning process to replace an aging 2005 Chevrolet 8500 bucket truck. New truck specifications were drafted and put out to bid. Versa – Lift was the successful bidder and the contract was awarded. After a 2 plus year wait, the new 2025 Freightliner 55-foot reach bucket truck was delivered in October and was placed in service in November following tool transfer and equipment mounting. The cost of this new truck was \$380,560.00. MSC looks forward to the 20 plus years of reliable service this truck will provide to the Citizens of New Castle.



Change of Season

Tree Trimming and Street Light Cleaning

As the season changes, MSC's Electric Department has been busy preparing the electric system and equipment for the Winter months ahead. Linemen have completed our annual tree trimming activities for the year then moved into changing out utility pole crossarms that were determined to be at the end of their useful life. Customers may have noticed the Electric Crew out cleaning and painting the post lights and light heads around town. Cooperating weather allowed the crews to complete this at the end of November in time for the holiday season.



System Reliability & Substation Upgrades

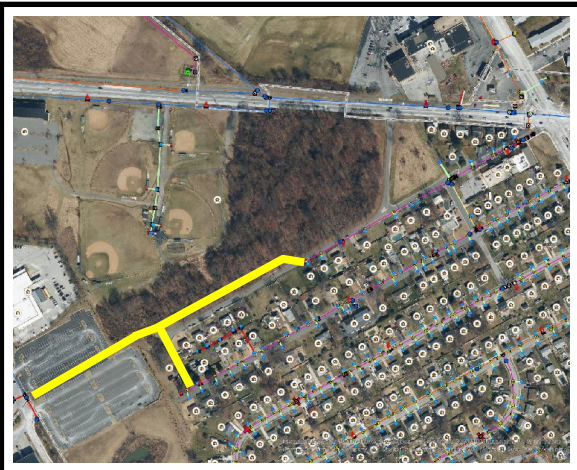
The new electric circuit from Centerpoint Business Park to Riverbend is now complete. MSC is working with Freedom Development of Riverbend to complete looping the circuit between the subdivision and Dobbinsville Substation further improving electric infrastructure reliability. Upgrades to the Electric Supervisory Control and Data Acquisition (SCADA) System are being planned which will provide a higher level of data reporting to improve system operations, plan future projects, and more efficiently manage outages.

Shaw Alley - 2" Water Main Replacement Project

During the month of August, Water Operators started and completed replacing the 2" water main on Shaw Alley. The 70 plus year old cast iron main had experienced several failures over the years and was listed in our Asset Management Program as meeting the criteria for replacement. MSC coordinated installation of the new 2" water main and $\frac{3}{4}$ " water services with the current City Street Repaving program. MSC completed temporary paving on 5th Street and Shaw Alley until the City contractor could schedule their paving crews. This main replacement improved water quality and service reliability for the Shaw Alley Customers.



Washington Park - 4th Street Water Main Extension Project



Early in October, MSC initiated the planning and engineering process for extending the dead end water mains on 13th and 14th Street and completing a tie into Johnson Way in the Centerpoint Industrial Park. MSC's engineer has completed the survey of the streets and an existing Electric Easement through Centerpoint is being amended to include Water infrastructure. The new water main alignment is illustrated on the aerial view by the yellow line. MSC Water Operators will perform installation of the new 8" main looping 13th to 14th street and both streets to Johnson Way. When completed in the Spring of 2026, this project will improve water quality, fire hydrant flow, and system reliability.

School Lane Water Treatment Facility Filter Improvements



Since 2020, MSC has partnered with Calgon Carbon Corporation (CCC, the manufacturer of our carbon filtration system, in a small scale pilot study evaluating different types of activated carbons and ion-exchange resins for their effectiveness in removing PFAS from drinking water. The results of this study benefit not only MSC but the broader drinking water community.

After more than four years of testing and analyzing data, MSC collaborated with CCC and our engineering team to design a **hybrid** system that combines granular activated carbon with ion-exchange resin to remove PFAS more efficiently and cost-effectively. MSC applied for and received a Drinking Water State Revolving Fund loan with principal forgiveness, completed engineering design, advertised for bids, and awarded the project.

The contractor is now preparing material submittals and a construction schedule. Construction is expected to begin in early 2026 and be completed by summer. By partnering with industry leaders and continually improving our treatment facilities, MSC reaffirms its commitment to providing the highest-quality water possible to our customers.



Granular Activated Carbon



Ion Exchange Resin

“Forever Chemicals” or Per- and Polyfluoroalkyl Substances or PFAS Compounds



Chances are you have heard of them but what are they and are you familiar with them?

In 2014, MSC was made aware of the PFAS contamination in our water supply wells and installed a carbon filtration system to remove them to non-detect level. In an effort to keep our customers informed about the contamination, MSC continuously communicates through various platforms about the contamination and treatment in place.

Per- and polyfluoroalkyl substances (PFAS) include thousands of synthetic (man-made) chemicals including PFOA, PFOS, and GenX. The backbone of all PFAS compound molecules is the carbon (C) and fluorine (F) chain bond which makes these molecules nearly unbreakable. PFAS are also known as “forever chemicals” because they persist and accumulate over time. Since the 1940’s, Manufacturers have used them to create slippery surfaces and products that resist water, heat, and grease. Products like non-stick cookware, fire-fighting foam, stain and water repellants, and food packaging. Because of their extensive use, the compounds are found essentially everywhere including the environment and human body. While scientists are still learning about the impacts of PFAS on human health, some studies have shown that exposure to PFAS may have adverse health effects. The primary sources of exposure are thought to be food and food packaging, furniture, carpeting, clothing, and drinking water.

Since first being made aware of the PFAS contamination in the State, Delaware Department of Natural Resources and Environmental Control (DNREC) was concerned about resident’s awareness and general understanding of the compounds. In 2025, DNREC conducted the state’s first survey to learn what Delawareans know about PFAS and their feelings about potential risks. The results of the survey show that while many residents are still learning about PFAS, some are already taking steps to reduce exposure. The findings will help DNREC and health partners share clear, science-based information so everyone can make informed choices for their families.

To read DNREC’s full report titled: Delaware Residents’ Awareness of and Attitudes Toward PFAS is available on their web page at: <https://documents.dnrec.delaware.gov/dwhs/remediation/watar/PFAS/DE-2025-PFAS-Survey-Report.pdf>

FINANCIAL REPORT

December 2025



To the Ratepayers of Municipal Services Commission:

We are pleased to present the Municipal Services Commission's (MSC) annual financial report in accordance with the charter of the MSC, as well as part of our effort to focus on providing excellent customer service and transparency to our customers. This report is an unaudited summary of MSC's financial activities and condition for the fiscal year ended March 31, 2025.

The information contained in this report was derived from MSC's audited Annual Comprehensive Financial Report (ACFR), but presented in a less technical, easier to read format. The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by the accounting firm CliftonLarsonAllen. This report, by its summary nature, is not intended to conform to Generally Accepted Accounting Principles (GAAP) and associated reporting standards set by applicable governing bodies.

The complete audited financial statements are available online at:

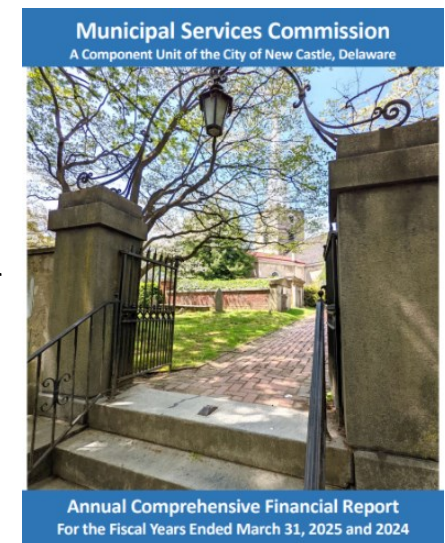
www.newcastlemsc.delaware.gov/financial-statements/.

Paper copies are also available in the lobby of MSC's administrative offices at 216 Chestnut Street.

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

Respectfully submitted,

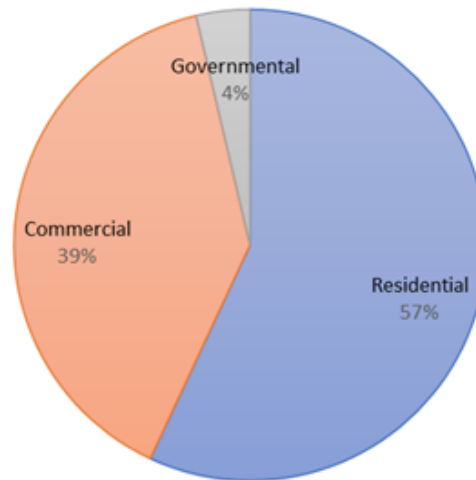
Kendrick S. Natale II,
CPFO Comptroller/Treasurer



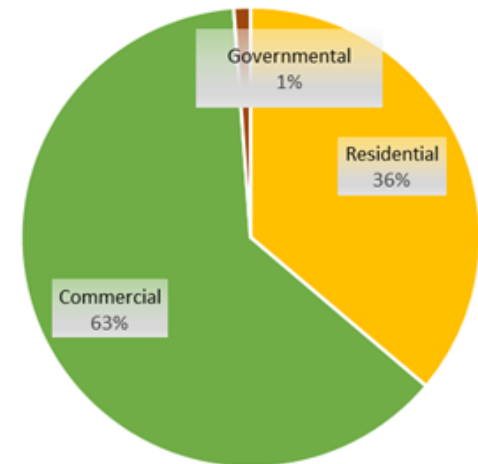
Statistical Snapshot



Fiscal Year End 2024
Water Revenue By User Classification



Fiscal Year End 2024
Electric Revenue by User Classification



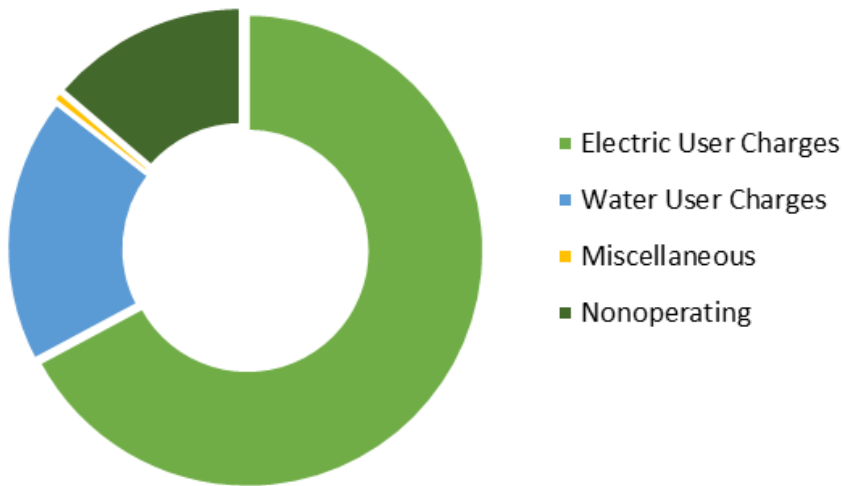
FACT:

One customer accounts for approximately 8% of the Commission's net operating revenues.

Total Revenues – \$15,881,000

Total revenues increased in fiscal year 2025 by \$4,278,000 or 36% from the fiscal year 2024 revenue amount of \$11.6 million. MSC received principal loan forgiveness of \$1.9 million on water bonds issued by the State. Additionally, rate increases which resulted in an additional 8% water revenue and 7.2% electric revenue overall which were necessary to maintain infrastructure and improve resiliency.

Miscellaneous revenues consist of items such as penalties, and applications fees. These revenues decreased \$9,000 or 8.6% from fiscal year 2024 due to decreased inspection fees charged to developers. Nonoperating revenues consist of interest income and investment gains, gains from sale of capital assets, and grants. These items increased by \$1.9 million from 2024 due to the Commission receiving principal forgiveness on bonds as discussed above.

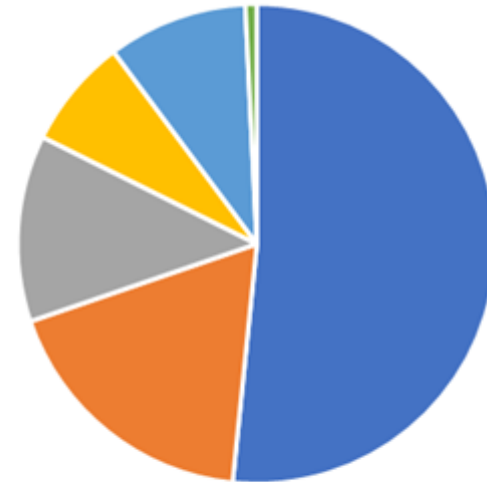


Water Expenses - \$2,765,000



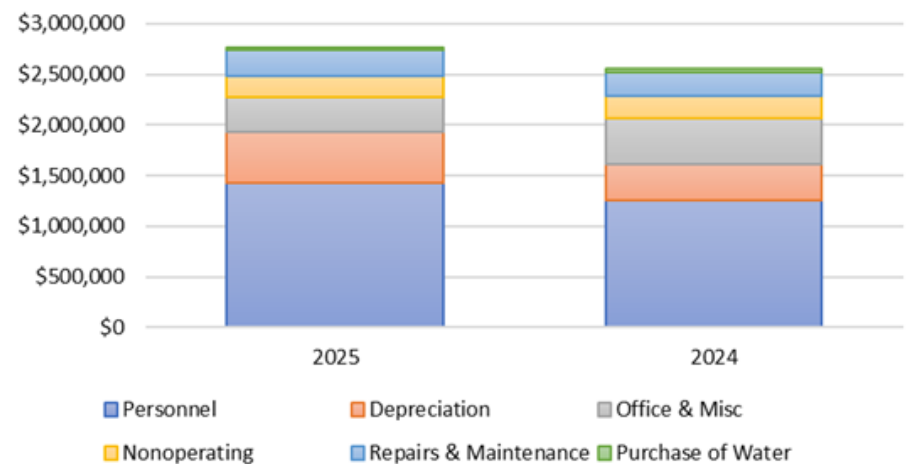
Total water expenses increased in fiscal year 2025 by \$214,000 or 8.4% from the fiscal year 2024 total expense amount of \$2,551,000. Personnel and Depreciation expense increased \$316,00 however these increases were offset by \$102,000 in decreased expenses across other categories. Personnel and depreciation expense continue to be the largest components of the water utility's expenses, accounting for 70% of total expenses.

Nonoperating expenses consists of appropriations to the City of New Castle for free services (\$45,000) and payments in lieu of taxes (\$150,000). These appropriations increased 1.4% in fiscal year 2025 compared to 2024.



■ Personnel ■ Depreciation ■ Office & Misc
■ Nonoperating ■ Repairs & Maintenance ■ Purchase of Water

Water Expenses By Year



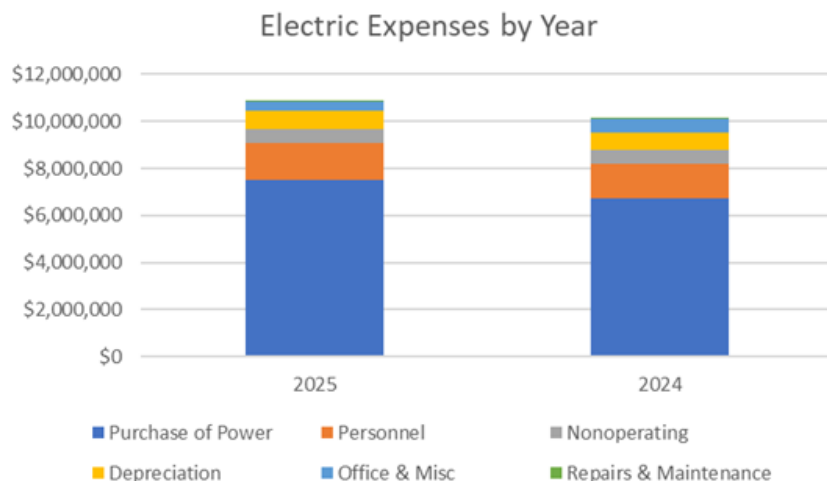
Electric Expenses - \$10,893,000



■ Purchase of Power ■ Personnel ■ Nonoperating
■ Depreciation ■ Office & Misc ■ Repairs & Maintenance

Total electrical expenses increased in fiscal year 2025 by \$724,000 or 7.1% from the fiscal year 2024 total expenses of \$10,169,000. The increased expenses were directly related to the cost to purchase power for resale to MSC customers which increased \$768,000 from the prior year. Purchase of power continues to be the largest component of the electric utility's expenses, accounting for 69% of total expenses.

Nonoperating expenses consist of appropriations to the City of New Castle for payments in lieu of taxes (\$581,000) and labor provided to the City for special projects at no cost to the City (\$13,000).



Financial Status

The Municipal Services Commission's 2025 financial condition continued to be strong. Total net position increased by \$2.2 million in 2025 as compared to the 2024 decrease of \$42,000. The increase in net position for fiscal year 2025 is related to receiving \$1.9 million in principal forgiveness on water bonds. The conservative management strategy used by the MSC continues to provide a stable financial position.

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

Restricted Assets are amounts held in escrow for customer deposits.

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

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

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

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



Condensed Statement of Net Position

	2025	2024
Assets		
Current and other assets	7,923,965	6,111,751
Capital assets, net	17,920,961	18,356,095
Total assets	25,844,926	24,467,846
Deferred outflows of resources	501,637	327,027
Liabilities		
Current liabilities	2,659,364	1,677,953
Long-term liabilities	2,388,371	3,996,033
Total liabilities	5,047,735	5,673,986
Deferred inflows	309,547	348,995
Net position		
Net investment in capital assets	16,911,971	15,624,457
Unrestricted	4,077,310	3,147,435
Total net position	20,989,281	18,771,892



Municipal Services Commission
of the City of New Castle

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302-323-2330

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