UTILITY COMMITTEE

The Utility Committee Meeting was held on August 13, 2012 at 5:30 p.m. with Chairman Bonar presiding. Members present were Mrs. Williams, Mr. Blakeman, and Mr. Snaman. Mr. Perza was absent. Members of Council present were Council President Leary, Mr. Anderson (arrived at 5:44 p.m.), Mr. Lynn, Mr. Hare (arrived at 5:33 p.m.), and Mr. Hutchison. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS

By unanimous consent, the agenda was approved as presented.

Dedication of Rights-of-Way and Public Infrastructure - Clearview Meadow Subdivision, Phase I

Members were advised that the Knollwood Development Corporation, responsible party for completing the public infrastructure within Phase I of the Clearview Meadow Subdivision, has requested that all public infrastructure improvements related to this phase be dedicated to the City of Dover for permanent ownership and maintenance. Members reviewed a map depicting the general location and configuration of the subject rights-of-way. The Knollwood Development Corporation completed construction of the improvements within Phase I in accordance with City standards and specifications. After construction was completed, 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. As of this date, all work required has been completed. A one (1) year Maintenance Agreement and associated Bond will be submitted as part of the dedication process. All other requirements of dedication have already been provided to staff.

Staff recommended acceptance of the dedication of rights-of-way and public infrastructure in Phase I of the Clearview Meadow Subdivision, with dedication to include all of the referenced public improvements, as follows:

Sewer Utility Infrastructure (Construction Value = $166,221):		
12” SDR-35 PVC Sanitary Sewer Main	-	252 l.f.
8” SDR-35 PVC Sanitary Sewer Main	-	2,094 l.f.
6” PVC Sanitary Sewer Laterals	-	2,483 l.f. (75 laterals)
4’ Diameter Sanitary Sewer Manholes	-	10 ea.
Water Utility Infrastructure (Construction Value = $180,016):		
10”Ductile Iron (Class 52 Cement Lined) Water Main	-	940 l.f.
8” Ductile Iron (Class 52 Cement Lined) Water Main	-	2,363l.f.
6” Ductile Iron (Class 52 Cement Lined) Water Main	-	75 l.f.
1” Type K Copper Water Services	-	2,483 l.f. (75 services)
10” Gate Valves	-	7 ea.
8” Gate Valves	-	9 ea.
Fire Hydrants	-	5 ea.
Storm Water Infrastructure (Construction Value = $85,697):		
Catch Basins Type J	-	18 ea.
Catch Basins Type JJ	-	2 ea.
18” Type III Reinforced Concrete Pipe	-	379 l.f.
15” Type III Reinforced Concrete Pipe	-	958 l.f.

Street Infrastructure (0.7685 miles) (Construction Value = $559,912):		
John Hunn Brown Boulevard	Station 0+00 to Station 12+14	1,214 l.f.
Mer Way	Station 0+00 to Station 7+97	797 l.f.
Lady Bug Drive	Station 0+00 to Station 6+60	660 l.f.
Nob Hill Road	Station 28+00 to Station 33+50	550 l.f.
Babb Drive	Station 2+50 to Station 5+35	285 l.f.
Nob Hill Road South Alley	Babb Drive to JH Brown Blvd.	560 l.f.

Mr. Scott Koenig, City Manager, advised members that the total construction value of the public improvements was $991,846.

Mr. Blakeman moved to recommend approval of staff's recommendation for the acceptance of the dedication of rights-of-way and public infrastructure for the Clearview Meadow Subdivision Phase I, to include all of the referenced public improvements. The motion was seconded by Mrs. Williams and unanimously carried.

Annual Review and Approval of Governing Policy for Energy Commodity Risk Management

Members reviewed the Governing Policy for Energy Commodity Risk Management. Mr. Scott Koenig, City Manager, reminded members that during their meeting of July 23, 2012, Mr. Jamie Mahne, Chief Client Officer for The Energy Authority (TEA), gave a presentation regarding Dover Risk Policy Modifications. As the City's Energy Manager, TEA had recommendations for modifications to the City's Energy Risk Policy. Mr. Koenig indicated that the Governing Policy for Energy Commodity Risk Management was inadvertently omitted from the material presented for consideration during that meeting.

Mr. Koenig advised members that, in accordance with the policy, the Utility Committee must conduct an annual review and approval of the Governing Policy For Energy Commodity Risk Management. He stated that in the future staff would present the policy for review and approval in April or May of each year to coincide with the annual budget process.

In response to Mr. Blakeman regarding minutes of the Executive Risk Management Committee (ERMC), as indicated on Page 5, Mr. Koenig stated that although the minutes are not automatically forwarded to the Utility Committee, they are available upon request. Mr. Bonar requested that he be provided copies of the minutes as well as any presentations. Mr. Koenig indicated that two (2) separate types of meetings are held: 1) Management Committee meetings with North American Energy Services (NAES), TEA, and City staff, and 2) ERMC meetings with City staff and TEA.

Mrs. Donna Mitchell, Controller/Treasurer, explained that the ERMC meetings are not public since counterparties, hedges, etc., are discussed; however, the Management Committee meetings have always been public. She stated that, although minutes are maintained for both committees, the ERMC minutes are not public.

Referring to Page 13, Mr. Blakeman questioned if the limit of $60M was a total limit or applied to each company. Mrs. Mitchell confirmed that the policy mandates that at no time will the City incur a credit exposure with any one (1) counterparty greater than $60M; therefore, the City's credit

exposure could be much higher than $60M. However, she explained that the City diversifies the portfolio and tries to obtain more counterparties. She assured members that the City's limit was never that high with any one (1) counterparty and noted that the City did not need that many hedges for its load; therefore, it would never reach the maximum allowed. She stated that the City's credit exposure has never exceeded $10M to $15M for any counterparty. Mr. Blakeman suggested the possibility of revising the limit to a total of $60M (or other amount recommended).

Mrs. Mitchell explained that this matter was negotiated individually by PACE with each counterparty in accordance with the countparties' requirements, so each counterparty may desire a different threshold. She noted that they might not all accept a certain limit.

Responding to Mr. Snaman regarding the cost of producing solar energy, Mr. Koenig stated that members had been provided a spreadsheet that reflected the cost of SunPark activity. Mr. Snaman noted that the data reflected only what the City was charged. He explained that if the Sun Park was being subsidized by the Federal Government and if that subsidy ends, the City would be exposed. He requested that staff determine the City's exposure. For clarification, Mr. Bonar indicated that staff should provide members with the cost of producing one (1) kilowatt of solar energy versus the amount being reimbursed from the Federal Government.

Mrs. Mitchell explained that the solar energy issues are separate from the Policy, since the Policy regulates the City's hedge program and solar is a separate Purchased Power Agreement (PPA).

Mr. Snaman moved to recommend approval of the Governing Policy for Energy Commodity Risk Management. The motion failed for the lack of a second.

In response to Mrs. Williams' concerns, Mr. Koenig indicated that no additional information had been requested that was related to consideration of the Policy, explaining that solar energy was a separate issue. He stated that, as previously explained by Mrs. Mitchell, there is a $60M risk per party; however, since the City needs to purchase only $60M of power per year, the City's risk is only $60M annually.

Mrs. Mitchell stated that the exposure, by counterparty, is included in the Comprehensive Annual Financial Report (CAFR) in the financial disclosure notes.

Mr. Bonar requested that staff respond to the questions and concerns of members during their next meeting scheduled for August 27, 2012.

Review of Utility Related Capital Investment Plan (CIP) ***(Electric and Water/Wastewater)***
Members reviewed a Project Tracking Report, as of June 30, 2012 (preliminary), for the Utility (Electric and Water/Wastewater) Related Capital Investment Plan (CIP).

Responding to Mrs. Williams regarding the Troon Road Pump Station, Mr. Scott Koenig, City Manager, stated that the project was complete, the grass had not grown due to dry weather and would be re-seeded in September, and repaving of the roadway would be a part of a street program.

In response to Mr. Anderson regarding the Lincoln Park Center, Mr. Koenig explained that the project was funded through a planning and transportation grant from the Federal Government. The preliminary engineering phases were complete and the project was now entering the final engineering phase. A report was submitted to the Federal Highway Administration and the City was waiting for a finding of no significant impact so that the City could move on to the final design phase and begin purchasing rights-of-way.

No further action was taken by the Committee.

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

Mr. Scott Koenig, City Manager, stated that the Director of Planning and Community Development indicated that an intern had been working for the City on the National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit, to help keep the City permit compliant. He stated that once the new library opens, a lecture and presentation are planned for an informational meeting on the MS4 Permit. In addition, he stated that there were several projects taking place in the watershed related to the MS4, including Delaware Department of Natural Resources and Environmental Control (DNREC) projects and actions being taken by the City to reach compliance. He noted that the City does not have an active permit and is waiting for DNREC to respond to the City's application for a new permit.

Update - Garrison Oak Technical Park Project

Mr. Scott Koenig, City Manager, stated that an air permit hearing was held regarding the Calpine Project and the record has been closed. He advised members that Calpine received comments from the Federal Government as well as LS Power. He noted that during the Council Meeting scheduled for later in the evening, members would be considering revisions to the Engineering Services Agreement to finish design of the sewer system and other land planning related items that were not definitively known at the time the original contract was signed.

Mr. Koenig advised members that Calpine was moving ahead with their project and the City was working on finalizing the City's issues with the project in order to begin construction on or about the same time the Calpine project moves forward.

In response to Mrs. Williams, Mr. Koenig stated that he had spoken with residents of Wild Meadows recently and that the Garrison Oak Technical Park Project was not mentioned. He felt that the majority of the residents were now relatively satisfied with the project and noted that Calpine had made tremendous efforts to interact with the residents and consider their concerns with the project. To his knowledge, Calpine had cleared all of their federal requirements and were working with the Federal Emergency Regulatory Commission (FERC) on the gas line extension.

Mr. Koenig stated that, to the best of his recollection, there would be a certificate or document in approximately October that would solidify what Calpine will need to do for the PJM, which would be their final hurdle. During the air permit hearing, he stated that there was no public testimony against the project; however, LS Power submitted a letter relaying concerns related to the

construction of the power plant, dust, water vapors, "film" buildup on solar array, etc. He noted that these concerns were being worked out between LS Power and Calpine.

Responding to Mr. Hutchison, Mr. Koenig stated that Calpine was hoping that all permitting would be completed and planned to obtain a City building permit in January 2013. It was their desire to begin testing in February or March 2015, with full operation to the PJM Grid in June 2015 since that is the auction for which they have bid.

Update - Dover Sun Park

Mr. Scott Koenig, City Manager, noted that members received a summary of Dover Sun Park activity for Fiscal Year 2012 and offered to respond to any questions. As indicated, he stated that the Sun Park cost the City approximately $367,000 more than if the power were purchased off the grid.

Responding to Mrs. Williams, Mrs. Donna Mitchell, Controller/Treasurer, stated that $1.6M was budgeted for purchased power in FY2012, which netted out to be a $366,850 cost for the City. She stated that she would provide members with the budget details.

Mr. Blakeman requested that staff provide members with the cost per kilowatt or megawatt hour for what the City is paying and also the costs for kilowatt or megawatt hour that is being bought off the grid each month. Responding, Mrs. Mitchell indicated that she would forward the requested information to members.

By unanimous consent, the meeting adjourned at 6:01 P.M.

David L. Bonar
Chairman

DLB/TM/jg/js/dd
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