

CAMDEN-WYOMING SEWER & WATER AUTHORITY
P.O. BOX 405, CAMDEN-WYOMING, DELAWARE 19934

*Minutes of the Camden-Wyoming
Sewer and Water Authority
Regular Session - Authority Meeting
Held on June 14, 2011*

Authority Members present: Mr. Mark Dyer
Ms. Tracey Green
Mr. Michael McFann
Mr. Michael Quinn
Ms. Tracy Torres

**Also in attendance representing
the CWS&WA:** Mr. Harold Scott, Authority Superintendent
Mr. Soheil Gharebaghi, P.E., Authority Engineer
Ms. Mary Sherlock, Esq., Authority Attorney

Public in Attendance: Meeting Attendance/Sign-in Sheet;
available at the CWS&WA Office

The Camden-Wyoming Sewer and Water Authority (CWS&WA) met at the CWS&WA Office on June 14, 2011. The meeting was called to order at 7:05 p.m. by the Chairperson, Mr. Dyer. There were no items removed from the Consent Agenda.

DRWA Rate Analysis

Mr. Dyer introduced Ms. Gene Holloway of Delaware Rural Water Association (DRWA) and invited her to present her analysis of the Authority's water rates.

Ms. Holloway provided a brief background of her experience vis-a-vis water rates and discussed her qualification and curriculum vitae. Ms. Holloway indicated that her career had included serving as a town administrator as well as a Delaware and Maryland Rural Water Circuit Rider. Ms. Holloway also indicated that she had provided water rate setting training to various rural and municipal public water supply systems.

Ms. Holloway explained that the water rate survey of public water supply systems in rural Delaware, had not yet been completed. However, preliminarily the Authority's water rates had ranked 17th out of 28, Ms. Holloway said. Ms. Holloway indicated that DRWA had used a methodology where facility charges or flat rates had been included in the per thousand gallon charges to derive the effective per thousand gallon rates. The Authority's effective water rate for average usage of 15,000 gallons per quarter would most likely end up in the middle of the range of rates that had been compared, Ms. Holloway continued. Ms. Holloway indicated that USDA and other agencies used the average water usage method to evaluate effective water rates.

Ms. Holloway applauded the Authority's financial management and noted that the Authority's accounting and management practices with respect to its rates were consistent with the DRWA recommendations for water utilities.

DRWA Rate Analysis (cont.)

Ms. Holloway conveyed that, considering the Authority's fixed costs, including debt service and reserves, the Authority's facilities charges seemed low by about \$1.30 per quarter and suggested the following for the Board's consideration. Ms. Holloway suggested a \$30.00 flat rate per quarter, currently \$28.83 per quarter, and \$5.00 per 1,000 gallons, currently \$5.22 per 1,000 gallons for water usage. Ms. Holloway suspected that her suggestion would result in revenue neutrality. As such, Ms. Holloway suggested that the Authority ought to consider maintaining its current rates.

Ms. Holloway concluded her presentation by stating that, in her unbiased opinion, the Authority's water rates were on track and consistent with best management practices to fairly charge its customers for water utility services.

Responding to Ms. Green's questions, Ms. Holloway explained that the 28 DRWA member water utilities, with whom the Authority's rates had been compared, were mostly municipal public water systems serving populations of less than 10,000. Ms. Holloway also noted that effective water rates per 1,000 gallons based on average water usage of 15,000 gallons per quarter was an industry accepted methodology for evaluating water rates. Other rate setting methods included charging 1.5% to 3% of median household income (MHI) of the service area as well as charging \$5,000 to \$6,000 annually per utility, Ms. Holloway added. The Authority's annual water utility charges, currently \$428.52 for average usage of 15,000 gallons per quarter, was reasonable when compared with other water utilities, Ms. Holloway continued. Ms. Holloway cautioned that water rates of different municipalities and towns, even within the same county, could not be accurately compared to each other on account of the verities with which each individual utility had to deal.

Ms. Holloway explained that DRWA, a nonprofit organization, was partially funded by Federal and State governments, and mostly by the Delaware Department of Health and Social Services, Division of Public Health, Office of Drinking water.

After she answered questions posed by the Board and the public in attendance, Mr. Dyer thanked Ms. Holloway for her presentation.

Maintenance & Operations Status (Superintendent Report):

Mr. Scott distributed the period's Operation and Maintenance Report and discussed the same. Mr. Scott discussed the water distribution system improvements project at the block of Meadow Avenue, Apple Tree Lane, S. Layton Avenue, and Peach Street. Mr. Scott noted that, to date, approximately \$35,000 had been invested in the project. Homes on S. Layton Avenue, within the project limits, would have new service laterals from the existing 10-inch water main and the existing 2-inch water main would be deleted from the system, Mr. Scott continued. In all, 35 homes in the area would have new water service laterals when the project was completed, Mr. Scott added.

Mr. Scott reported that the Route 10 sanitary sewer system/Camdel Metals sewer back up issue remained unresolved. The Authority crews would continue to work toward the resolution of the matter, Mr. Scott added.

Maintenance & Operations Status (Superintendent Report, cont.):

Mr. Scott reported that, to date, approximately \$50,000 had been expended on the Camden-Wyoming Avenue fire hydrant replacement project. The project was nearly completed with only one hydrant remaining to be replaced, Mr. Scott added.

Mr. Scott indicated that the Authority's staff was vigilant with respect to collection activities, especially in light of the foreclosed properties within the Authority's service area. There were about 27 foreclosed properties in Newell's Creek alone, Mr. Scott noted.

Mr. Scott indicated that the Authority's crews had continued to assist the Town of Camden with grass cutting at properties undergoing foreclosure. Mr. Scott noted that, to date, the Town of Camden had paid approximately \$3,900 for the Authority's grass cutting services. In response to Ms. Torres inquiry, Mr. Scott explained that the Town of Camden was not charged any overtime hours for the grass cutting effort.

Engineering Report:

Pertaining to water rates, Mr. Gharebaghi distributed a copy of his water bill to the Board which he had received from Tidewater Utilities, Inc. (TUI) for water utility services at his residence. It was noted that while he was billed \$151.24 by TUI for water utility services, the bill would have been \$86.25 for the same water usage in the quarter had he received the Authority's water utility services. With a water usage of 11,810 gallons in a quarter, the difference in the Authority's and TUI's billing would have been \$64.99, Gharebaghi said. TUI's billing was more than 75% higher than the Authority's would have been if the service had been provided by the Authority, Gharebaghi exclaimed.

It was reported that the Authority's 2010 Annual Water Quality Report, also known as Consumer Confidence Report (CCR), was scheduled to be published in the Delaware State News on June 24, 2011, reporting the status of the Authority's water quality for the period of January 1, 2010, to December 31, 2010. Gharebaghi noted that there were no Safe Drinking Water Act violations, and the Authority's drinking water had continued to meet all Federal and State standards in 2010. Mr. Gharebaghi indicated that lead and copper water testing had been scheduled for the summer of 2011. It was noted that the Authority was on a 3-year cycle of testing for these contaminants.

The Board was presented with a "*Summary of Estimated Probable Cost Associated with the Existing Sanitary Sewer and Water Distribution System Improvements, Upgrades and Maintenance*" which had been requested by Ms. Green during the Authority's May 2011, Regular Meeting. Mr. Gharebaghi discussed the Summary and indicated that more than \$6.6 Million had been estimated to be necessary for improvements to the Authority's existing systems. It was explained that through judicious prioritization of the improvements and the Authority's construction crews' surgical approach to many repair projects, the Authority had managed to maintain proper operation of its systems.

Engineering Report (cont.):

Mr. Gharebaghi provided a status update on the matter of the Authority's application for a CPCN which he had filed with the Public Service Commission (PSC) as a house-keeping measure. It was reported that the application for the Cataldi subdivision homes and the U.S. Cemeteries property (a total of eight parcels) had been withdrawn by the Authority. The Authority's rationale for the action had been the opt out notices that had been required by the PSC to be sent to each property owner. The owners of these properties had been the Authority's customers for more than 50 years and opt out notifications had been neither applicable nor appropriate considering the circumstances, Gharebaghi noted. Updated reports regarding the matter would be presented at future Regular Meetings, Gharebaghi added.

In response to Ms. Green's inquiry regarding the priorities of the Authority with respect to systems' improvements, Mr. Scott recommended the scheduling of a Workshop Session for the purpose of discussing the various projects that have already been scheduled and the Authority's strategy with respect to the remaining projects as well as routine maintenance preparedness, equipment replacement, etc.

Ms. Green requested the number of gallons of water for which the Authority had billed its customers for the past three years. Ms. Green also requested information regarding the return on the Authority's investments of impact fees and the rates paid by the Authority toward debt service.

Legal Report:

There were no legal reports.

Approval of the Consent Agenda:

Motion: Ms. Green made a motion to approve the Consent Agenda, seconded by Mr. McFann. Motion carried unanimously.

Old Business:

Consideration of a Policy regarding requests for information from the Authority

As a result of the discussion surrounding this matter during the Authority's May 2011, Regular Meeting, a revised draft request for information form was considered by the Board and the following was decided:

Motion: Ms. Green made a motion to approve the revised Request for Information Form, seconded by Ms. Torres. Motion carried with a majority vote with Mr. McFann not voting.

New Business:

By-Laws Change

Mr. Dyer indicated that Ms. Sherlock had prepared changes to the Authority's By-Laws to reflect the elimination of the positions of Secretary and Treasurer from the Board. Mr. Dyer read the revised By-Laws into the records of the Meeting for the Board's consideration and action at the next Regular Meeting.

Visitors' Comments:

Ms. McFann asked about the availability of the Request for Information Form to the public. Mr. Dyer indicated that the approved Form would be available at the Authority's office at no charge and could be picked up at the Authority's office during regular business hours.

Adjournment:

The Regular Meeting was adjourned into an Executive Session at 8:20 p.m. for the discussion of legal matters.

Motion: Mr. McFann made a motion to adjourn the Regular Meeting into an Executive Session, seconded by Mr. Quinn. Motion carried unanimously.

The Regular Meeting was reconvened at 8:43 p.m. for the purpose of adjourning the Regular Meeting.

Motion: Mr. Quinn made a motion to adjourn the Regular Meeting, seconded by Ms. Green. Motion carried unanimously.

The Regular Meeting adjourned at 8:50 p.m.

The next Regular Meeting will be held on July 12, 2010, at 7:00 p.m.

Respectfully Submitted,
CAMDEN-WYOMING SEWER & WATER AUTHORITY

Harold L. Scott, Sr.
CWS&WA Superintendent