

"A Historic Past"



"A Bright Future"

CITY OF DELAWARE CITY
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**MINUTES
CITY OF DELAWARE CITY
SPECIAL MEETING OF
MAYOR AND COUNCIL
Wednesday, September 18, 2019 at 6:30 P.M.
CITY COUNCIL CHAMBER
DELAWARE CITY, DE 19706**

CALL TO ORDER

Mayor Johnson called the Special Meeting of Mayor & Council to order at 6:30 pm.

ROLL CALL

Present were Mayor Johnson, Vice Mayor Malinowski, Council Members Titus, Renoll and Buchheit. Also attending was City Manager Baylor and City Secretary Loveland.

Lauren Deluca a colleague of Delaware City's Solicitor Max Walton was present in his place as he was unable to attend.

PLEDGE OF ALLEGIANCE

Mayor Johnson led the Pledge of Allegiance to the Flag

PRESENTATION OF PROPOSALS

TIDE WATER UTILITY - RAY EBAULD

Tide Water Utility was unfortunately unable to be present for tonight's meeting. There was no presentation for Tide Water Utilities.

SUEZ WATER - LARRY FINNICUM

Larry Finnicum is the Director of Operations at Suez Water. Suez is a world leader in Water Treatment. They serve water to 92 million people a crossed the U.S and operate in 70 Countries and also have a Waste business that operates outside the U.S. Their headquarters are in New

Jersey. They own and operate 15 Utilities and 65 Environmental Service Contracts and 24 Service Centers across the Country. They currently serve a population of 100,000 people in NCC.

Larry Finnicum explained the base of their proposal is an acquisition price of 3.55 Million dollars to buy the assets and they will also pay the City a 4% Franchise Fee on the Total Annual Revenue for 5 years and that is negotiable going forward. He said they will also keep Delaware City's rate until their next general rate increase. He presented a slide show of how their water rates compare to Delaware City's and other local Water Companies. He went on to explain in detail all of the upgrades Suez will make to the current water system, including the infusion of their Rapid Smart Program within 6 months, which would provide the City with a fully integrated AMI System for meter reading and a fully integrated GIS system for underground locating. Another upgrade would be the infusion of an Asset Management System for Assets at the Treatment Facilities and tanks in the system. They would also be integrating into their EIOPS System and their Dispatching System. These are just a few along with any other upgrades needed to the entire system. They also plan to run a 12 inch main from their existing system which is located 6,500 feet from the Delaware City Line to infuse the Delaware City system into the Suez system, they feel this will increase the reliability to the customers in Delaware City.

Discussions followed.

The following figures were provided to the City by Kash Srinivasan, the City Consultant who was hired to review and give an opinion on the future of our water system.

Proposed sale price: \$3,550,000

Annual Franchise Fee: 4% of Annual revenues

Transitional Rate Schedule (Residential)

Base monthly charge: \$15.00

Usage charge:

First five years: \$3.74/ 1,000 gal

Current tariff:

Base monthly charge: \$12.50

Usage charge:

0-2,000 gallons: 4.5387

2,000-7,000 gallons 5.4864

Fire hydrant charge: 2.37

DSIC: 7.50% of revenues

ARTESIAN WATER- ANDREW PROSSER

John Thater a Senior Vice President of Operations started off the presentation recognizing all of the Artesian members who were present for tonight meeting including Diane Taylor CEO, Nicky Taylor a senior Vice President and Dave Spink CFO, along with Andrew Prosser a Chief Engineer for Artesian. Andrew explained that Artesian is a local company that's been in business since 1905. They provide water service to over a third of the state of Delaware. They have

invested 65 million dollars into their water infrastructure in the last few years. They have their own in house Maintenance and Operations and have already been doing this for Delaware City since 2001. They have been doing our meter reading and billing since 2001 and operating and maintaining the system since 2003. He informed everyone that Artesian owns the water system at Ft. DuPont and they plan to interconnect the Ft. DuPont water system with Delaware City system by putting in a canal crossing. This provides reliable supply with two wells in Delaware City and 2 wells at Ft. DuPont. The pumps at Ft. DuPont operate at a higher pressure, so with interconnecting the two systems they expect to see Delaware City's pressure to increase from 40 psi to 50-60 psi. He said they would upgrade all the meters to their AMR Meters which is an automatic meter reading system and the billing would switch to a monthly billing cycle instead of a quartet billing cycle. Their headquarters is located in Delaware, 8 miles outside of Delaware City. Their proposal offer is 2 Million dollars; this is for the well 4 parcel, the well, the treatment plant and making upgrades to the filter system. They would propose getting easements for the water infrastructure on the property of the well 5 parcel so The Cutting Edge does not have to move and the Antenna Leases can stay with the City which is a \$70,000 Annual Revenue for the City. They said they have no plans to increase the water rate until the Delaware City and Ft. DuPont water systems are connected, once they are connected they will propose an incremental increase over a 5 year period to Artesian's standard Tariff Rate of \$6.85/ 1,000 gallons.

Discussions followed.

The following figures were provided to the City by Kash Srinivasan, the City Consultant who was hired to review and give an opinion on the future of our water system.

Proposed Sale Price: \$2,000,000

Annual Franchise Fee: None

Traditional Rate schedule (Residential)

Base monthly charge: \$17.89

Usage charge:

-First two years: \$3.74/ 1,000 gal

-Year 3: \$4.04

-Year 4: \$4.27

-Year 5: \$4.46

Current tariff:

Base monthly charge: 13.74

Usage charge:

0-2,000 gallons: 7.347

2,000-7,000 gallons: 7.943

Fire hydrant charge: 4.45

DSIC: 5.55% of revenues

Mayor Johnson asked Council to take in all the information they were given tonight and direct any follow up questions to the City Manager. He would like to reconvene to make a decision as he feels we need to put this information out to the public first as well as give Council time to process all the information.

ADJOURNMENT

Mayor Johnson asked for a motion to adjourn the meeting. Council Member Buchheit made the motion that was seconded by Vice Mayor Malinowski, *the meeting was adjourned at 7:38 p.m.*

Respectfully submitted,
Britney L. Loveland
City Secretary