

MILFORD CITY COUNCIL
MINUTES OF MEETING
December 12, 2011

The Monthly Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, December 12, 2011.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier III, S. Allen Pikus, Dirk Gleysteen, Owen Brooks, Jr., Douglas Morrow, Sr. and James Starling, Sr.

City Manager Richard Carmean, Police Chief Keith Hudson and City Clerk/
Recorder Terri Hudson

City Solicitor David Rutt, Esquire

CALL TO ORDER

Mayor Rogers called the Monthly Meeting to order at 7:06 p.m.

INVOCATION AND PLEDGE

The Pledge of Allegiance followed the invocation given by Councilman Starling.

APPROVAL OF MINUTES

Motion made by Mr. Brooks, seconded by Mr. Pikus to approve the minutes of the October 24th Public Hearing and December 5th Council Meeting as presented. Motion carried.

RECOGNITION

No special guests in attendance.

COMMUNICATIONS

All communications included in packet.

MONTHLY POLICE REPORT

After presenting the monthly police report on behalf of Chief Hudson, Mr. Morrow moved to accept the police report as submitted, seconded by Mr. Starling. Motion carried.

Mr. Gleysteen said it appears that felonies will be 15 - 20% down in comparison to 2010 and feels that is in large part due to the efforts of the police department. Chief Hudson thanked Mr. Gleysteen and explained that fortunately this year, the number of serious crimes are down.

CITY MANAGER REPORT

Though he did not submit a written report, Mr. Carmean advised he has been in office for the past five days and most of his time has been spent with department heads and staff meetings. He is catching up on the numerous projects occurring throughout the city.

He met with Public Works Committee Chairman Brooks, Mayor Rogers and DBF Engineers to discuss the number of uncompleted projects and funding issues. In particular, he was concerned about some funding that was about to expire and needed to be used before the city lost it. One of his main goals is to get these projects moving and hopefully completed.

Mr. Pikus moved to accept the city manager's report, seconded by Mr. Brooks. Motion carried.

COMMITTEE REPORTS

Economic Development Committee

Mr. Grier reported there is an Advisory Panel meeting scheduled for Wednesday night at 5:30 p.m.*

Public Works Committee

Mr. Brooks reiterated what the city manager reported and that he, along with Mayor Rogers, Public Works Director Brad Dennehy and DBF Representatives met to discuss city projects. He was very concerned about the status of the ongoing projects and in particular, Southeast Front Street. He noted that in 2009, there was \$875,000 allocated for that work and his concern we could lose that money because nothing had occurred. He also had questions related to the Northeast Front Street project. The previous city manager informed him the city was \$1 million short though he hopes we are able to find the money to complete both projects.

He announced the Tenth Street Water Tower has been painted and he is very pleased with the results. They also discussed the Washington Street Water Plant and Office Building Project whose borrowing was approved by voters at the November 19th referendum.

Also discussed is the status of the city hall basement which City Manager Carmean is currently addressing.

Mr. Carmean discussed the lower level being remodeled and set up to do business. They are still unable to determine where the water is coming from and if it is groundwater pressure coming up through the floor or there is a drain problem along the foundation of the building. He plans to have the drywall removed from the areas where the water is coming in to make that determination. He still believes the problem can be remedied and the lower level used again.

He noted that the Washington Street Water Plant building currently houses Downtown Milford and the Chamber of Commerce. When the construction begins on the new building, because DMI has a true affiliation with the city, he is willing to place them downstairs until they find a new site.

Mr. Carmean said this will not prevent planning, permitting and inspections from returning to the lower level. He feels their relocation to public works has worked out temporarily though there is a downside to permitting occurring at city hall and the inspection and code employees at another building.

His main objective is to prevent any mold issues that could shut down the entire building. This is especially a concern when considering the amount of time that has passed and nothing has been resolved. He pointed out that city hall is a historic building that needs to remain and the water problem completely remedied.

Mr. Johnson arrived at this time (7:22 p.m.).

St. Paul's United Methodist Church/Annual Christmas Dinner

Mr. Starling thanked those who have donated items for their annual Christmas Dinner on December 25th. Dinners will be served to those in need from noon until 4:00 p.m.

He reported they were very fortunate to receive 3,000 to 4,000 shirts and blankets of which half were given away this past weekend. New coats for children have also been offered.

He said they are still accepting donations. Any checks should be made out to St. Paul's United Methodist Church.

UNFINISHED BUSINESS

Adoption of Ordinance 2011-28/Chapter 193-Solid Waste/Yard Waste

Though the ordinance was introduced on November 14th and discussed on November 28th, Mr. Carmean is currently reviewing the ordinance with the Public Works Director and Solid Waste Supervisor. Some items still need to be worked out and in particular, not being able to accept yard debris for the entire winter. He also talked with City Engineer Mark Mallamo noting that he has a strong background in solid waste and spent several years working for the Delaware Solid Waste Authority.

Joe Palermo, 5 Misty Vale Court, Meadows at Shawnee, advised that their deeded restrictions prevent their containers from being stored outside their homes unless they are concealed. He also believes the time frame should be April through November because typically fall plantings are cut down and removed in November.

Mr. Palermo also stated a 33-gallon container is too small and suggests a size comparable to the current garbage container. In addition, a biweekly pickup is insufficient particularly during the summer when the heat creates an odor issue.

Mr. Carmean then recommended that any action on this ordinance be postponed. In the meantime, the service will be continued.

Mr. Gleysteen agrees with Mr. Palermo and Mr. Carmean's comments stating this will be a cultural change for our citizens who are used to regular pickup. He also does not want this to become a code enforcement issue. This is especially the case if our customers are asked to purchase a container.

He asks that we consider purchasing a truck for yard waste and any additional uses that can be considered.

Mr. Carmean explained that the purchase of a grappler truck has been discussed. He is also concerned with requiring our customers to purchase another container. It can be an expense for many of our customers though his preference would be to pay for the container over a period of time.

Mr. Pikus concurred with extending the pick up time through the end of November; Mr. Carmean is also uncomfortable with shutting that service down completely for several months. At a minimum, we could have a truck go through town to pick debris up on a periodic basis due to the number of people that work in their yards throughout the year.

Mr. Brooks moved to postpone action on Ordinance 2011-28, seconded by Mr. Morrow. Motion carried.

DBF Proposal/Amendment/Test Well Site Project

Mr. Carmean recalled the lengthy discussion by council regarding the test well location in the southeast area of Milford. At the previous meeting, city council approved two sites for test wells.

Mr. Carmean is presenting the DBF proposal for them to oversee the Wells, Treatment and Storage Facility Project which has been amended from \$29,500 to \$54,500 due to the addition of the second site.

Mr. Pikus moved to approve the amended proposal submitted by DBF in the amount of \$54,500 to be paid through the USDA loan, seconded by Mr. Grier. Motion carried by unanimous roll call vote.

NEW BUSINESS

Bid Approval/Dump Truck & Plow/State Contract/Street Department

Public Works Director Brad Dennehy submitted a bid awarded through statewide contracts administered by Government Support Services, Office of Management and Budget totaling \$129,280 for a full-size dump truck, body, spreader and plow from Barr International, Incorporated. The bid is within the \$175,000 budget that was allotted for a dump truck, salt spreader, plow and regular pickup truck.

Mr. Gleysteen noted the specs on the dump are for a single rear axle though most of the public works trucks used by the state have dual rear axles. He asked if this will be sufficient for our needs. Mr. Carmean advised that most of our trucks are single rear axle and adequate for snow removal in town because of the shorter roadways. He advised that our Street Superintendent has a long history with large equipment, dirt grading and hauling. Therefore, Mr. Carmean is confident it will meet our needs but will follow up with public works.

Mr. Pikus moved to award the bid to Barr International, Incorporated in the amount of \$129,280, seconded by Mr. Starling. Motion carried with no one opposed.

Acceptance of FY2010-2011 City of Milford Audit

Mr. Pikus referenced the audit included in the packet. He said that page three outlines the city's financial situation and concluded the revenues have increased by \$1.4 million while expenses have increased approximately \$184 thousand. This was due to an increase in utility billing due to an increase in consumption. Page six reported the city's total revenue has increased from \$40 million to \$42 million. The audit shows the city to be in extremely good condition.

Mr. Pikus emphasized this is due in large part to the good fiscal management of Finance Director Jeff Portmann and our department heads who oversee daily operations and expenses.

Mr. Pikus moved to accept the City Audit for the year ending June 30, 2011, seconded by Mr. Morrow. Motion carried with no one opposed.

Introduction of Ordinance 2011-29/Modification of Conditional Use for PUD/Davis, Bowen and Friedel, Incorporated on behalf of Siobain-VI LLC

City Planner Gary Norris advised that this ordinance relates to the former Cascades Development on Airport Road. They are submitting a revised plan which will be reviewed by the planning commission and city council in January.

This modification is needed because of the increased number and types of housing units being designed for workforce housing, elderly and handicapped individuals.

Mr. Pikus said he has received a number of comments regarding a possible turn lane into the property. Currently, vehicles are turning directly into the property. He asked that be considered when the property is developed.

Mr. Norris confirmed Mr. Pikus is referring to a deceleration lane; Mr. Pikus stated yes noting the increased and heavy truck traffic that uses the roadway on a regular basis.

The ordinance is being officially introduced with public hearings to follow:

ORDINANCE 2011-29

Conditional Use Modification/Siobain-VI, LLC

An Ordinance of the City Council of the City of Milford, Delaware Authorizing the Modification of a Conditional Use Allowing a Planned Unit Development on 19.15 +/- acres for Davis, Bowen and Friedel, Incorporated on behalf of Siobain-VI, LLC on the south side of Airport Road, 1,600 feet west of US Route 113, Milford, Delaware, formerly known as Cascades. Approved Number of Units 84; Proposed Number of Units 142. Tax Map MD 16-173.00-01 -04.03; -04.04; -04.05; -04.06; -04.07; -04.08; -04.09; -04.10; -04.11; -04.12; -04.13; -04.14; -04.15; -04.16; -04.17; -04.18.

Whereas, the City of Milford has been requested by Davis, Bowen and Friedel, Incorporated on behalf of Siobain-VI, LLC to allow a Modification to a Conditional Use for a Planned Unit Development; and

Whereas, the Planning Commission reviewed the application at a Public Hearing on December 20, 2011 and has presented the item to be considered by the City Council; and

Whereas, the City Council held an advertised public hearing on January 23, 2012 to allow public comment on the application.

Now, Therefore, the City of Milford hereby ordains:

Section 1. Upon the adoption of this ordinance, Siobain-VI, LLC is hereby granted a modification to the conditional use permitting a Planned Unit Development in accordance with the application, approved plans and any conditions set forth;

Section 2. Construction or operation shall be commenced within one year of the date of issuance or the conditional use permit becomes void.

Section 3. Dates.

Introduction to City Council: 12-12-11

Planning Commission Review & Public Hearing: 12-20-11

City Council Review & Public Hearing: 01-23-12

This ordinance shall take effect and be in force ten days after its adoption.

The ordinance is scheduled for adoption in January.

DBF Proposal/Washington Street Water Treatment Plant Rehabilitation & Improvements Project

Davis, Bowen and Friedel (DBF) Engineer Erik Retzlaff then referenced the plans for the new Washington Street Water Treatment plant improvements and replacement office building.

Mr. Gleysteen confirmed that DBF's percentage of the \$4 million project is approximately 15% and asked if that is standard; Mr. Retzlaff stated it is typically based on the complexity of the project.

Mr. Gleysteen then asked what type of contingency is built into the cost of the project. Mr. Retzlaff estimated \$400,000. He explained that at the end of the proposal, there is an estimated fee for inspections which will fluctuate in relation to the four different projects.

Mr. Gleysteen agrees a 10% contingency is standard for this type project. However, he feels there may be a better way to structure the arrangement for engineering services. He stated that a good contract would take advantage of those things an engineering firm can offer. He asked if performance incentives should be built in. As an example, the contract being presented includes a \$400,000 contingency; if that is removed and the cost becomes \$3.6 million, DBF could initially be offered \$400,000 versus \$600,000. An incentive could be built in where the project comes in at \$3.6 million with no additional expenses. The balance (\$400,000) would be then be split with 50% used as a performance incentive (DBF would still receive a total of \$600,000) and the other \$200,000 used to reduce the amount owed to the lender. If the project comes in less than \$3.6 million, there is some potential earnings of more than \$600,000. Should it be more than \$3.6 million, the earnings would become less.

Mr. Gleysteen believes this will better manage the contract without going to competitive bidding.

Mr. Carmean recalled the meeting with Public Works Committee Chairman Brooks and DBF representatives to review the number of outstanding projects in the city. At that time, they did not review the individual proposals or the bid processes. Mr. Pikus confirmed that no bids were presented to city council.

When asked his opinion, Mr. Retzlaff explained the costs included in the proposal will cover the services needed to start the project. However, DBF has no control of the construction costs which can range from \$3.6 to more than \$4 million. He said this will cover the costs of preparing the contract documents to determine the scope of the construction. The construction costs are only an estimate based on the current project.

Mr. Gleysteen asked if there are ways to make the project come in under budget; Mr. Retzlaff said the only way would be to remove or add items to the project. Mr. Gleysteen asked if the projects are handled through select bids; Mr. Retzlaff stated that based on the requirements of the funding. Public bidding is required with the award to the lowest responsible bid. In this case, DBF's role is to prepare the contract.

Mr. Gleysteen asked whose responsibility it is to ensure the project comes in on budget. Mr. Retzlaff explained that DBF makes recommendations to the city though it is ultimately the city's decision in terms of whether or not to proceed depending on the bid amounts. If they come in under bid, the project proceeds; if the bids are over the budget, it needs to be re-evaluated to determine the additional costs.

Mr. Gleysteen asked if DBF ensures the work is done correctly; Mr. Retzlaff stated that the contractor handles what is stated in the contract documents. However, change orders are presented to DBF to determine whether to proceed or not.

Mr. Gleysteen questioned what would create a significant change order; Mr. Retzlaff said what is in the ground at the site because of the age of the facility.

Mr. Gleysteen was under the impression DBF would ensure the job was done correctly according to the scope and that it comes in under budget. He emphasized this is a \$4 million project with a \$400,000 contingency. He felt they would jump at the opportunity to bring it under \$3.6 million and reap the rewards. Mr. Retzlaff said he has no control over the costs of the construction without removing some of the items.

Mr. Retzlaff added that the city is able to add an incentive should the project be completed earlier, etc.

Mr. Gleysteen feels that if a performance incentive cannot be added, the engineering services should be competitively bid. Mr. Carmean said that in the past, an engineering firm has overseen the project on behalf of the city. When the project is bid, the costs are reviewed and the lowest bidder able to meet the specs receives the award. At this point in the process, DBF was approved to define the scope of the project and design the facility. The project will then be bid with DBF reviewing the bid documents. He expects a \$4 million project to have some change orders which their engineers will review.

After the city accepts the bid, it was discussed whether any additional costs of the project fall under DBF's realm of responsibility; Mr. Retzlaff referenced the stipulation included in the proposal being considered tonight.

Mr. Retzlaff confirmed he has not been involved in a contract with performance incentives.

Mr. Morrow feels the performance issues involve the contractor doing the actual work and the quantity and quality of work. Mr. Carmean agrees noting that includes assurance they meet our specs and budget issues.

Once the construction bids are received and opened, Mr. Carmean will bring them back to council for the award.

Mr. Gleysteen moved that the city manager contact DBF to review the fee schedule and discuss performance incentives with the intent that this project comes in on time and as far under budget as possible with no quality issues. Mr. Pikus seconded the motion to allow for more conversation.

Mr. Carmean then suggested that once the bids are awarded, would it be possible to add an incentive program at that time. Currently, council is reviewing the engineering costs, but as we proceed it will be difficult for city staff to oversee the project on a daily basis. He believes that DBF or another engineering firm will need to be directly involved in the oversight and inspections; Mr. Gleysteen agreed.

Some concern was expressed about any additional time this could create and whether to proceed as we have done in the past.

When asked the impact of the current proposal being presented to city council, Mr. Retzlaff explained the proposal includes the preliminary work to the project being completed. However, he is unsure about where the incentives will be controlled in the design phase. He reiterated the design ensures the contract documents identify clearly what is required and what the city expects at the end of the day. Mr. Gleysteen disagrees adding it should not impact the design phase but instead the bidding process and award of contract.

Mr. Retzlaff said that would affect the project/construction management though the design phase portion of the proposal should be separated. That would allow the project to proceed. Any additional fees for construction administration and inspection costs can then be reviewed. This would allow them to begin work tomorrow.

Mr. Pikus confirmed that would allow an opportunity for Mr. Carmean to discuss the performance incentives. Mr. Carmean pointed out the design phase has already been completed by DBF. The other items will need to be considered though he will need to evaluate these possibilities before anything is finalized.

Mr. Retzlaff noted there is state and federal funding involved which requires fair bidding practices. Excluding someone based on performance criteria may be difficult and may need further review.

Mr. Carmean agrees that the city had the right to bid the design phase; Mr. Gleysteen feels the city should have. When asked what work has been completed by DBF, Mr. Retzlaff stated that only the preliminary engineering services.

To move forward, it was confirmed that the surveying services, test well installation, geo-technical investigation services, asbestos and lead inspections, architectural and engineering services and construction procurement services have not been done. Mr. Retzlaff explained that any step prior to the construction administration, project (RPR) monitoring and inspections is needed in order to bid the project.

When asked to clarify the motion, Mr. Gleysteen reiterated that he feels the city is able to do better on the overall management of the \$3.6 or \$4 million contract. The objective is to bring the project in on time and under budget.

Mr. Carmean confirmed that it is his intent to proceed with DBF's design though Mr. Carmean is directed to meet with DBF to discuss a possible incentive bonus or program during the construction phase. Mr. Gleysteen stated yes. He then amended his motion that we accept the proposal items A-H, approve DBF's design and proceed with the work needed to bid the project, with the balance of the contract (construction administration and RPR services) possibly being renegotiated while the city manager and DBF representatives consider adding performance incentives in order for the project to be completed on time and under budget to spec with quality results. Mr. Pikus seconded the amended motion.

It was confirmed this would not delay the project and the balance of the contract would be considered no later than the January meeting. Mr. Retzlaff confirmed the approved portions of the contract will take them into the early to mid spring.

Mr. Johnson pointed out this does not necessarily mean that DBF will be removed from the balance of the project but that council is only attempting to change the culture of how we do business.

Motion carried by the following unanimous roll call vote:

Mr. Grier stated he votes yes though his intent is to bring this back as soon as possible and no later than the business meeting in January in order to move forward.

Mr. Pikus votes yes and stated that this will allow the project to continue as planned and this is only a step to work closer with Davis, Bowen and Friedel in an attempt to save some funding and share in the potential savings.

Mr. Gleysteen votes yes noting it is a substantial amount of money with the intent to get the best value for the money.

Mr. Johnson, Mr. Brooks, Mr. Morrow and Mr. Starling vote yes.

Planning Commission Vacancies

Mayor Rogers advised that Commissioner Kim Stevenson resigned last month and Karen McColley's last meeting will be after the December meeting.

Planning Commission Chairman Chuck Rini reported he is the longest serving member of the planning commission. He said that over the previous years, planning commissioners have been appointed according to the ward they reside in. He emphasized they do not serve any wards though council members do.

The planning chairman feels that mandating wards for the commissioners is going in the wrong direction and believes that Mayor Rogers should appoint the most qualified person to fill that position.

He said they are a civilian, non-paid organization that serves city council and believes they are doing that well.

Mayor Rogers asked that council members provide him with the names of potential commissioners as they have done in the past. He will then make a recommendation which will be voted on by city council.

When asked the terms of the commissioners who are leaving, Mr. Rini advised that Ms. Stevenson's term was expiring in August 2014; Ms. McColley's term expires in August 2013.

City Manager Carmean said that individuals from the various areas of towns provide a flavor for the ward they are living in. He feels that by having the different wards represented, those residents have a better feel for what the people living in that ward want.

He noted that some wards may be all residential and mainly single family homes, some wards have large developments and some have a substantial amount of commercial and industry. He feels there can be an advantage to appointing them by ward.

Mr. Rini feels that is addressed when it comes back before council. To him, it is the planning commission's duty to review the documents and ensure what they are doing meets our ordinances and coincides with county and state laws. He said it is a cut and dry decision about whether it meets the legal requirements and is not based on whether someone wants or not wants a project in their backyard. However, he does favor a diverse commission.

Mayor Rogers advised this will be addressed at the January meeting.

Fiscal Year 2011-12 Budget Amendment

Finance Chairman Pikus advised we are closing out two accounts and transferring those funds to active accounts.

Mr. Pikus moved to transfer \$7,000 from the Retiree Medical Account 101-1010-413-20-80 and \$23,000 from the Tax Department Salary Account 101-1085-417-10-10 to Administration Salaries and Benefit Accounts 101-1010-413-10-10 through 413-20-70, seconded by Mr. Gleysteen. Motion carried.

Final Review and Approval/Feasibility Study for Small Business Accelerator

Mr. Carmean advised that the State of Delaware, City of Milford and First State Manufacturing collaborated as partners in response to the Jobs and Innovation Accelerator Challenge grant solicitation. It is the intent of First State Manufacturing to transform the manufacturing industry in Delaware and across the nation through this program.

Mr. Grier moved for approval of the Feasibility Study for Small Business Accelerator prepared by John Rhodes. Motion seconded by Mr. Pikus and carried by unanimous roll call vote.

It was noted that council's intention is to fill the Economic Development Director's position. In the meantime, City Planner Gary Norris will handle those duties.

Introduction of Ordinance 2011-30/Chapter 119/Electric Tariff/Rate Reduction

Mr. Carmean advised this is the culmination of City Council's wishes and is in line with the goals of the city's Strategic Plan for Economic Development, to review and consider a new rate study. At the November workshop meeting, Consultant Jay Kumar presented ten options for consideration by city council. It was the consensus of city council to accept option 10 whose rates are shown in the proposed ordinance.

He noted there is a 2% decrease in residential rates. Large users will receive a 17 to 19% reduction though that is only on the energy side of the bill with no impact to demand and related charges. He then explained that demand charges are not paid by small general service customers, however, medium general service up through the largest customer classes do.

The city manager said the only caveat is if we find our bottom line being impacted negatively within a few months, it may need to be pulled back in slightly.

He explained that reducing our large customers by 19% still puts us above some of our competitors by a substantial percentage.

The city manager then introduced Ordinance 2011-30 with a projected adoption date of December 29, 2011.

Ordinance 2011-30

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF MILFORD, ELECTRIC TARIFF, CHAPTER 119, that establishes electric standards and rates for the City of Milford.

Section 1. The City of Milford Hereby Ordains that Electric Rates and Associated Matters are hereby amended to read as follows.

Section 2. The Service Classification Section is hereby amended by repealing the current rate schedules and replacing each class as noted:

Residential Service Schedule RES

C. Monthly Rates

CURRENT:

	Summer Billing Months <u>June through September</u>	Winter Billing Months <u>October through May</u>
<u>Energy Charge</u>		
First 5 kWh or less	\$4.00 flat charge	\$4.00 flat charge
Next 495 kWh	14.18 cents/kWh	13.00 cents/kWh
Excess kWh over 500	14.18 cents/kWh	13.00 cents/kWh

PROPOSED:

	<i>Summer Billing Months <u>June through September</u></i>	<i>Winter Billing Months <u>October through May</u></i>
<u>Energy Charge</u>		
<i>First 5 kWh or less</i>	<i>\$4.00 flat charge</i>	<i>\$4.00 flat charge</i>
<i>Next 495 kWh</i>	<i>13.80 cents/kWh</i>	<i>12.80 cents/kWh</i>
<i>Excess kWh</i>		

over 500 13.80 cents/kWh 12.80 cents/kWh

Small General Service Schedule SGS

C. Monthly Rates

CURRENT:

Summer Billing Months <u>June through September</u>	Winter Billing Months <u>October through May</u>
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Customer Charge \$6.00/month \$6.00/month

Energy Charge 15.30 cents/kWh 14.27 cents/kWh

PROPOSED:

Summer Billing Months <u>June through September</u>	Winter Billing Months <u>October through May</u>
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Customer Charge \$6.00/month \$6.00/month

Energy Charge 15.00 cents/kWh 14.00 cents/kWh

Medium General Service Schedule MGS

C. Monthly Rates

CURRENT:

Summer Billing Months <u>June through September</u>	Winter Billing Months <u>October through May</u>
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Customer Charge \$7.00/month \$7.00/month

Demand Charge \$18.00/kW \$10.50/kW

Energy Charge 9.00 cents/kWh 8.00 cents/kWh

PROPOSED:

Summer Billing Months <u>June through September</u>	Winter Billing Months <u>October through May</u>
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Customer Charge \$7.00/month \$7.00/month

Demand Charge \$13.95/kW \$10.50/kW

Energy Charge 8.00 cents/kWh 7.00 cents/kWh

Large General Service Schedule LGS

C. Monthly Rates

CURRENT:

Summer Billing Months <u>June through September</u>	Winter Billing Months <u>October through May</u>
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Customer Charge	\$18.00/month	\$18.00/month
Demand Charge	\$14.40/kW	\$10.70/kW
Energy:		
On-Peak	10.00 cents/kWh	9.00 cents/kWh
Off-Peak	9.00 cents/kWh	8.10 cents/kWh

PROPOSED:

<i>Summer</i>	<i>Winter</i>
<i>Billing Months</i>	<i>Billing Months</i>
<i><u>June through September</u></i>	<i><u>October through May</u></i>

<i>Customer Charge</i>	<i>\$18.00/month</i>	<i>\$18.00/month</i>
<i>Demand Charge</i>	<i>\$13.00/kW</i>	<i>\$10.50/kW</i>
<i>Energy:</i>		
<i>On-Peak</i>	<i>8.00 cents/kWh</i>	<i>8.00 cents/kWh</i>
<i>Off-Peak</i>	<i>7.00 cents/kWh</i>	<i>7.00 cents/kWh</i>

General Service Primary Voltage-GSP

C. Monthly Rates

CURRENT:

<i>Summer</i>	<i>Winter</i>
<i>Billing Months</i>	<i>Billing Months</i>
<i><u>June through September</u></i>	<i><u>October through May</u></i>

Customer Charge	\$21.00/month	\$21.00/month
Demand Charge	\$12.20/kW	\$9.00/kW
Energy:		
On-Peak	9.00 cents/kWh	9.00 cents/kWh
Off-Peak	8.00 cents/kWh	8.00 cents/kWh

PROPOSED:

<i>Summer</i>	<i>Winter</i>
<i>Billing Months</i>	<i>Billing Months</i>
<i><u>June through September</u></i>	<i><u>October through May</u></i>

<i>Customer Charge</i>	<i>\$21.00/month</i>	<i>\$21.00/month</i>
<i>Demand Charge</i>	<i>\$12.00/kW</i>	<i>\$10.55/kW</i>
<i>Energy:</i>		
<i>On-Peak</i>	<i>8.00 cents/kWh</i>	<i>8.00 cents/kWh</i>
<i>Off-Peak</i>	<i>7.00 cents/kWh</i>	<i>7.00 cents/kWh</i>

Special Contract Services-SCS.

C. Monthly Rates

CURRENT:

	Summer Billing Months June through September	Winter Billing Months <u>October through May</u>
Demand Charge	\$11.50/kW	\$9.20/kW
Energy:		
On-Peak	8.50 cents/kWh	8.50 cents/kWh
Off-Peak	7.50 cents/kWh	7.50 cents/kWh

PROPOSED:

	<i>Summer Billing Months <u>June through September</u></i>	<i>Winter Billing Months <u>October through May</u></i>
<i>Demand Charge</i>	<i>\$8.00/kW</i>	<i>\$7.00/kW</i>
<i>Energy:</i>		
<i>On-Peak</i>	<i>8.00 cents/kWh</i>	<i>7.00 cents/kWh</i>
<i>Off-Peak</i>	<i>7.00 cents/kWh</i>	<i>7.00 cents/kWh</i>

*Section 3. Dates.**Introduction: December 12, 2011**Adoption: December 29, 2011*

The new rates will be effective with December 2011 consumption and reflect in the January 2012 bill.

When asked if we should consider a six-month trial period, Mr. Carmean explained that if it causes our revenues to drop to the point we are unable to pay for the power costs, then council would need to make a decision. However, he does not feel we will have to rescind the entire package and in particular the 2% reduction for residential customers.

Bob Connelly of Hearthstone Manor asked about the general fund transfer and ensure profits will not be made on the peak rate. Mr. Carmean explained that the demand rates, which are determined in peak periods and are measured periodically, pay the operating costs. In addition, DEMEC is receiving a better wholesale cost which was built into the reduced rates. The demand charge is not part of the general fund transfer.

He said there are a couple other areas still being reviewed which could benefit the small general service customers and prevent them from going to medium general service at 3,500 kWh.

Mr. Grier emphasized that Mr. Kumar is confident with the rates being proposed.

MONTHLY FINANCE REPORT

Chairman Pikus reported that through the fourth month of Fiscal Year 2011-2012 with 33% of the fiscal year having passed, 41.2% of revenues have been received and 31.1% of the operating budget expended.

Mr. Pikus moved to accept the October finance report, seconded by Mr. Morrow. Motion carried.

Executive Session

Mr. Pikus moved to go into Executive Session pursuant to 29 Del. C. §10004(b)(2) preliminary discussions on site acquisitions for any publicly funded capital improvements and pursuant to 29 Del. C. §10004(b)(9) personnel matters in which the names, competency and abilities of individual employees or students are discussed. Motion seconded by Mr. Grier and carried.

Mayor Rogers recessed the Council Meeting at 9:05 p.m. to go into a closed session.

Return to Open Session

Council returned to open session at 9:24 p.m.

Executive Session Matter

No action needed as a result of the Executive Session discussion.

City Solicitor Rutt then reported that Wawa settled this past Thursday and demolition is scheduled for January 9, 2012 at the 201-203-205-207 Northwest Front Street.

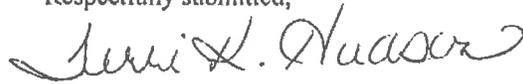
Executive Session Matter

ADJOURN

Motion to adjourn Monthly Meeting made by Mr. Pikus, seconded by Mr. Starling. Motion carried.

Mayor Rogers adjourned the Monthly Council Meeting at 9:26 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terri K. Hudson".

Terri K. Hudson, CMC
City Clerk/Recorder

*EDAP meeting postponed.