LEGISLATIVE, FINANCE AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on December 14, 2015, at 6:00 p.m. with Chairman Hare presiding. Members present Mr. Sudler (arrived at 6:02 p.m.), Ms. Maucher, and Mr. Shevock. Mr. Cole was absent. Council President Slavin and Mayor Christiansen were also present.

AGENDA ADDITIONS/DELETIONS

Ms. Maucher moved for approval of the agenda, seconded by Mr. Shevock and unanimously carried.

Pilot Take Home Vehicle and Carryover Program

Police Chief Paul Bernat advised members that staff was requesting authorization to carry over five (5) marked police vehicles in order to give an enhanced perception of police presence in the City. He explained that staff was currently conducting a pilot program that allowed officers that live in City limits to take home older marked police vehicles, and three (3) officers were currently participating in the program. Chief Bernat stated that staff desired to strategically place the remaining two (2) marked vehicles throughout the City, and a marked police vehicle had also been placed on North State Street to help calm traffic speeds. In addition, he indicated that marked cars were also being placed in front of various stores with a large number of incidences of shoplifting. Chief Bernat noted that three (3) older vehicles were sold at auction, offsetting the amount of money needed to proceed with this request, should it be approved by Council.

Responding to Mr. Hare, Chief Bernat stated that currently 13 members of the City of Dover Police Department live in City limits. A few officers elected not to take their work vehicles home, preferring to use their personal vehicles, and others already had take-home vehicles.

Responding to Mr. Shevock, Chief Bernat confirmed that the Police Department was authorized a certain number of vehicles in every budget and the request was to carry over five (5) additional vehicles.

Responding to Mr. Hare, Chief Bernat stated that the cost would not exceed $10,000.

Staff recommended authorizing the carryover of five (5) marked police vehicles for the Pilot Take Home Vehicle and Carryover Program.

Mr. Shevock moved to recommend authorizing the carryover of five (5) marked police vehicles, seconded by Ms. Maucher and unanimously carried.

Request for Extension - Banking and Cash Management Services Agreement

Mrs. Donna Mitchell, Controller/Treasurer, advised members that the City awarded a three (3) year contract for bank and cash management services to WSFS Bank in August 2012 and the Finance Department missed the expiration of this contract on August 2015; however, she noted that the contract stipulated that two (2) one (1) year mutually agreed upon extensions could be exercised. Mrs. Mitchell requested approval to extend the contract for one (1) year, stating that staff was in the process of working on a Request for Proposal (RFP) for banking and cash management services, with results to be presented to the Committee in July 2016.

Staff recommended authorizing the Controller/Treasurer to extend the WSFS Bank and Cash Management Services agreement through August 2016.

Mr. Shevock moved to recommend approval of Staff's recommendation, seconded by Mr. Sudler and unanimously carried.

Request for Extension - ADP Time and Attendance, Payroll, and Human Resources ERP System Contract

Mrs. Donna Mitchell, Controller/Treasurer, advised members that the City's current contract with ADP would expire on July l, 2016 and, in light of the City's efforts to evaluate alternative Enterprise Resource Planning systems (ERP), staff requested authorization to negotiate an extension of the current contract through January 1, 2018. Mrs. Mitchell explained, based on conversations with other municipalities and consultants working on ERP projects, that a 24-month time frame was estimated from the date of contract award to full implementation. She indicated that in order to maintain the City's current processes through the evaluations and possible implementation of a new ERP system, staff believed the City should address this matter with ADP now.

Mrs. Mitchell stated that after attending a Government Finance Officers Association (GFOA) conference in June 2014, she learned that the City's current system was a legacy system that was being phased out. She informed members that web-based programs were becoming more widely used, therefore, the City could find itself with no longer having support for the current system in the near future. Mrs. Mitchell noted that two (2) of the City's current vendors that use the legacy systems had been bought out by other companies, and it was uncertain if they would continue to use those systems or move to the web-based programs. She explained she was requesting this extension to allow the City to plan ahead and be proactive so that when and if this change takes place, the City would be prepared internally with the Information Technology (IT), training, and the financial aspects to make the change.

Staff recommended authorizing the Controller/Treasurer to negotiate an extension of the current contract with ADP through January 1, 2018.

Responding to Mr. Sudler, Mrs. Mitchell stated that the cost to change from the current system to the web-based system was quoted at $1.9M and may vary depending on the version that the City converts to, how much history must be converted, etc. She indicated that it would be difficult to determine the cost before the City's needs are assessed. Mrs. Mitchell noted that a new system would be expensive but stated her hope that, if this change was needed, it could be included with the financing for other projects being discussed, such as the City's space needs and other Capital Improvement Projects. In addition, she noted that the City was currently paying approximately $320,000 per year for system maintenance costs and the quote for the maintenance for the new system was $264,000 per year.

Mr. Koenig expressed his support of the extension, explaining that this would be a major undertaking involving the complete financial system and affecting every part of the organization. He felt that providing time to become more familiar and to transition may allow time to find ways to offset the cost of making the change, noting that the $1.9M was not currently in the City's capital budget. Mr. Koenig noted that the City was studying new space for its facilities and stated that some

of the related savings from staff and IT could possibly be used to offset the cost of this project. He indicated that the $1.9M was the system cost, but the net cost to the budget was undetermined at this time.

Mr. Shevock stated his concern regarding the possibility of the City having to pay for the maintenance fees plus the new system. Responding, Mrs. Mitchell explained that she was trying to time the change so that the maintenance on the old system would end before the new system is implemented.

Responding to Mr. Hare regarding the timeframe for assistance to be provided to Mrs. Mitchell on this matter from the City Manager's Office and IT Department, Mr. Koenig indicated that it was expected that IT staff would discuss this matter with Mrs. Mitchell within the next 30 days so that the RFP could be issued.

Ms. Maucher moved to recommend authorization to negotiate an extension of the current contract with ADP until January 1, 2018, seconded by Mr. Sudler, and unanimously carried.

Comprehensive Annual Financial Report (CAFR) for Fiscal year Ended June 30, 2015

Mrs. Donna Mitchell, Controller/Treasurer, advised members that the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 had been completed. She stated that one (1) matter of significance, compared to the FY 2014 CAFR, was that the City was required to implement Government Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions, which required the City to record the unfunded liabilities for the City's two (2) defined benefit pension plans, as well as the City's prorated share of the State of Delaware - County and Municipal Firefighters and Police Pension Plan (a defined benefit cost-sharing plan). Mrs. Mitchell explained that this accounting change resulted in a negative Unrestricted Net Position for the Governmental Funds of $27.9M. She stated that the prior period adjustment to beginning balances of negative $22.1M for the General Fund and negative $14.2M for the Utilities were necessary to meet the requirements of the standard, stating the State of Delaware Plan was fully funded and did not increase the liability.

Responding to Mr. Hare regarding the carry over projects, Mr. Koenig explained that many unforeseen events could delay or derail a project from being completed as planned and require it to be carried over until the next budget year. Such events could include weather delays, change orders, litigation, lack of response from contractors, citizen complaints, or poor design. Mr. Koenig felt, however, that the City had made substantial improvements over the last couple of years in these areas and noted that staff continued to strive to improve even further.

Mr. Shevock moved to recommend acceptance of the Comprehensive Annual Financial Report (CAFR) as presented, seconded by Mr. Sudler, and unanimously carried.

By unanimous consent, the meeting adjourned at 6:16 p.m.

William F. Hare
Chairman

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