

**MINUTES OF THE MEETING OF THE  
CITY OF SEAFORD MAYOR AND COUNCIL**

February 14, 2017

7:00 PM

Mayor David Genshaw called the Regular Meeting to order with the following present: Councilwoman Leanne Phillips-Lowe, Councilwoman Grace Peterson, Councilman Orlando Holland, Councilman William Mulvaney and Councilman Dan Henderson. Bill Bennett, Supt. of Electric, Charles Anderson, Assistant City Manager, June Merritt, Director of HR/Finance, Rick Garner, Electrical Engineer and Dolores Slatcher, City Manager were also present.

Councilwoman Peterson offered the opening prayer and Mayor Genshaw led those present in the Pledge of Allegiance.

Mayor Genshaw solicited any changes to the agenda. City Manager Slatcher stated there were none.

Mayor Genshaw called for a motion to approve the minutes of the Regular Council Meeting of January 24, 2017. Councilman Holland made a motion to approve the minutes from the January 24, 2017 Council Meeting. Councilwoman Peterson seconded the motion; motion so passed with all present voting in favor.

**CORRESPONDENCE**

There was none.

Mayor Genshaw presented New Business #1, Scott Lynch to present Energy Efficient Services for Seaford as a member of DEMEC from Efficiency Smart and City staff will have the recommendation from the Electric Committee for the project. Mr. Scott Lynch from DEMEC came forward stating that for the past two years DEMEC has looked to some energy efficient programs on behalf of their members. A recommendation was brought to the City of Seaford Electric Committee with ideas for the program. Mr. Lynch then introduced Randy Corbin from American Municipal Power, Inc.

Mr. Corbin came forward giving some background information about the company. Mr. Corbin stated that the Energy Efficiency Program provides many services such as product rebates, engineering services, account management, community engagement, marketing and promotions, customer service, performance tracking and evaluation, measurement and verification. There are some key benefits for municipalities to do the program which include LED streetlight conversion and benefits for the Water and Wastewater Treatment Plants. There is also aid in Economic Development with business retention and attraction as well as the program supports businesses and contractors.

Mr. Corbin stated that there are financial benefits for the program; about 25% to 30% of every dollar that the City pays in goes back to the residents and businesses. The company does a lot of community engagements and community events as well as marketing for the program. Mr. Corbin

explained that a target will be set for the City of Seaford and they will guarantee that they will get to at least 70% of that target. If that is not met, then the company will send the City a refund. He added that in the six years with the 54 Municipalities that have participated, the company has never had to issue a refund. The program is designed to save a quarter of a percent annually and the term is three years.

Mayor Genshaw asked for any questions or comments from Council. Councilman Henderson asked if they performed audits. Mr. Corbin stated that they did not perform audits, however they are offered in an a la carte option. He explained that in a performance based program you do not necessarily get savings. He added that audits are expensive and their company concentrates on the real results.

Mayor Genshaw called for a motion. Councilman Henderson made a motion to approve purchasing the Energy Efficient Services as a member of DEMEC from Efficiency Smart as recommended by the Electric Committee to provide the customer an on-site audit for the purpose of assisting them with lowering electric consumption. Councilwoman Phillip-Lowe seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #2, David Downes, Downes Associates to present the information for rate, customer charge, and adjusted power cost adjustment clause reviewed by the Electric Committee. Mr. Downes stated that last month he presented a forecasted PCAC and he now has the data to update that information. The forecasted amount was a 1.9% increase; with the November and December data it means that a 2.2% increase needs to be implemented with the February 2017 billing.

In addition, the retail rates were looked at with six options. Mr. Downes stated that the current customer charge is \$8.00 and the recommendation is to increase that to \$8.75. He added that the customer charge should ultimately be up in the teens or higher. When this is increased, it does not increase the revenue to the City, it reduces the kilowatt hour charge. Mr. Downes showed data of how this increase would impact customers based on their usage. The commercial non-demand rate class customer charge would go from \$10.00 to \$10.50.

Mr. Downes stated that these were the recommendations from the Electric Committee. That the 2017 PCAC and the residential rate class with the higher customer charge and the commercial non-demand rate class customer charge be approved.

Mayor Genshaw asked for any questions or comments from Council. With no questions, he called for a motion. Councilman Henderson made a motion to increase the PCAC (Purchase Power Cost Adjustment Clause) effective as of February 1, 2017 from a credit of <\$0.00296>/kwh to a credit of <\$0.00257>/kwh as reviewed and recommended by the Electric Committee. This increase of \$43,158 is to account for the actual cumulative under collection of power supply costs that existed at the end of December 2016 and will increase average retail electric rates by 0.3% over the January 2017 PCAC and 2.2% over the 2016 PCAC. Councilman Holland seconded the motion; motion passed with all present voting in favor.

Councilman Henderson made a motion for the Residential Rate Class to increase the Customer Charge by \$0.75/Customer/Month to a total of \$8.75/Customer/Month and decrease the "Remaining KWH" energy block (for energy over 750 kWh) from \$0.131140/kWh to \$0.128631/kWh. This change is revenue neutral to the City as reviewed and recommended by the Electric Committee. Councilwoman Peterson seconded the motion; motion so passed with all present voting in favor.

Councilman Henderson made a motion for the Commercial Non-Demand Rate Class to increase the Customer Charge by \$0.50/Customer/Month to a total of \$10.50/Customer/Month and create a new "Remaining KWH" energy block for all consumption over 750 kWh to be charged \$0.156370/kWh. The "First 45 KWH" will continue to be \$0.170000/kWh and the "Next 705 KWH" will continue to be \$0.157411/kWh. This change is revenue neutral to the City as reviewed and recommended by the Electric Committee. Councilwoman Phillips-Lowe seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #3, George Bjelovuk, AMP for final presentation on the Advanced Metering Infrastructure (AMI) system for Seaford and present the Resolution and Project Purchase Agreement with Delaware Municipal Electric Corporation (DEMEC) for participation in the Advanced Metering Infrastructure Program which they have contracted for with AMP (American Municipal Power). Mr. Jared Price came forward from AMP giving a background of the company. He stated that Patrick McCullar who is the President of DEMEC sits on their board and the membership was interested in seeing this project. Mr. Price explained that a pilot group was created to receive some data so that a RFI could be completed and Seaford did participate in that pilot group representing DEMEC.

The City of Seaford did sign a non-binding letter of intent last year which allowed AMP to sit down with representatives from the City to look into the services that they provide and get more details to see what exactly Seaford would need to use in the program. Mr. Price stated that Seaford's business drivers for the AMI system is to upgrade our systems including electric and water meters, being able to provide better service to the customers including having utility portals where residential customers can see usage information and history. He added that using AMI will enhance the operations of the City by allowing remote connects and disconnect and saving manpower. He added that the network will allow other projects to develop down the road including street lighting and other types of sensors. This will also allow for some of the IT infrastructure to be upgraded to be more secure in the future.

Mr. Price stated that there were two partnerships selected after going through many vendors. These partnerships include Exelon and Silver Spring who are both very well represented and have proven that they are able to provide the support needed.

Mr. George Bjelovuk then came forward stating that this past September he spent two days here with staff going through the operations. This project will include replacing all of the electric and reconfiguring the water meters in the City. He explained that a RF network will be installed on the poles that will create a connectively map.

Mr. Bjelovuk explained that their company did research on the companies that were chosen to provide the product and they all have good products with good reviews. He added that once the field infrastructure is in, they will begin building all of the integrations that are required. There will be some dashboards and portal accesses for customer service and some advanced charting for the operators. There is also weather data that can be programmed in there. He stated that there were applications shared with staff and they did chose a few to be included in the system. These included customer portal called central view which is going to be done to look like the City of Seaford website. The customer would be able to see their usage for days or weeks, shows how the weather impacted their bill and ways to save electricity. It also allows customers to go on the site and set an amount that they expect their electric bill to be for the month and once half of that amount is received the program will notify them of that. There is an advanced visualization capability that was chosen which takes the events that come from the meter and graphs those which would help the operators.

He added that on the IT side it would provide some enhancements with the infrastructure. These updates would include updating fire wall security, some infrastructure of how the network is set up, and provide secure access to the system off site.

Mr. Bjelovuk then discussed the cost of the project and showed a breakdown of each cost. The total cost of the project is about \$1.2 million dollars. He added that when preparing for a project like this one; you always want to allow funds for contingencies. There will probably be some old services that you will find that will be unexpected. For an annual cost, the AMP program would be \$73,000 annually which includes support for the system. He added that the annual increase will be capped at 3%.

Mayor Genshaw asked for any questions or comments from Council. City Manager Slatcher added that when the Electric Committee was presented the information; they looked at the line loses and how they will be reduced which should be improved with this project. If this occurs, it will more than pay for the annual cost in the savings that we will have in our wholesale power bill. Councilman Henderson added that there will also be some labor savings from costs of disconnects and meter readings.

Mayor Genshaw called for a motion. Councilman Henderson made a motion to approve the Resolution approving an Advanced Metering Infrastructure program; authorizing the execution of a contract relating to the Advanced Metering Infrastructure program and a Project Purchase Agreement relating to the Advanced Metering Infrastructure Program each between the City of Seaford and the Delaware Municipal Electric Corporation; and Authorizing other matters related thereto. Councilman Mulvaney seconded the motion; motion so passed with all present voting in favor.

Councilman Henderson made a motion to approve the Project Purchase Agreement between the City of Seaford, Delaware and the Delaware Municipal Electric Corporation relating to the Advanced Metering Infrastructure Capital Project as presented in the one-time budget for capital cost of \$1,248,506.22 with annual operating fees estimated to be \$73,125.50 which will have a 3% annual increase for on-going services. And recognizing additional installation costs by our

distribution system will occur. Councilman Mulvaney seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #4, Present the Resolution and Project Purchase Agreement with Delaware Municipal Electric Corporation (DEMEC) for the Pine Street Substation and related system improvements. Mr. Lou Vitola from DEMEC came forward to present the information. He stated that one of the services that DEMEC provides is that they are able to do financing on behalf of their members. DEMEC will construct and own the underlying asset and back charge the City of Seaford for it through the wholesale cost of power. At the end of the underlying asset term the asset is transferred back to the City of Seaford.

Mr. Vitola stated that the Pine Street project is estimated to cost about \$9 million at the current rates over 20 years. Based on this estimate the debt would be about \$600,000-650,000 per year which would equal about 5 ½ tenths of a penny per kilowatt per hour based on the 2016 volume which would be passed through on a monthly basis on the wholesale power bill. He added that DEMEC's obligation is to finish the project and then they will turn it over to the City of Seaford once the project is completed.

Mayor Genshaw called for any questions or comments from Council. There were none.

Mayor Genshaw called for a motion. Councilman Henderson made a motion to approve the Resolution for the project to be undertaken by the Delaware Municipal Electric Corporation and the City of Seaford authorizing the Execution of a Project Purchase Agreement between the City of Seaford and the Delaware Municipal Electric Corporation; and authorizing other matters related thereto. Councilman Holland seconded the motion; motion so approved with all present voting in favor.

Councilman Henderson made a motion to approve the Project Purchase Agreement between the City of Seaford, Delaware and The Delaware Municipal Electric Corporation dated as of March 1, 2017 relating to Substation Projects as presented. Councilwoman Phillips-Lowe seconded the motion; motion so passed with all voting in favor.

Mayor Genshaw presented New Business #5, Charles Anderson, ACM to present Economic Development Committee recommendation for a jobs creation credit for Trinity Logistics. Mr. Anderson came forward stating that Trinity Logistics is in growth mode and has recently purchased land adjacent to their facility on Fallon Ave. Over the next 3 years, they anticipate seeing employment numbers here locally to grow to potentially add up to 60+ additional Full Time Employees. This would be in addition to the 300 existing team members located here in Seaford. A meeting was held with State, County and City representatives from Trinity to discuss the potential of available job credits or grants that would help offset some of their growth costs. The State and County both offered up potential options in the form of loan opportunities and job creation credits.

After discussion and taking the information to the Economic Development Committee, it has been decided to offer to Trinity Logistics a \$200 per new full time job credit, for all new Full Time Employees created over the next three year period. The credit term would begin July 1, 2017 and

run through June 30, 2020, with an annual auditing of their employment numbers by the City of Seaford, done on a fiscal year basis.

Mayor Genshaw called for any questions or comments from Council. Councilwoman Phillips-Lowe asked for clarification on the job credit. Mr. Anderson stated that the City of Seaford would give Trinity Logistics \$200 cash for each new full time job created during the time frame.

Mayor Genshaw called for a motion. Councilman Holland made a motion to approve the Economic Development Committee's recommendation to allocate to Trinity Logistics at 50 Fallon Avenue a \$200 per new full time job credit, for all new full time employees hired over the next three year period. The term of the job credit will begin July 1, 2017 and run through June 30, 2020, with an annual auditing of Trinity Logistics employment numbers by the City of Seaford, done on a fiscal year basis. Councilwoman Peterson seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #6, Charles Anderson, ACM to present the revised Blades Sanitary Sewer District Agreement to incorporate the solar array loan/project for approval. Mr. Anderson stated that the City of Seaford treats the waste created by the Blades Sanitary Sewer District which has been long standing with Sussex County. Recently, the Solar Farm that the City has installed has been put online because of that the solar farm offsets the electricity that is created at the WWTF. This information has been incorporated into this agreement as well as some other information such as extending the agreement five years to extend to 2022, allocations that they can purchase which have been updated and specific language relating to the solar farm. The Town of Blades will receive a small credit due to the solar farm. In the event that there is not enough credit earned, they will be asked to submit a payment as well. Recently there was an upgrade to the levels allowed for the metals that come in which was changed so the new numbers are incorporated into this document as well.

Mayor Genshaw called for any questions or comments from Council. Councilman Henderson asked about the compost; do we share revenue with them. It was stated that whatever the delta is that they have to pay a portion. He added that the County is expanding the District so would that make them go past the 24,000 or go up to what is allowable. Mr. Anderson stated that currently the Blades Sanitary Sewer District has an allotted amount which is 144,000 per day; right now it is about 68,000 to 70,000 per day. He added that should their flow increase they are able to purchase additional gallons per day.

Mayor Genshaw called for a motion. Councilman Holland made a motion to approve the Blades Sanitary Sewer District Agreement with Sussex County that has been changed to incorporate the Solar Array production for the Wastewater Treatment Facility owned by the City of Seaford to be in effect until 2022. Councilwoman Phillips-Lowe seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #7, Land lease with Seaford School District for the six tennis courts City built and maintains, since 1978. City Manager Slatcher stated that the agreement was written in 1978 when the courts were built. In lieu of doing the \$1.00 annual fee it now read to

provide each to the other because they are giving the land and we are allowing them the use of the courts. It was also added that Seaford School District tennis and physical education program supersedes the rights of the public for use of the courts. She added that what drove this agreement was that electrical upgrades are being looked at and in order to receive any CTF an active lease needs to be in place and this agreement expired in 1998.

Mayor Genshaw called for any questions or comments from Council; there were none.

Mayor Genshaw called for a motion. Councilwoman Peterson made a motion to approve the new land lease with Seaford School District for the six tennis courts built and maintained by the City since 1978 which lease expired in 1998 and is being presented to continue public use of the courts. Councilman Holland seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #8, Present amended fee and rate schedule for approval. City Manager Slatcher stated that the purchase power adjustment clause which was approved tonight would be adjusted. The electric utility rates were changed as presented tonight for all customers. The energy supply cost was updated to reflect the information from DEMEC. These were all updated to take place starting February 1, 2017.

Mayor Genshaw called for any questions or comments from Council; there were none.

Mayor Genshaw called for a motion. Councilwoman Phillips-Lowe made a motion to approve the amended Fee and Rate Schedule for approval to be effective February 1, 2017. Councilwoman Peterson seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #9, Mayor Genshaw to appoint Ian "Toby" French to the Electric Committee. Mayor Genshaw stated that he has volunteered to serve and it would be a good addition to the committee.

Mayor Genshaw solicited questions or comments from Council; there were none.

Mayor Genshaw called for a motion. Councilman Henderson made a motion to approve Mayor Genshaw's appointment of Ian "Toby" French to the Electric Committee. Councilwoman Phillips-Lowe seconded the motion; motion so passed with all present voting in favor.

### **OLD BUSINESS**

There was none.

### **REMINDER OF MEETINGS & SETTING NEW MEETINGS**

- City Planning Session – Elected Officials and Staff, Seaford District Library, Market Street, February 17, 2017 from 8:30 a.m. until potentially 3 p.m.
- DE Rural Water Conference, in Harrington at Dover Exhibit Hall; February 22, 2017 from 12 noon to 5 p.m.

- Police Department Mixer, March 2, 2017 @ Police Department, 5 p.m. until 7 p.m.

#### Municipal Election – April 15, 2017

The City of Seaford Municipal Election will be held on Saturday, April 15, 2017 in the City Council Chambers, City Hall, 414 High Street, between the hours of 7:00 a.m. E.S.T. and 3:00 p.m. E.S.T.

Two (2) Council Members will be elected for a (3) year term

All candidates must have filed by 5:00 p.m., E.S.T., February 24, 2017. Any candidate who withdraws his/her name must do so in writing. Any candidate who withdraws his/her name after 5:00 p.m., E.S.T., February 24, 2017 will still appear on the official ballot for election.

Anyone eighteen (18) years of age or older who is a bona fide resident to be eligible to vote must have been registered at the Seaford City Hall by 5:00 p.m., E.S.T., March 24, 2017. A nonresident property owner to be eligible to vote must be owner of record for a period of six (6) months immediately preceding the date of the Annual Municipal Election (October 15, 2016) and shall have one vote provided he or she is registered on the "Books of Registered Voters" maintained at the City Hall. Registration hours are Monday through Friday, 8 a.m. until 5 p.m. or by appointment if you cannot register during these normal business hours.

The City of Seaford has independent registration procedures for the Annual Municipal Election. To vote, you must meet the eligibility requirements and be registered on the "Books of Registered Voters" maintained at City Hall.

A person shall be required to register only one time. You are urged to check your registration if you did not vote in the last municipal election. If you have moved out of the City after your original registration, you will need to check your registry to assure you are an eligible voter.

All voters will need to show proof of residency which may be a State of Delaware driver's license, a State of Delaware identification card, a federal or state tax return with address, a City of Seaford utility bill or real estate property tax bill, or other acceptable proof of residency or ownership.

**City Manager Slatcher reported that to date Councilman Dan Henderson and Councilman H. William Mulvaney, III and Frank Daniel Cannon, Jr. have filed for the Council positions up for election.**

#### **COMMITTEE REPORTS**

Councilwoman Phillips-Lowe reported that she attended the DSP academy graduation on Friday and was proud to see four of our officer's graduate and they start on Monday.

Councilman Mulvaney reported there was a check valve that needed to be replaced on the Arbutus Well and the water main installation out on Route 13 from the Dollar Tree tie in to the northern most entrance at the former Dillard's site is about 45% completed.

Councilwoman Peterson reported the Parks department have put the red lights around the trees in Gateway Park for Heart Month. She added that meetings have started for Riverfest and Live for Chocolate.

Councilman Henderson reported there has been a noticeable increase in activity around the Pine Street Substation. Fiber optic lines have been relocated and circuits 210 and 320 have been relocated in preparation of other major work to occur on site. Hazardous materials have been removed from the building at 60 N Pine Street Ext. and the building has been tested and cleared for demolition which is scheduled to begin on February 20, 2017.

Councilman Holland reported that the Cummings building has all of the asbestos removed and the demolition contractor is scheduled to start on February 20, 2017.

With no further comments Mayor Genshaw called for a motion to adjourn the meeting. Councilwoman Peterson made a motion to adjourn the meeting. Councilman Henderson seconded the motion. Motion so passed with all present voting in favor and the meeting was closed at 8:36 p.m.

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Dolores J. Slatcher, City Manager

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