

MINUTES OF THE MEETING OF THE
CITY OF SEAFORD ELECTRIC COMMITTEE

9:00 a.m.

August 3, 2016

MEMBERS PRESENT: Dan Henderson-Vice Mayor and Chair, Dolores Slatcher-City Manager, Charles Anderson-Assistant City Manager, Rick Garner-Electrical Engineer, Bill Bennett-Superintendent of Electric, June Merritt-Director of Finance & HR, Public Representatives-Sharon Drugash, George Logan and David Downes-Downes Associates Inc.

Vice-Mayor Dan Henderson called the morning session to order at 9:00 a.m.

Mrs. Slatcher and Mr. Bennett presented Downes Associates and DEMEC's power point presentations for the Pine Street Substation upgrade and other electrical improvements. The map over view displayed the proposed feeds and tie-points. The proposed secondary tie-point with Delmarva Power would have been helpful during the last outage when Delmarva had to perform transmission maintenance work. They pointed out the age and issues with the City's existing three (3) substations, growth south of Stein Highway and current distribution circuits. The proposed upgrade and improvements would provide better reliability and allow power to be restored in a more prompt and efficient manner. The Committee discussed the proposal as presented.

Preliminary costs reviewed by Mrs. Slatcher recommended \$9,000,000 for the preliminary project budget, \$650,000 DSR and \$100,000 Issue Costs for a total estimate in the amount of \$9,750,000. Financing options are: General Obligations Bond (GOB), USDA Loan Program and DEMEC funding. DEMEC funding is recommended for it would not have to go to referendum and would not affect the City's debt ceiling. DEMEC also has an established line of credit. The committee discussed financing options as presented.

Public attendee, Dan Cannon stated that he wanted to speak. Vice-Mayor Henderson advised Mr. Cannon public comments were not permitted at this meeting. Mr. Cannon spoke anyway, therefore disrupting the meeting.

Mr. Downes shared with the Committee the impacts bond financing would have on the City. Twenty (20) and thirty (30) year terms, interest rates and electric retail rates would increase an average residential customer's bill by 2.0% - 3.2%. An average residential monthly increase of \$2.70 - \$4.28. The committee discussed funding and loan repayment for the proposed project.

Mr. Logan made a motion to recommend to Mayor and Council that the Pine Street Substation Upgrade and other Electrical System Improvements as presented in the Downes Associates, Inc. final Preliminary Design be approved to allow the City to sustain reliable, quality power to its citizens and businesses. A second to the motion was made by Mrs. Drugash with all Committee members present voting in favor of the motion.

Mrs. Drugash made a motion to recommend to Mayor and Council that the City of Seaford seek financing for its Pine Street Substation Upgrade and other Electrical system improvements as presented in the Downes Associates, Inc. final Preliminary Design in the estimated amount of \$9,750,000 through DEMEC as a member of the Joint Action Agency to reduce issuance cost, pay a monthly operating

expense to them for the use of this infrastructure based on a 20 or 30 year agreement between the City of Seaford and DEMEC. Mr. Logan seconded the motion with all Committee members present voting in favor of the motion.

An update on the Solar Array project was given by Mr. Bennett advising the project had been awarded to Solair LLC to proceed on 06/16/16. The project must be operational by 01/13/17 to avoid penalties. Tree trimming will start this week, then fence work. Upon completion of the fencing, footers will be poured inside the fence for the solar panel rack system. A tentative completion date is 10/31/16, which will allow a couple of months if any delays due to weather, etc. prior to the project deadline.

Mr. Bennett then gave an update on the continuation of the LED Street Lighting project. The first phase of 201 LED lights has been installed. Phase II lighting is on order and will be installed upon delivery. Phase III is scheduled for 2017. All City street lighting will be done excluding box lights, which will be replaced over time.

There being no further business or discussion; Vice-Mayor Henderson adjourned the meeting at 9:52 a.m.

Jeanne Sapp, Secretary