UTILITY COMMITTEE

The Utility Committee Meeting was held on November 12, 2013 at 5:00 p.m. with Chairwoman Williams presiding. Members present were Mr. Perza, Mr. Slavin, Mr. Blakeman, and Mr. Snaman. Members of Council present were Mr. Dixon, Mr. Lynn (arrived at 5:19 p.m.), Mr. Hare (arrived at 5:25 p.m.), and Mr. Hutchison.

AGENDA ADDITIONS/DELETIONS

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

Engineering Design and Projects - Engineering Design of Water and Wastewater Upgrades - West Dover Connector

Mr. Scott Koenig, City Manager, stated that the Delaware Department of Transportation (DelDOT) was planning to construct a new bypass road, the West Dover Connector, from the Rodney Village subdivision to the intersection of Saulsbury Road and North Street. He reviewed a request from staff regarding the engineering design of water and wastewater upgrades related to this project. Mr. Koenig noted that DelDOT had approached the City regarding the City's existing infrastructure within the project boundary as it relates to Rodney Village. He explained that Rodney Village was constructed in the late 1950s or early 1960s and the original water and sewer lines remained in place. Mr. Koenig indicated that this project would provide an opportunity for the City to upgrade the undersized water line and replace the aging sewer line in the area and that DelDOT recommended that the City perform this work prior to the road construction entering this project area.

Staff recommended acceptance of the proposal from URS Corporation to perform the engineering design work necessary for water and wastewater upgrades associated with the West Dover Connector in the amount of $44,100. Mr. Koenig stated that if Council favored this proposal, construction would begin next year as part of the water and sewer system upgrades that are routinely included in the City's budget.

In response to Mr. Perza, Mr. Koenig explained that the improvements in the Rodney Village area would be outside the City boundaries but were in the southern portion of the City's water and sewer system. In addition, he confirmed that design standards inside and outside City limits were the same and the project and related improvements would allow connection to the existing water system.

Responding to Mr. Perza, Mr. Koenig confirmed that the $44,100 proposal would provide only design work, not construction, and that he did not anticipate cost overages.

In response to Mr. Perza regarding whether the project had been budgeted, Mr. Koenig stated that water quality upgrades, including pipe replacement and Inflow & Infiltration (I&I) upgrades, were included in the five (5) year Capital Improvement Plan (CIP). He stated that the project would technically qualify as an I & I upgrade because the old terra cotta sewer system has roots infiltrating many of the joints and problems are constantly being reported in the Rodney Village area. He noted that infiltration had not been quantified but that staff would try to quantify it as part of this engineering study.

Responding to Mr. Slavin regarding the statement in the associated Committee Action Form (CAF) that "Preliminary work has begun due to time constraints," Mr. Koenig noted that preliminary work had been done on the project for approximately one (1) week under an existing blanket contract with URS Corporation and that this work would have to be halted if Council decided not to go forward. He indicated that consulting services were included in the line item budget for the Operating Fund and that the current request was being presented to Council because the amount would exceed $25,000. Mr. Koenig stated that the expenses would be charged to the Capital Fund if the proposal were to move forward as a capital project.

Mr. Slavin expressed concern that the City was obligated to the vendor for work that was already performed before the matter was brought before Council and questioned if this was a violation of policy. Responding, Mrs. Donna Mitchell, Controller/Treasurer, explained that fees under $25,000 could be charged to a consultant budget. Preliminary design work could be performed within that budget; however, expenses toward the construction of the project could not be charged to a consultant budget because it would technically be a violation of the policy to begin work before the matter was approved. If the work were stopped, the portion of the work already completed would be charged to the consulting budget. She explained that there are times when staff must address matters that arise in an emergency. Mrs. Mitchell stated that she was uncertain if this project was such an emergency.

Responding to Mrs. Williams, Mr. Koenig stated that the project was not currently budgeted. He indicated that the request was for authorization for the engineering services agreement and the project would be brought back as part of the CIP in the future. He noted that funds for the project would come from water quality improvements and I & I improvements that are part of the City's five (5) year CIP.

In response to Mrs. Williams regarding the funding for the project, Mrs. Mitchell stated that funds would be allocated from a carry-forward of approximately $867,000 for I & I from the previous year. She noted that there was no carry-forward from water quality funds.

In response to Mr. Perza, Mrs. Mitchell stated that no other projects would be re-prioritized or "bumped" as a result of approving this proposal since specific projects had not yet been identified for the $867,000 carry-forward.

Mr. Slavin questioned the City's policy on maintaining a carry-forward balance. Mrs. Mitchell explained that staff typically continues to move forward with projects from the previous year and she tracks the figures to ensure that the carry-forward balance is not being exceeded. A budget ordinance is subsequently brought forward that places the carry-forwards for all of the projects in the current year's budget.

In response to Mrs. Williams regarding the $867,000 carry-forward amount, Mrs. Mitchell stated that this was a normal amount. She indicated that the City's I & I and water quality projects had been running slightly behind but were now "catching up" and she did not expect this amount of carry-forward to continue.

Mr. Blakeman moved to recommend acceptance of the proposal from URS Corporation to perform engineering design work necessary for water and wastewater upgrades associated with the West Dover Connector in the amount of $44,100. The motion was seconded by Mr. Snaman and carried with four (4) yes (Williams, Perza, Blakeman, and Snaman) and one (1) no (Slavin).

Engineering Design and Projects - Engineering Design of Water Main Realignment - Denneys Road

Mr. Scott Koenig, City Manager, explained that the Delaware Department of Transportation (DelDOT) had been upgrading a number of bridges around the State and had recently been doing work within the City limits. He stated that an existing bridge, located on low land on Denneys Road approaching Delaware Technical and Community College and northeast of the railroad tracks, was installed in approximately the early 1990s and must be moved slightly to the east. He advised members that this project would involve moving the existing water line outside of the project area. The relocation would be necessary because of the work that DelDOT was doing to maintain a clear zone between the utility and the new bridge work. Mr. Koenig noted that all of the engineering and construction costs associated with the water main realignment would be reimbursable by DelDOT; however, the City must pay costs up front. Mr. Koenig stated that this project was being brought forward on a "fast track" to meet the State's timeline for the bridge relocation. Staff expected the work to move quickly and that construction would be performed in the Spring of 2014.

Staff recommended acceptance of the proposal from URS Corporation to perform engineering design work necessary for the Water Main Realignment in Denneys Road in the amount of $33,200.

Responding to Mr. Perza regarding the timetable on reimbursement, Mr. Koenig stated that turnaround time is typically 90 days or less after bills are submitted to DelDOT.

In response to Mrs. Williams regarding the need for the City to pay for the project, Mr. Koenig stated the City typically incurs these costs and then bills the State. He noted that this was in accordance with DelDOT's policies and that electric projects are handled the same way. He indicated that this would be a City utility and that the City would like to control the contracts to ensure that design is done properly.

Mr. Perza moved to recommend acceptance of the proposal from URS Corporation to perform engineering design work necessary for the Water Main Realignment in Denneys Road in the amount of $33,200, as recommended by staff. The motion was seconded by Mr. Blakeman and carried with four (4) yes (Williams, Perza, Blakeman, and Snaman) and one (1) no (Slavin). *(City Clerk's Office Note: Due to time constraints, this item was placed on the Council agenda for the meeting being held later in the evening.)*

Engineering Design - Miscellaneous Stormwater Projects

Mr. Scott Koenig, City Manager, reviewed a request for Engineering Design - Miscellaneous Stormwater Projects. He advised members that a series of storm sewer and flooding issues had been identified recently at Buttner Place, Susan Place, and Lakeview Drive. Mr. Koenig noted that, in some cases, legislators were interested in contributing money to these projects once engineering costs were developed. He noted that Buttner Place, leading to the City's power plant and Electric Administration Building, had been flooding for a number of years, which was causing traffic flow

problems, especially during the winter months when icing occurs. Susan Place, in the Persimmon Park Place development, had flooding on the edge of the road adjacent to some of the lots because of failing pipe that was believed to be privately owned and maintained. He indicated that legislators were interested in possibly securing public easements so that these pipes could become public pipes, which could be more easily maintained and brought up to current design standards. In addition, constant complaints of flooding at the end of Lakeview Drive adjacent to Luther Towers had been received. Mr. Koenig indicated that there was a connection to the existing storm drain system at that location, but it was not working correctly and staff was looking for an alternative outfall, possibly between two (2) houses and through Silver Lake Park.

Mr. Koenig indicated that the request for engineering design would provide the design parameters as well as some construction estimates and that, as project specifications are developed, staff intended to ask State legislators for funding for each of the projects. He noted that each project would qualify for Community Transportation Funds (CTF) because they were drainage-related. Mr. Koenig stated that if the legislators choose not to approve the projects, they may be included in the General Fund budget or may be delayed until additional legislative interest could be obtained.

Staff recommended the acceptance of three (3) proposals from URS Corporation to perform engineering design work necessary for flooding issues at Buttner Place, Susan Place and Lakeview Drive in the amounts of $9,450, $9,300 and $24,400 respectively ($43,200 total rounded to the nearest $100).

Mr. Perza questioned if the design cost would be reimbursable if the legislature adopted these projects. Responding, Mr. Koenig stated that if Council were to authorize the agreements, staff would ask for the design costs to be rolled into potential construction costs to determine the numbers for CTF funds. If there were a need to delay, some of the design costs may not qualify for reimbursement, but the construction costs would definitely qualify. Mr. Koenig stated that a consultant was being sought because, although the City had engineering staff in the budget and was very close to hiring these employees, they would not be ready to get these projects underway in a timely manner. He indicated that it was planned to move funds from the salary budget into consulting, in accordance with financial policies.

In reference to the failing pipe at Susan Place that was privately owned, Mr. Perza inquired if it was customary for the City to intercede in private matters rather than asking the property owner to make these types of corrections. Responding, Mr. Koenig stated that it was not customary for the City to review privately owned pipes; however, in this case the legislators were asking staff to evaluate whether this was a project that would potentially alleviate the flooding. He explained that the City owned the infrastructure within the right-of-way in Susan Place and that the storm drain systems behind the properties in Persimmon Park Place were specifically excluded when the City dedicated the roads in Persimmon Park Place because it was difficult to obtain easements and there were no apparent problems at that time. Since there were now failing pipes in this area, Mr. Koenig stated that it would be much easier for the City to get easements from property owners in order to resolve the problem.

Mrs. Williams inquired why this matter would not be handled directly by the legislator involved and why the City would be involved in a situation where the City's expenses might not be reimbursed.

Responding, Mr. Koenig explained that when the City does road rehabilitation and paving, the City acts as the designer and prepares construction contracts and estimates. In years past, the City had not requested the legislators to reimburse for staff time because it was desired to maximize dollars for construction. In this case, the City does not have the in-house staff to perform the project and, because there would be actual out-of-pocket expenses, the City would try to have the design costs encumbered into the project.

Responding to Mr. Perza regarding the replacement of staff engineers, Mr. Koenig stated that there were three (3) positions open and three (3) final candidates who would be interviewed in the next couple of weeks. It was his hope that the positions would be filled within the next 30 days. In response to Mr. Perza's inquiry as to whether these projects could be held for the new engineers to handle, Mr. Koenig stated that he was unsure if new staff could be "up to speed" quickly enough and it was necessary to put the funding in place for these projects. He indicated that the preference would be to enter into the engineering services agreement associated with the projects.

Mr. Slavin moved to recommend acceptance of three (3) proposals from URS Corporation to perform engineering design work necessary for flooding issues at Buttner Place, Susan Place and Lakeview Drive in the amounts of $9,450, $9,300 and $24,400 respectively ($43,200), as recommended by staff. The motion was seconded by Mr. Snaman and carried with four (4) yes (Slavin, Williams, Blakeman, and Snaman) and one (1) no (Perza).

Kent Avenue Inflow and Infiltration Repair

Mr. Scott Koenig, City Manager, reviewed a request to authorize creation of a new Inflow and Infiltration (I & I) project to correct issues in the Kent Avenue area. He explained that on October 10, 2013, the City of Dover Department of Public Works received a call from the Elizabeth W. Murphey School on Kent Avenue claiming a sanitary sewer back-up into their building. City staff investigated the claim and found a disconnect between the sanitary sewer main in Kent Avenue and the receiving sanitary sewer interceptor in Division Street, causing sediment to build up and create a blockage in the Kent Avenue sewer main. The City secured a contractor to remove the blockage at the main, allowing staff to clear the sanitary sewer lateral after considerable effort. This allowed the customer on Kent Avenue to utilize their sanitary sewer lateral. After additional research, staff concluded that the storm sewer was also connected to the sanitary sewer, which is a violation of Section 110-231 of the City of Dover Code of Ordinances. The illicit connection represents direct inflow into the sanitary sewer system. City staff further verified that there was only one (1) customer connected to the sanitary sewer main in Kent Avenue. After discussion with the property representative, staff provided a plan to alleviate the customer's problems and eliminate the illicit stormwater discharge into the sanitary sewer interceptor in Division Street. Mr. Koenig indicated that staff estimated that the project could cost as much as $75,000.

Staff recommended authorizing the creation of a new Inflow/Infiltration Project to correct the issues in Kent Avenue.

Mr. Perza inquired if the City had determined if the current property owner was responsible for the improper hook-up. Responding, Mr. Koenig indicated that the illicit discharge resulted from the catch basins in Kent Avenue discharging into the sewer system. He stated that the Murphey School was not responsible and that this infrastructure was installed many years ago, probably by the City

of Dover. The problem with the sewer main was a disconnection caused by a joint that slipped out. Mr. Koenig indicated that the only problem staff was having with the Murphey School was grease in the line and that staff was working on correcting this with a new lateral.

Mr. Blakeman moved to recommend authorization for the creation of a new Inflow/Infiltration Project to correct the issues in Kent Avenue, seconded by Mr. Slavin and unanimously carried. *(City Clerk's Office Note: Due to time constraints, this item was placed on the Council agenda for the meeting being held later in the evening.)*

Rate Classification/Tariff Amendment for Churches

During the Utility Committee meeting held on September 23, 2013, members reviewed a request from the Presbyterian Church of Dover (the Church) to consider a change in tariff language to have the wording "or have instrument rated metering" removed from the C/C1 (Small Commercial) classification description. Members recommended that this matter be referred back to staff to determine, if the requested change were granted, based on a possible amendment to the tariff that would eliminate the phrase "or have instrument rated metering," what impact it would have on the City in terms of revenue or other unforeseen possibilities; how many customers would be impacted (including other non-profits, churches, commercial customers, etc.); and, historically, how similar changes had been made in the past, for a report back to the Utility Committee by no later than their meeting scheduled for October 28, 2013. Council accepted the Committee's recommendation during their meeting held on October 14, 2013.

The matter was tabled by members during the Utility Committee meeting held on October 28, 2013.

Mr. Slavin moved to remove this matter from the table, seconded by Mr. Blakeman and unanimously carried.

Mr. Scott Koenig, City Manager, advised members that staff had been working with the Presbyterian Church of Dover regarding their request to amend the tariff language. He noted that staff had examined the billing system and estimated that making this amendment could change the City's tariff revenue estimates by $75,000 - $125,000 per year, based on the type of classification and amount of usage. He indicated that staff did not recommend amending the tariff since it was believed that there would be unintended consequences and there was concern in regard to the revenue projection in the five (5) year plan. Staff had been trying to work with the Green Energy Grant application and steering the Church toward filing an application under energy efficiency that would allow them to replace their electric service and metering, reduce the size of the service, and be placed in a classification that does not have the demand charge since their load profile would allow them to fit into a smaller classification if the metering were changed. Mr. Koenig stated that the last estimate he received from Mr. Gary Patterson, Secretary of the Trustees of the Presbyterian Church of Dover, regarding changing the meter ranged from roughly $900 to $4,000. Staff estimated that it could cost as much as $5,000 to make this change; however, staff believed that this would be a more viable alternative for meeting the need of the Church to reduce its overall energy budget and costs, while still maintaining the integrity of the tariffs.

Staff recommended that no action be taken on amending the current electric rate tariffs and that staff be directed to assist the Presbyterian Church of Dover with a Green Energy Grant Application to facilitate energy efficiency within the City's electric system.

Mr. Slavin noted that the matter had been tabled two (2) weeks ago to allow additional communication with the Church and inquired if this had taken place. Mr. Koenig stated that he had been attempting to get a copy of the application for the Church to fill out or for the City to fill out on their behalf, but there had been no additional conversation.

Mr. Slavin noted that the Committee recommendation was to have communication before returning to this item.

Mr. Slavin moved to table this item until such time as there is additional communication between the City Manager and the Church. The motion was seconded by Mr. Snaman and failed with two (2) yes (Slavin and Snaman), two (2) no (Perza and Williams), and one (1) abstention (Blakeman).

In response to Mr. Hutchison, Mr. Koenig stated that no other similar requests had been received.

Mr. Perza moved to recommend that no action be taken on amending the current electric rate tariffs and that staff be directed to assist the Presbyterian Church of Dover with a Green Energy Grant Application to facilitate energy efficiency within the City's electric system, as recommended by staff. The motion was seconded by Mrs. Williams.

Mr. Perza stated his recollection that the Committee had considered this matter two (2) months ago, the Church was represented at that time, and the matter was tabled. He recalled that a Church representative was unable to attend the previous meeting; therefore, the matter was tabled. It was his feeling that the burden should be on the applicant to come to the City to work out the arrangements rather than on the City to reach out to them. He noted that if the Church needed assistance in applying for the Green Energy grant, this matter could be approved and the application process could commence.

Mr. Koenig stated that staff had committed to working with the Church to provide assistance with a grant application.

On a call for the question, the motion to recommend that no action be taken on amending the current electric rate tariffs and that staff be directed to assist the Presbyterian Church of Dover with a Green Energy Grant Application to facilitate energy efficiency within the City's electric system, as recommended by staff, failed by a roll call vote of two (2) yes (Perza and Williams), two (2) no (Slavin and Snaman), and one (1) abstention (Blakeman).

The Committee made no recommendation on this matter.

Temporary Suspension of Acceptance of Solar Applications - Green Energy Fund

Mr. Scott Koenig, City Manager, advised members that the City had been contacted by Mr. Scott Lynch, the Energy Services Manager for the Delaware Municipal Electric Corporation (DEMEC), which administers the Green Energy Fund Program for the City of Dover. He noted that this program offers incentives and grants to applicants for photovoltaic systems, solar water heaters, solar water heating integrated into radiant heating, small wind turbines, fuel cells, and geothermal heat pump systems. He stated that the solar photovoltaic systems were one (1) of the most common grant requests for the City's program. Mr. Koenig stated that, due to proposed changes in the incentives offered by the State of Delaware and at Mr. Lynch's request, staff

recommended a temporary suspension of applications to the Green Energy Fund Program for solar photovoltaic systems until the impact of proposed changes could be determined. Suspension of the program would be a preemptive action to prevent a mass of applications being received due to concerns about the potential changes. Staff, with the assistance of DEMEC, would be evaluating the potential impact of the changes and would bring forth recommendations in the future.

Mr. Koenig noted that Mr. Lynch had not articulated the exact changes being proposed; however, his concern was that if this measure were not taken, a flood of applications could be received because the City's program could be considered "rich" compared to the State. Mr. Koenig expected that this matter would be brought back to the Committee within the next three (3) months and noted that not many applications had been received recently.

Mr. Blakeman moved to recommend acceptance of staff's recommendation to temporarily suspend solar photovoltaic applications to the City and Green Energy fund, seconded by Mr. Slavin and unanimously carried.

TEA/NAES Report (*August and September*)

The TEA/NAES Monthly Reports for August and September 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.

Mr. Scott Koenig, City Manager, advised members that the margins had tightened up considerably with the new budget figures and that the numbers were being monitored closely month to month. Referring to Page 10 of the August report, under Power Supply, PJM - ARR, Transmission, and Fees, he noted that this number was not running in the City's favor and that staff was concerned about PJM charges. He informed members that some funds had been reallocated as the City moved into the current budget year and this was impacting the City's variances. Mr. Koenig stated that The Energy Authority (TEA), the City's energy provider, was trying to understand all the changes in order to communicate them effectively to staff. Mr. Koenig anticipated that staff would return to the Committee to articulate these charges and it was likely that someone from TEA would be present to explain in detail how they were being assessed and how they would impact the City. He noted that all other budget items seemed to be tracking appropriately; however, these charges were higher than anticipated and were a "red flag" to staff.

Responding to Mrs. Williams regarding whether TEA had attempted to explain this to staff already, Mr. Koenig stated that TEA had been working with PJM to understand what the charges were and that this was being discussed during monthly meetings. TEA indicated their belief that they had found an error of approximately $11,000 in the charges; however, the City was hoping for an error in the magnitude of approximately ten times this amount. He explained that this was not an easy formula to understand; therefore, it was his opinion that the professionals that handle these matters regularly should come to brief Council on the charges.

Mrs. Williams stated her understanding that it was unknown whether the problem was with PJM or the formula. Mr. Koenig responded that costs that were previously assigned to power producers had been reassigned to those who purchase power; therefore, the City was bearing larger costs than originally anticipated when the budget was developed last year.

Responding to Mrs. Williams regarding whether PJM had provided notification of these changes, Mrs. Donna Mitchell, Controller/Treasurer stated that neither TEA nor City staff were aware of the changes. Mr. Koenig explained that PJM had made a change in the method of calculating cost allocations during the last six (6) months that was now affecting the City.

Mrs. Mitchell explained that the Delaware Municipal Electric Corporation (DEMEC) was experiencing the same issue and was attempting to get answers from PJM.

UPDATES

Green Energy Funding and Programming
Members were provided information on this item.

National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit
No update was provided for this item.

Calpine Energy Center
No update was provided for this item.

Dover Sun Park
Members were provided information on this item.

Garrison Oak Technical Park Project
No update was provided for this item.

Mr. Slavin moved to accept the updates as presented, seconded by Mr. Blakeman and unanimously carried.

Mr. Blakeman moved for adjournment, seconded by Mr. Slavin and unanimously carried.

Meeting adjourned at 5:40 p.m.

Beverly C. Williams
Chairwoman

BCW/TM/js/dd
S:\AGENDAS-MINUTES-PACKETS\Committee-Minutes\2013\11-12-2013 UTILITY.wpd