UTILITY COMMITTEE

The Utility Committee Meeting was held on February 9, 2015 at 5:15 p.m. with Councilman Slavin presiding in the absence of Chairwoman Williams. Members present were Mr. Perza, Mr. Snaman, and Mr. Blakeman. Members of Council present were Mr. Dixon and Mr. Hutchison. Mayor Christiansen (departed at 5:31 p.m.) was also present.

AGENDA ADDITIONS/DELETIONS

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

Reimbursement Agreement with Pioneer Materials - Abandonment of Shallow Well #7A

Mr. Scott Koenig, City Manager, informed members that Shallow Well #7A is one (1) of the City's raw water wells located east of the City, and the City supplies the Long Point Road Water Treatment Plant with water from the Columbia Aquifer. This is one (1) of three (3) aquifers that the City draws from, and is the shallowest aquifer.

Mr. Koenig explained that there is a sand and gravel mining operation scattered throughout this well field. In December of 2007, Pioneer Materials (formerly known as Tilcon) was excavating very close to the easements associated with this well and damaged the raw water and electrical supply lines to the wellhead. Since that time, the well supply had not been operable. Mr. Koenig advised members that, because of the long-term well and mining operations at this location, the City and Pioneer Materials believed it would be in the best interest to abandon this well, based on its current condition. The City had been negotiating with Pioneer Materials to develop an acceptable solution and, currently, it is felt that the well should be abandoned in accordance with State standards and all of the equipment should be removed. Mr. Koenig indicated that a price of $13,126 was stated in the agreement for Funding for Shallow Well 7A Abandonment, including all of the associated closure items. Pioneer Materials would agree that if the City were to re-drill this well in the future, Pioneer Materials would contribute up to $50,000 for the siting and construction of a new well. Given the current restrictions in the Columbia Aquifer, Mr. Koenig was unsure if the City would drill another well at this location because of the way the State is managing this water supply permit. He indicated that the State had restricted the City in the Columbia Aquifer because of concerns with the pumping levels associated with farming operations around the Long Point Road Water Treatment Plant. In regard to the $13,126 cost of abandonment, Mr. Koenig stated his expectation that the City would front the money and then bill Pioneer Materials for reimbursement at the same time that the City is billed by the contractor. This would be reflected as an expense on the City's budget, but there would be miscellaneous income coming from Pioneer Materials to pay the bill.

Staff recommended acceptance of the reimbursement agreement and authorization for the City Manager to execute it.

Mr. Perza questioned if the 10-year time frame related to the $50,000 contribution toward construction cost would start at the time the equipment is removed or would be retroactive to 2007. Responding, Mr. Koenig stated his feeling that it would be 10 years from the time the reimbursement agreement is executed, ending in approximately 2025. Mr. Perza noted that the language in Paragraph C of the agreement left this matter open to interpretation as being retroactive to 2007, and Mr. Koenig agreed to clarify this before the matter is considered by Council.

In response to Mr. Perza in regard to the risk of harm to anyone in the community from the well, Mr. Koenig indicated there was no risk, stating that the well pipe was approximately six (6) to eight (8) inches in diameter and is closed.

Referencing the amount of up $50,000 that would be paid by Pioneer Materials toward a future well, Mr. Blakeman questioned if there were any restrictions related to where a new well could be placed. Mr. Koenig stated that the location would be limited to the Columbia well field, since this well was feeding the water treatment plant in the area. He felt that drilling a well on the west side of town would not be within the intent of the agreement.

Mr. Blakeman moved to recommend authorizing the City Manager to execute the reimbursement agreement, as recommended by staff. The motion was seconded by Mr. Snaman and unanimously carried.

Quarterly Review of Utility Related Capital Investment Plan (CIP) (Electric and Water/Wastewater) (October, November, and December)

Mr. Scott Koenig, City Manager, reviewed the General Fund - Major CIP Projects - Quarterly Report as of December 31, 2014. Mr. Koenig stated that Project Code ST1304 - Garrison Farm Improvements included improvements including stormwater, roads, and ditching associated with the Garrison Farm. He explained that those projects were underway and slightly behind, but progressing through completion. He noted that this project goes back to FY13 funding. Mr. Koenig indicated that staff was working through the FY14 projects. The air conditioning system had been installed at the John W. Pitts Center and final testing would be done in the summer when the temperatures rise. Demolition at White Oak Park was complete. The Concrete Program and the FY14 Bonded Street Programs were coming to an end. Mr. Koenig explained that the Village of Westover project related to money that was called on a letter of credit, and the balance of those funds was transferred to Cannon Mill. Work was currently underway at that Cannon Mills. Mr. Koenig stated that a number of FY15 projects were underway associated with the General Fund.

Mr. Koenig reviewed the Community Transportation - Major CIP Projects, noting that they included older projects, such as South Street Paving, as well as newer agreements for Loockerman Plaza, Townsend Boulevard, and Village of Cannon Mill.

In regard to the Water/Wastewater Improvement & Extension Fund - Major CIP Projects, Mr. Koenig indicated that staff had been working to find a second site for the Elevated Water Storage Tank in the Denneys Road area and was moving toward a favorable relocation of that project to another property. Construction of the Piney Point Well was complete and staff was in the process of getting permits approved by the State to turn the well into production. It was planned to time production with the acceptance of wastewater flow and the beginning of testing of the Calpine project in the next few weeks. Mr. Koenig stated that the Garrison Farm Water Tank was underway, as well as wastewater improvements at that location. A number of additional wastewater projects were underway, specifically Inflow and Infiltration (I&I) projects at Buck Drive, White Oak Farms, and Towne Point, and pump station projects throughout the City.

In regard to Electric Improvement & Extension Fund (I&E) - Major CIP Projects, Mr. Koenig stated that a number of projects were underway at the McKee Run plant in the current year, as well as projects related to new developments and system upgrades that were being "cleaned up" from FY14 and FY13 in Capital Park and Richardson Circle. In addition, there were new projects that would be system upgrades, including Family Dollar and Chandelle Airport. Some were related to new customers and some to replacement of infrastructure. Mr. Koenig noted that two (2) large projects were the Horsepond Road Substation and the General Scott Switchgear Replacement. He advised members that the Horsepond Road Substation project was complete and in service, and staff had prepared an overview that would be sent to Council to highlight the improvements associated with this project. The General Scott Switchgear Replacement project was moving forward. There were a number of projects related to lighting new developments underway in FY15, and staff was working through those projects.

Mr. Koenig advised members that there had been a very large backlog of projects being addressed and moving through the queue. He expressed his hope that by the end of 2015 there would be very little backlog moving forward and indicated that staff had worked very hard to get those projects out of the way.

TEA/NAES Report *(December)*

The TEA/NAES Monthly Report for December 2014 was 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 Energy Authority, Inc. Monthly Management Committee Update - December 2014, Mr. Scott Koenig, City Manager, reviewed the budget year-to-date expenses for the City's energy purchases. He explained that the budget year-to-date expectation was to spend approximately$25,900,125, and so far $23,928,123 had been expended; therefore, the City was approximately $2M favorable on energy expenses through the end of December. Mr. Koenig stated that the budget had been tracking "pretty much like that" in the first six (6) months of the fiscal year and staff was hopeful that this would continue through the balance of the year. He advised members that "things had tightened up a lot" in the energy markets and reminded members that in January 2014, the City spent $5M more than planned, which threw off the entire year. This was not seen in January 2015, which was relatively routine to Mr. Koenig's knowledge.

Mr. Koenig advised members that the Source and Formula columns in the spreadsheet included notations reflecting how the related figures are arrived at.

Mr. Blakeman moved to recommend acceptance of the TEA/NAES Monthly Report for December 2014, seconded by Mr. Snaman and unanimously carried.

Updates - Garrison Oak Technical Park Project

Mr. Scott Koenig, City Manager, provided the following updates on the Garrison Oak Technical Park (GOTP):

City Infrastructure/Calpine Energy Center

Mr. Koenig explained that three (3) different contracts were underway at the GOTP:

1) George & Lynch, Inc. was working on the wastewater pumping station, force main, and upgrades to the White Oak Farms Pump Station and entering the final phases of the project. The force main was in, tested, and was ready to receive flow. George & Lynch, Inc. were still working on upgrades at White Oak Farms, but this was not preventing flow from going into the new station. Mr. Koenig stated that the final hook-up of the power supply was preventing this flow. The City of Dover had run power feeds to a pedestal box adjacent to the pump station site, and George & Lynch and their subcontractor were in the process of hooking this up from the City's ending pedestal, through their cabinetry, into the station, so that the pump station could be energized and go through the final testing. As of the current date, the intent was that the station would be energized and tested on or before February 17, 2015 and that the City would be receiving flow on or about that date. Once the station is energized and ready to receive flow, Mr. Koenig stated that the City would be receiving discharge from the Calpine site. Shortly thereafter, the City would progress toward abandonment of the White Oak Road Pump Station, a small pump station on the south side of White Oak Road that was part of a planned sewer system upgrade.

2) The City had been working with A-Del Construction Company for a number of months. Their contract includes the gravity sewer and water systems, as well as the roads, sidewalks, and entrances onto White Oak Road. Mr. Koenig stated that a number of things had progressed on the eastern side of the project and both entrances were being worked on, including the new entrance off White Oak Road. Once the east entrance was base coated and paved, all construction traffic would flip over to the east side and they would begin forming up curb work on the west side. Prior to this, they would be working on stormwater infrastructure on the west side. Mr. Koenig advised members that the contract was running behind; it was hoped that the road would be paved by this point and this was beginning to cause scheduling problems, but A-Del was doing what they could to come back into compliance with the specifications and timelines. The contractor had not requested the weather days at this point, so they had not been factored into the completion date. The original completion date was December 31, 2014. Mr. Koenig noted the importance, moving forward, of making progress on good days and ensuring on bad weather days that arrangements are made to afford for rain, ponding, and puddling.

3) In regard to the water tower project, Mr. Koenig stated that Chicago Bridge and Iron Company had done some work in the fall. They had demobilized and were supposed to return in early February; however, returned in mid-January to begin the base of the tower and work was progressing.

Mr. Koenig stated that progress was being made every day, all projects were moving forward, and the entire project was coming to an end.

Noting that power lines were run to the Cartanza substation, Mr. Blakeman inquired if the switchgear and breakers were in place on the Delmarva Power and Light side of the substation. Mr. Koenig stated that, to his knowledge, everything was ready. He stated that when the City can begin

accepting wastewater flow, Matrix, the Garrison Energy Center's construction manager, will begin the testing sequence of the plant and will be dumping "test power" to the grid. The only impediment that had been indicated to Mr. Koenig was the wastewater pump station.

Dover Sun Park

Mr. Scott Koenig, City Manager, reviewed the Electric Revenue Fund FY15 - White Oak Solar Park Incremental Cost. He advised members that the YTD column reflected an incremental energy cost of approximately $515,000 through December 2014. He explained that this was the added cost of the power associated with the Dover Sun Park. Mr. Koenig felt that these figures were tracking as expected and the Dover Sun Park was functioning and performing as anticipated in the budget.

Mr. Snaman moved for adjournment, seconded by Mr. Perza and unanimously carried.

Meeting adjourned at 5:37 p.m.

Timothy A. Slavin
Acting Chair

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