UTILITY COMMITTEE

The Utility Committee Meeting was held on January 12, 2015 at 5:18 p.m. with Councilman Perza presiding in the absence of Chairwoman Williams (arrived at 5:24 p.m.). Members present were Mr. Slavin, and Mr. Snaman. Mr. Blakeman was absent. Members of Council present were Mr. Dixon and Hutchison. Mayor Christiansen was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Snaman moved for approval of the agenda, seconded by Mr. Slavin and unanimously carried.

Dedication of Rights-of-Way and Public Infrastructure - Eden Hill Phase I

Mr. Scott Koenig, City Manager, reminded members that the original developer for the Eden Hill Subdivision went bankrupt and, although there was a letter of credit for this subdivision, the Pettinaro Development Corporation purchased the balance of the Subdivision as well as the obligation to finish the infrastructure. Mr. Koenig advised members that Pettinaro Construction Company, Inc., the responsible party for completing the public infrastructure within the Eden Hill Phase I development, had requested that all public infrastructure improvements be dedicated to the City of Dover for permanent ownership and maintenance.

Referring to the list of public improvements associated with Eden Hill Phase I as well as a map depicting the general location and configuration of the subject rights-of-way, Mr. Koenig informed members that the total construction value of the public improvements was $1,734,706, including roads, water lines, sewer lines, and storm sewer lines.

Mr. Koenig indicated that Pettinaro Construction Company had completed construction of the improvements in accordance with City standards and specifications. After construction was completed, City staff inspected the public improvements and developed a list of repairs to be made to meet the City of Dover Standards and Specifications for Public Works Construction. All work required by the Public Works Director had been completed and members were advised that a one (1) year Maintenance Agreement and a Release of Liabilities would be submitted as part of the dedication process. Required as-built drawings of the infrastructure as well as videos of the sanitary sewer mains had been provided to staff.

Staff recommended acceptance of the rights-of-way and public infrastructure for Phase I of the Eden Hill Subdivision with dedication to include all of the referenced public improvements.

Responding to Mr. Slavin, Mr. Koenig confirmed that construction was completed in accordance with City standards and specifications, all of the punch list items had been completed, the required paperwork had been submitted, and Eden Hill Phase I was ready for dedication.

Mr. Perza inquired whether the City's liability would be minimized as a result of the dedication. In response, Mr. Koenig stated that the City's liability would be minimized. He noted that the City would have a one (1) year maintenance bond on the improvements, and if something were to happen in the first year, the developer would be required to complete the repair or the City could call the bond. Mr. Koenig stated that the developer had done a good job in bringing this infrastructure to the dedication process.

Responding to Mr. Hutchison, Mr. Koenig explained that the work had been completed, as depicted in red on the Eden Hill Residential Phase I map. Mr. Koenig indicated that the Committee's recommendation would be considered by City Council during their Regular Meeting on January 26, 2015, and if Council approves the dedication, the City would be responsible for all of the maintenance as of January 26, 2015.

Mr. Slavin moved to recommend acceptance of the dedication of rights-of-way and public infrastructure for Phase I of the Eden Hill Subdivision to include all of the referenced public improvements, as recommended by staff. The motion was seconded by Mr. Snaman and unanimously carried.

TEA/NAES Reports *(September, October, and November)*

The TEA/NAES Monthly Reports for September, October, and November 2014 were provided to members to enable them to monitor electric sales and revenues received, which will provide a better understanding of any fluctuations that occur and allow the opportunity to make improvements if deemed necessary.

Referring to Page 12 of the November 2014 report, Mr. Scott Koenig, City Manager, reviewed the year-to-date expenses through the end of November and noted that Gross Load was slightly under budget; however, the Total - Utilities Cost was approximately $1.98M under budget. He reminded members that this budget had been tracking fairly well throughout the year and was consistently under budget. Mr. Koenig stated that the City did make some money in generation earlier in the year, and the City's hedges had been performing as expected. Mr. Koenig noted that TEA had added Source and Formula columns to the report to better explain the bill and how it tracks back to the City's PJM bill.

Mr. Slavin moved to recommend acceptance of the TEA/NAES Monthly Reports for September, October, and November 2014, seconded by Mr. Perza and unanimously carried.

Updates

Green Energy Funding and Programming

Members reviewed details regarding Green Energy Funding and Programming, as of December 10, 2014.

Mr. Scott Koenig, City Manager, informed members that there was still a moratorium on photovoltaic submissions because of the recommendation from the Delaware Municipal Electric Corporation (DEMEC) that there were some changes to the legislation in progress, and the City did not want to be overwhelmed with applications, considering funding was rather limited at this time. Mr. Koenig stated that a majority of the funding that the City was currently receiving for green energy was going to pay the debt service associated with the improvements that were completed several years ago at the Dover Public Library. He indicated that the balance of the funds was being distributed in accordance with the summary as of December 10, 2014. Mr. Koenig stated that once the City gets beyond the debt service payment, funding would be available for additional green energy projects.

National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit

Mr. Scott Koenig, City Manager, informed members that staff had submitted documentation to the State of Delaware a few months ago but had not yet received a response. He stated that the City was in the process of recruiting for the Environmental Scientist position that will serve as the permit point of contact in the future, and that staff would be preparing documentation to substantiate the activities that the City had done over the past year to support the permit. Mr. Koenig explained that the Engineering and Planning Divisions of the Public Works Department were working on several storm water activities that would ultimately relate to the MS4 Permit. He noted that in December 2014, the City received a grant from the State of Delaware, as identified in the budget, to determine the feasibility of a potential storm water utility, and staff was beginning work on that document. Additionally, the City had received grant funding related to the replacement of the storm sewer system from the river up through the hospital area. Mr. Koenig stated that this item would be discussed in greater detail as Council and staff move through the budgeting process for future years, noting that, over time, a majority of the Street Division operations and budget would focus on addressing concerns and issues related to the MS4 Permit.

Mrs. Williams questioned if the replacement of the storm sewer system in this area would impact the chronic problems around Water Street. Responding, Mr. Koeing explained that the expectation for the project at old PW2 and Water Street, was that once the City builds an infrastructure improvement it will relieve problems in the area, to the extent that Bayhealth Medical Center would be able to redevelop its property in the future and the City would not have flooding inhibiting the transportation network of Governors Avenue and Water Street. He stated that the City was trying to upgrade the piping all the way to the river, or potentially create more of an open channel flow to the river at some point. However, Mr. Koenig explained that there are environmental issues to deal with, including old infrastructure that would need to be removed at PW2; crossing State Street, which is an expensive crossing; and crossing the hospital property. He indicated that this was a multimillion dollar project and estimated that it could cost between $7M - $15M, depending on the environmental requirements revealed in the initial study. Mr. Koenig stated that this was a major storm water improvement; however, it was absolutely necessary to facilitate the long-term expansion of Bayhealth Medical Center.

Responding to Mrs. Williams regarding the volume of storm water at this location, Mr. Koenig explained that it is significant because it includes the entire Tar Ditch drainage basin which encompasses a substantial portion of the downtown area, extends westward past the Westside Car Wash, and captures part of Eden Hill. Although it is a complicated fix and would be rather expensive, Mr. Koenig stated that it was necessary.

Garrison Oak Technical Park Project Updates

Mr. Scott Koenig, City Manager, provided the following updates:

City Infrastructure

Mr. Koenig reminded members that the City had been working for many months at the Garrison Oak Technical Park (GOTP) on a number of different projects, noting that the City currently had three (3) contractors underway. He stated that George & Lynch, Inc. was in the final stages of completing the

Garrison Oak pumping station. Mr. Koenig explained that the electric system was run adjacent to the station last week and staff was hopeful that it would be hooked up by the end of the current week, if the weather permits. He stated that this water would be used to test the piping inside of the Calpine plant, and the City was trying to receive flow from the initial testing operations of Calpine in the next week to 10 days. Mr. Koenig clarified that this would not be actual process water yet, but informed members that the Garrison Energy Center facility was moving quickly to completion, noting that the City was expecting to receive wastewater flow in the next few weeks. Mr. Koenig stated that George & Lynch, Inc. was also working on the gravity sewer connection to the old pump station on White Oak Road, which would be abandoned in the near future.

Mr. Koenig informed members that A-Del Construction Company had just received the tie-in permits for each of the entrances and the water system, so they could now tie in the new water infrastructure into White Oak Road. Additionally, A-Del Construction Company had poured the curbline on the east side of GOTP and were working on building the east entrance. On the west side, A-Del Construction Company completed the box culvert across the White Oak Tax Ditch and, even though they are running a little behind schedule on this project, they were working to get traffic moved over to the east side to finish the construction improvements associated with the Garrison Energy Center.

Mr. Koenig stated that, when they receive the pole delivery in the next four (4) to six (6) weeks, the Electric Department would be working on the realignment of some of the 69kV system to facilitate entering into GOTP.

Mr. Koenig informed members that the one (1) piece of infrastructure currently lagging was the 1.5M gallon water tower. He explained that the foundations were in but there was a 60-day waiting period for the foundations to set before they could be loaded. Mr. Koenig estimated that the contractor would be remobilizing at the beginning of February to start the upward elevation of the stack. Although this project was running slightly behind schedule, Mr. Koenig reminded members that the tower would offer a buffer in the summer months and that the tower was a necessary component to accommodate the full build out of GOTP, which includes the second unit of Calpine.

Calpine Energy Center

Referring to private construction, Mr. Koenig stated that both Uzin Utz and the Calpine Energy Center are substantially moving through construction. He reminded members that the Calpine Energy Center intended to go into commercial operations no later than June 2015; however, he explained that as soon as Calpine begins testing the facility, running water, generating test power, etc., and passes all of their protocols for testing, they will be commercially available for operation. Mr. Koenig stated that it was the hope of Calpine and the City, from the revenue generation standpoint, that Calpine will be able to go into commercial operations ahead of June 2015.

Dover Sun Park

Mr. Scott Koenig, City Manager, reviewed a spreadsheet entitled "City of Dover Electric Revenue Fund - FY 15 - White Oak Solar Park Incremental Cost, noting that the fiscal year to date incremental energy cost was $365,091. Mr. Koenig explained that this cost indicated that the City paid a premium of an additional $365,091 to help meet the goals of the City's regional portfolio standards for renewable energy and, currently, the Sun Park represents approximately 3% of the

City's total load. He stated that at its highest performance during the summer, the Solar Park runs a little over 10 megawatts (MW) per day, and these are typically the days that the City needs the most power; therefore, the City's total power demand from the grid has gone down by roughly 10MW. Although the City pays a little extra for the Solar Park, Mr. Koenig stated that it not only helps the City meet renewable energy requirements but also provides 10MW that the City does not have to buy at the summer peak.

Responding to Mrs. Williams, Mr. Koenig clarified that Kvaerner North American Construction, which has been acquired by Matrix Service Company, is the engineering, procurement and construction (EPC) contractor for Calpine, and Chicago Bridge & Iron Company (CB&I) is the City's contractor for the 1.5M gallon water tower. He confirmed that these are two (2) separate contracts.

Mr. Hutchison questioned whether Mr. Kirk Betts, the City's Utility Attorney, and Calpine were still working together. Responding, Mr. Koenig informed members that Mr. Betts was still working on some options that would provide the City additional negotiating leverage because this is a market based negotiation. Mr. Koenig stated that he did not have a timetable available at this time.

Mr. Slavin moved for acceptance of the report, seconded by Mr. Snaman and unanimously carried.

By unanimous consent, the meeting adjourned at 5:39 p.m.

Beverly C. Williams
Chairwoman

BCW/TM/dd
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Committee-Minutes\2015\01-12-2015 UTILITY.wpd