

Resolution 2021-26

A Resolution to Consent to Proposed Borrowing by MSC to Finance Certain Infrastructure Improvements.

WHEREAS, the Municipal Services Commission (MSC), in collaboration with the Delaware Municipal Electric Corporation (DEMEC) and American Municipal Power, Inc. (AMP), has proposed improvements to replace their existing electric and water metering infrastructure which is currently at the end of its useful life; and

WHEREAS, the proposed replacement system is known as Advanced Metering Infrastructure (AMI); and

WHEREAS, AMI provides a number of improvements to the current delivery of electricity and water utilities to New Castle residents and businesses including:

- Automated notifications of outages and transformer failures
- Predictive analytics for future failures
- Advanced cybersecurity
- Reduction of “truck rolls” and reallocation of staff to value added activities
- Remote data collection and connect/disconnect capabilities
- 24/7 customer data availability for customers, and
- Data compilation for use in analysis

WHEREAS, Scott Lynch of DEMEC made a presentation to City Council on August 10, 2021 to describe the advantages of the AMI product; and

WHEREAS, the total cost to implement the AMI system, including network equipment, software, electric and water meters, installation and management is estimated to be \$1,886,576; and

WHEREAS, MSC proposes to fund the AMI project by borrowing \$665,000.00 over a 10 year period from DEMEC and \$1,011,110.00 from the State Revolving Fund (SRF), to be paid over a 10 year period, while using funds from MSC’s capital budget to finance the balance; and

WHEREAS, a substantial portion of the SRF funding, up to 50%, will be subject to debt forgiveness; and

WHEREAS, MSC General Manager, Scott Blomquist, made a further presentation to City Council on September 14, 2021 responding to questions from Council concerning the AMI system, how it would be financed, what the ongoing operational expenses for the AMI system would be, and further confirming that water and electric rates would not be affected by the proposed loans from DEMEC and the SRF; and

WHEREAS, Section 3 (g) of the MSC Charter requires City Council approval of any borrowing by MSC for expansion of the existing water and electric systems of the Commission, the upgrade and maintenance of such systems, or other capital expenditures for real or personal property deemed by the Commissioners as reasonably necessary to the operations of the Commission; and

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WHEREAS, Council has determined that all MSC Charter conditions for such borrowing have been satisfied.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of New Castle hereby confirms its consent to MSC's borrowing of \$665,000.00 from DEMEC and \$1,011,110 from the SRF for purposes of purchasing and installing the AMI water and electric meters with supporting infrastructure and software as proposed by MSC.

PASSED this 12th day of October, 2021.

Michael M. Platt, City Council President

Joseph F. Day, III, Councilperson

Valarie W. Leary, Councilperson

Russell P. Smith, Councilperson

Suzanne M. Souder, Councilperson

Attest:

Kathleen M. Walls, City Clerk