LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE AGENDA

SEPTEMBER 28, 2015 - 6:00 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

PUBLIC COMMENTS ARE WELCOMED ON ANY ITEM AND WILL BE PERMITTED AT APPROPRIATE TIMES. WHEN POSSIBLE, PLEASE NOTIFY THE CITY CLERK (736-7008 OR E-MAIL AT CITYCLERK@DOVER.DE.US) SHOULD YOU WISH TO BE RECOGNIZED.

AGENDA ADDITIONS/DELETIONS

1. **PROJECT CARRY-FORWARD BUDGET BALANCES/PROPOSED BUDGET AMENDMENTS**
   (STAFF RECOMMENDS APPROVAL OF THE PROPOSED BUDGET AMENDMENTS FOR FISCAL YEAR 2016)

2. **STATUS OF OPEB (OTHER POST EMPLOYMENT BENEFITS) AND PENSION FUNDS**
   (COMMITTEE ACTION NOT REQUIRED)

3. **REVIEW OF FINANCIAL POLICIES**
   (STAFF RECOMMENDS APPROVAL OF THE FINANCIAL POLICIES, AS AMENDED)

4. **ANNUAL REVIEW OF INVESTMENT POLICY**
   (STAFF RECOMMENDS APPROVAL OF THE INVESTMENT POLICY, AS AMENDED)

5. **DELAWARE LAND AND WATER CONSERVATION TRUST FUND (DTF) TRAIL GRANT APPLICATION - MALLARD POND TRAIL**
   (STAFF RECOMMENDS ACCEPTANCE OF THE GRANT IF THE AWARD IS MADE TO THE CITY OF DOVER)

6. **ADJOURNMENT BY 7:00 P.M.**

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S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\COMMITTEE-AGENDAS\2015\09-28-2015 LF&A.WPD

THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ACTION FORM

PROCEEDING: Legislative, Finance & Administration Committee	
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED: 09/28/2015**
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Project Carry-Forward Budget Balances/Proposed Budget Amendments	
APPROVALS: L, F & A Committee & City Council	
EXHIBITS: A - Capital Investment Plan - Project Amendments	
EXPENDITURE REQUIRED: $14,751,400	**Total: $14,751,400**
AMOUNT BUDGETED: $14,751,400 **FUNDING SOURCE**: Various Capital Project Budgets as listed in Exhibit A	
TIMETABLE: N/A	
RECOMMENDED ACTION: Staff recommends approval of the proposed Budget Amendments for Fiscal Year 2016.	

The proposed budget amendment is being presented to incorporate into the FY2016 Capital Investment Plan the adjustments to the Beginning Budget Balances for all Capital Project Funds and project balances for uncompleted or multi-year projects. It also includes any adjustments related to Council Actions to date on changes in project budgets that were not included in the original budget.

The details of the amendments by project are attached as Exhibit A.

2015-2016 BUDGET ORDINANCES - FIRST AMENDMENT

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

The amount hereinafter named aggregating Five Million Six Hundred Thirty Five Thousand Two Hundred dollars ($5,635,200) or so much thereof as may be necessary are hereby appropriated from current revenues and other funds for the use by several departments of the Municipal Government for the fiscal year beginning July 1, 2015 and ending June 30, 2016:

GOVERNMENTAL CAPITAL PROJECTS FUND
REVENUES AND BUDGET FOR 2015-2016

REVENUES

	2015/16 BUDGET	2015/16 REVISED
BEGINNING BALANCE - PROJECTS	**$ 154,800**	**$ 2,984,500**
REVENUES		
INCOME FROM SALE OF ASSETS	20,300	20,300
INTEREST EARNINGS	5,000	5,000
TRANSFER FROM GENERAL FUND	2,625,400	2,625,400
SUBTOTAL PROJECT RECEIPTS	2,650,700	2,650,700
TOTAL FUNDING SOURCES	2,650,700	2,650,700
TOTAL BEGINNING BALANCE AND REVENUES	**$ 2,805,500**	**$ 5,635,200**

EXPENSE SUMMARY

EXPENDITURES	2015/16 BUDGET	2015/16 REVISED
FIRE	$ 145,600	$ 445,800
GROUNDS MAINTENANCE	201,100	201,100
LIBRARY	-	-
LIFE SAFETY	55,700	55,700
CODE ENFORCEMENT	-	-
POLICE	262,100	284,100
RECREATION	-	66,000
STREETS	1,428,500	3,870,000
SANITATION	449,000	449,000
CITY MANAGER	24,700	24,700
FACILITIES MANAGEMENT	-	-
FLEET MAINTENANCE	84,000	84,000
DEPARTMENT SUBTOTAL	**2,650,700**	**5,480,400**
TOTAL EXPENDITURES	**2,650,700**	**5,480,400**
BUDGET BALANCE	154,800	154,800
TOTAL BUDGET BALANCE & EXPENDITURES	**$ 2,805,500**	**$ 5,635,200**

The City Manager is hereby authorized, without further approval of the City Council, to make interdepartmental transfers of up to five percent of the amount hereinafter appropriated to any department with the exception of any transfers prohibited by City Procedure #F306.

ADOPTED:

2015-2016 BUDGET ORDINANCES - FIRST AMENDMENT (CONTINUED)

WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND
CASH RECEIPTS/REVENUES AND BUDGET FOR 2015-2016

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

The amount hereinafter named aggregating Fourteen Million One Hundred Eighty EightThousand Five Hundred dollars ($14,188,500) or so much thereof as may be necessary are hereby appropriated from current revenues and other funds for the use by several departments of the Municipal Government for the fiscal year beginning July 1, 2015 and ending June 30, 2016:

CASH RECEIPTS

	2015/16 BUDGET	2015/16 REVISED
BEGINNING BALANCE - WATER	$ 833,500	$ 5,649,500
BEGINNING BALANCE - WASTEWATER	1,027,600	5,028,800
TOTAL BEGINNING BALANCES	1,861,100	10,678,300
REVENUES		
BOND PROCEEDS - WATER	-	-
BOND PROCEEDS - WASTEWATER	-	-
STATE LOAN FUND - WATER	-	-
TRANS FR OPERATING FUND - WATER	1,800,000	1,800,000
TRANS FR OPERATING FUND - WASTEWATER	1,500,000	1,500,000
TRANSFER FR WASTEWATER IMPACT FEE	165,000	165,000
PROCEEDS FROM SALE OF ASSETS	-	-
INTEREST INCOME	25,000	25,000
MISCELLANEOUS RECEIPTS	-	20,200
TOTAL REVENUES	3,490,000	3,510,200
TOTAL BEGINNING BALANCES & REVENUES	**$ 5,351,100**	**$ 14,188,500**

EXPENSE SUMMARY

	2015/16 BUDGET	2015/16 REVISED
EXPENSES		
WATER	$ 2,028,600	$ 6,344,600
WASTEWATER	1,822,100	5,823,300
WATER TREATMENT PLANT	-	284,400
TOTAL EXPENSES	3,850,700	12,452,300
BUDGET BALANCE - WATER	617,400	773,400
BUDGET BALANCE - WASTEWATER	883,000	962,800
CURRENT YEAR BALANCE SUBTOTALS	1,500,400	1,736,200
TOTAL BUDGET BALANCES & EXPENSES	**$ 5,351,100**	**$ 14,188,500**

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ADOPTED:

2015-2016 BUDGET ORDINANCES - FIRST AMENDMENT (CONTINUED)

ELECTRIC UTILITY IMPROVEMENT AND EXTENSION FUND
CASH RECEIPTS/REVENUES AND BUDGET FOR 2015-2016

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:
The amount hereinafter named aggregating Twelve Million One Hundred Ten Thousand Eight Hundred dollars ($12,110,800) or so much thereof as may be necessary are hereby appropriated from current revenues and other funds for the use by several departments of the Municipal Government for the fiscal year beginning July 1, 2015 and ending June 30, 2016:

REVENUES

	2015/16 BUDGET	2015/16 REVISED
BEGINNING BALANCE	**$ 3,623,600**	**$ 6,684,100**
REVENUES		
TRANSFER FROM ELECTRIC	3,500,000	3,500,000
GENERAL SERVICE BILLING	1,900,000	1,900,000
INTEREST EARNINGS	26,700	26,700
TOTAL REVENUES	**5,426,700**	**5,426,700**
TOTALS	**$ 9,050,300**	**$ 12,110,800**

EXPENSE SUMMARY

EXPENSES	2015/16 BUDGET	2015/16 REVISED
ELECTRIC GENERATION	$ 1,655,000	$ 2,313,500
TRANSMISSION AND DISTRIBUTION	2,887,600	3,625,900
ELECTRICAL ENGINEERING	1,724,300	3,388,000
TOTAL EXPENSES	**6,266,900**	**9,327,400**
BUDGET BALANCE	**2,783,400**	**2,783,400**
TOTAL BUDGET BALANCE & EXPENSES	**$ 9,050,300**	**$ 12,110,800**

The City Manager is hereby authorized, without further approval of the City Council, to make interdepartmental transfers of up to five percent of the amount hereinafter appropriated to any department with the exception of any transfers prohibited by City Procedure #F306.

ADOPTED:

2015-2016 BUDGET ORDINANCES - FIRST AMENDMENT (CONTINUED)

COMMUNITY TRANSPORTATION IMPROVEMENT FUND
CASH RECEIPTS/REVENUES AND BUDGET FOR 2015-2016

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER, IN COUNCIL MET:

The amount hereinafter named aggregating Six Hundred Eighty Eight Thousand Five Hundred dollars ($688,500) or so much thereof as may be necessary are hereby appropriated from current revenues and other funds for the use by several departments of the Municipal Government for the fiscal year beginning July 1, 2015 and ending June 30, 2016:

OPERATING REVENUES

	2015/16 BUDGET	2015/16 REVISED
PRIOR YEAR BALANCE	**$ 144,000**	**$ 188,000**
GRANTS REVENUE	500,000	500,000
INTEREST INCOME	500	500
TOTALS	**$ 644,500**	**$ 688,500**

OPERATING EXPENSES

	2015/16 BUDGET	2015/16 REVISED
PROGRAM EXP. GRANT RELATED	$ 644,000	$ 688,000
CURRENT YEAR BALANCE	500	500
TOTALS	**$ 644,500**	**$ 688,500**

The City Manager is hereby authorized, without further approval of the City Council, to make interdepartmental transfers of up to five percent of the amount hereinafter appropriated to any department with the exception of any transfers prohibited by City Procedure #F306.

ADOPTED:

City of Dover
Fiscal Year 2015/2016 Budget
First Amendment
Capital Investment Plan Amendments

Project #	Title	Fiscal Year 2015 Original CIP Budget	Fiscal Year 2015 Revised CIP Budget	Fiscal Year 2015 Prior Fiscal Year(s) Expenses	Fiscal Year 2015 Carry Forward Balance	FY 2016 Year Budget	Revised FY 16 CIP Budget
FR1501	Fire - SCBA Equipment	$ 300,200	$ 300,200	$ -	$ 300,200	$ -	$ 300,200
PR1501	Park & Playground Improvement Equipment	$ 66,000	$ 66,000	$ -	$ 66,000	$ -	$ 66,000
N/A	Police Department Vehicle	$ 169,600	$ 171,100	$ 148,978	$ 22,000	$ 242,200	$ 264,200
ST1304	Garrison Farm Streets & Stormwater	$ 2,600,000	$ 4,226,700	$ 2,480,657	$ 1,746,100	$ -	$ 1,746,100
ST1501	Salt Storage Barn	50,000	75,000	-	75,000	-	75,000
ST1502	Streets, Alleys & Concrete Program	900,000	624,400	179,592	444,100	1,000,000	1,444,100
ST1503	Misc Emerg. Street/Storm Repairs	75,000	75,000	40,090	35,000	-	35,000
ST1504	Old PW2 Site Improvements	150,000	150,000	106,195	43,900	385,000	428,900
ST1506	Stormwater Ditch Maintenance	15,000	15,000	-	15,000	-	15,000
ST1508	Stormwater Utility Planning	90,000	90,000	7,650	82,400	-	82,400
	Street Division	$ 3,880,000	$ 5,256,100	$ 2,814,184	$ 2,441,500	$ 1,385,000	$ 3,826,500
	Total General Capital Project Fund	**$ 4,415,800**	**$ 5,793,400**	**$ 2,963,162**	**$ 2,829,700**	**$ 1,627,200**	**$ 4,456,900**
	Total Increase in General Cap Proj Fund				**$ 2,829,700**		
CT1405	Lakeview Drainage Study	$ -	$ 24,400	$ 18,187	$ 6,300	$ -	$ 6,300
CT1562	Village of Cannon Mill Repavement	315,000	386,900	25,997	36,100	-	36,100
CT1599	Signage for the Hamlet & Bicentennial Village	2,700	2,700	1,170	1,600	-	1,600
	Total Community Transportation Fund	**$ 317,700**	**$ 414,000**	**$ 45,354**	**$ 44,000**	**$ -**	**$ 44,000**
	Total Increase in Comm Transportation Fund				**$ 44,000**		
N/A	Sterling Dump Truck	$ 66,900	$ 66,900	$ -	$ 59,900	$ -	$ 59,900
WD0804	1.0 MG Storage Tank - Denney's Road	-	2,470,700	2,500	2,468,200	-	2,468,200
WD1302	Garrison Farm Storage Tank	400,000	4,221,600	2,100,291	2,121,400	-	2,121,400
WD1506	Shallow Well #7 Abandonment	15,000	15,000	-	15,000	-	15,000
WQ1503	West Dover Connector Project	-	336,000	184,561	151,500	-	151,500
	Water Division	$ 481,900	$ 7,110,200	$ 2,287,352	$ 4,816,000	$ -	$ 4,816,000
	Total Increase in Water Division				$ 4,816,000		
N/A	Sterling Dump Truck	$ 66,900	$ 66,900	$ -	$ 59,900	$ -	$ 59,900
N/A	Sterling Jet Truck	210,400	173,900	-	186,000	-	186,000
WW1206	Brandywine Pump Station Replcmnt	-	339,100	237,906	101,200	-	101,200
WW1303	Westover Pump Station	718,000	1,299,600	7,254	1,292,400	-	1,292,400
WW1304	Garrison Farm Wastewater Projects	-	3,199,700	2,571,260	628,500	-	628,500
WW1503	Hazzlettville Rd Interceptor	755,000	201,700	-	462,100	-	462,100
WW1504	Lakeview Drive Pump Station Replacement	450,000	408,400	48,817	359,600	-	359,600
WW1509	West Dover Connector Road Utility Relocation	-	922,300	10,859	911,500	-	911,500
	Wastewater Division	$ 2,200,300	$ 6,611,600	$ 2,876,096	$ 4,001,200	$ -	$ 4,001,200
	Total Increase in Wastewater Division				$ 4,001,200		
	Total Water/Wastewater I & E Fund	**$ 2,682,200**	**$ 13,721,800**	**$ 5,163,448**	**$ 8,817,200**	**$ -**	**$ 8,817,200**
	Total Increase in Water/Wastewater I & E Fund				**$ 8,817,200**		

City of Dover
Fiscal Year 2015/2016 Budget
First Amendment
Capital Investment Plan Amendments

Project #	Title	Fiscal Year 2015 Original CIP Budget	Fiscal Year 2015 Revised CIP Budget	Fiscal Year 2015 Prior Fiscal Year(s) Expenses	Fiscal Year 2015 Carry Forward Balance	FY 2016 Year Budget	Revised FY 16 CIP Budget
N/A	Battery Bank Replacement	$ 24,500	$ 24,500	$ 10,875	$ 13,700	$ -	$ 13,700
EG1212	MR Unit 3 Turbine Inspection	-	151,800	98,392	53,500	-	53,500
EG1416	VanSant Capacity Increase	750,000	901,900	409,784	492,200	-	492,200
EG1504	McKee Unit 3 Boiler System	295,000	138,000	57,287	80,800	42,000	122,800
EG1506	McKee & VanSant Safety Improvement	52,000	52,000	33,776	18,300	-	18,300
	Electric Generation	$ 1,121,500	$ 1,268,200	$ 610,114	$ 658,500	$ 42,000	$ 700,500
	Total Increase in Electric Generation				$ 658,500		
N/A	Metering Infrastructure	$ -	$ 150,000	$ -	$ 150,000	$ -	$ 150,000
N/A	Vehicle/Truck	-	33,000	-	33,000	387,600	420,600
EE1509	West Dover Connector	250,000	250,000	94,209	155,800	-	155,800
EE1516	Chestnut Grove (new developments)	299,000	255,000	118,999	136,000	-	136,000
EE1522	Garrison Oak Park (new developments)	184,000	184,000	166,523	17,500	-	17,500
EE1525	Leander Lakes Apt Phase I (new developments)	73,000	73,000	3,608	69,400	-	69,400
EE1526	Playtex Addition (new developments)	200,000	354,100	204,136	150,000	-	150,000
EE1544	Nottingham Meadows (new developments)	28,600	28,600	2,011	26,600	-	26,600
	Transmission & Distribution	$ 1,034,600	$ 1,327,700	$ 589,486	$ 738,300	$ 387,600	$ 1,125,900
	Total Increase in Transmission & Distribution				$ 738,300		
EE1312	General Scott Switchgear	$ 1,100,000	$ 1,137,600	$ 30,421	$ 1,107,200	$ -	$ 1,107,200
EE1443	GOTP Transmission Line Relocation	-	550,000	141,526	408,500	-	408,500
EE1500	69 KV Rebuild	75,000	75,000	12,029	63,000	-	63,000
EE1520	69 kV Cable Replacement North Street	85,000	85,000	-	85,000	50,000	135,000
	Engineering Division	$ 1,260,000	$ 1,847,600	$ 183,976	$ 1,663,700	$ 50,000	$ 1,713,700
	Total Increase in Engineering				$ 1,663,700		
	Total Electric I & E Fund	**$ 3,416,100**	**$ 4,443,500**	**$ 1,383,576**	**$ 3,060,500**	**$ 479,600**	**$ 3,540,100**
	Total Increase in Electric I & E Fund				**$ 3,060,500**		
	Total Carryforward balances from FY 2015				**$ 14,751,400**		

City of Dover
Actuarial Valuations As of July 1, 2014
For Fiscal Year Ending June 30, 2015

Valuations Completed by Milliman

September 10, 2015

City Police Pension Plan

- No active participants in this plan
- Amortization period of the Unfunded Accrued Liability is 10 years
- Interest Rate assumption was changed from 7.0% to 6.5%
- Retirees/Spouses = 48
  - Age < 70 = 32
  - Age < 80 = 12
  - Age < 90 = 4
- Monthly Benefit Total = $130,815

- FY2015

Actuarial Accrued Liability (AAL)	$20,736,450
Actuarial Value of Assets	12,279,347
Unfunded Liability	$8,457,103
Funded Ratio	59.2%
Actuarial Determined Contribution (ADC)	$1,176,500

- FY2014

Actuarial Accrued Liability (AAL)	$19,697,000
Actuarial Value of Assets	11,035,206
Unfunded Liability	$8,661,794
Funded Ratio	56.0%
Actuarial Determined Contribution (ADC)	$1,155,110

Civilian Pension Plan

- Normal Cost increased from 4.6% to 5.04%
- Amortization period of the Unfunded Accrued Liability decreased from 21 years to 15 years (closed amortization)
  - This change resulted in an increase to the amortization payment of $409,000
- Interest rate assumption was changed from 7.0% to 6.5%
- Salary increase assumption changed from 4.0% to 3.0%
- Inflation assumption changed from 2.75% to 2.50%

- FY2015

Actuarial Accrued Liability (AAL)	$58,278,646
Actuarial Value of Assets	32,825,853
Unfunded Liability	$25,452,793
Funded Ratio	56.3%
Actuarial Determined Contribution (ADC)	$2,983,900

- FY2014

Actuarial Accrued Liability (AAL)	$55,768,000
Actuarial Value of Assets	29,919,687
Unfunded Liability	$25,848,313
Funded Ratio	53.7%
Actuarial Determined Contribution (ADC)	$2,628,694

Civilian Pension Plan
Census Data as of July 2, 2014

Summary of Active Data as of July 1, 2014

Number of Participants by Age and Service Groups

	Years of Service										
Age	**<1**	**1-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40&Up**	**Total**
0-24	-	-	1	-	-	-	-	-	-	-	1
25-29	-	-	8	-	-	-	-	-	-	-	8
30-34	-	-	6	2	-	-	-	-	-	-	8
35-39	-	-	12	5	-	-	-	-	-	-	17
40-44	-	-	5	7	3	3	-	-	-	-	18
45-49	-	-	4	7	4	4	2	-	-	-	21
50-54	-	-	4	3	2	4	5	5	-	-	23
55-59	-	-	2	5	2	8	1	-	1	-	19
60-64	-	-	3	2	-	-	-	-	-	-	5
65-69	-	-	-	-	-	1	-	-	-	-	1
70&Up	-	-	-	-	-	-	-	-	-	-	-
Total	0	0	45	31	11	20	8	5	1	0	121

Summary of Inactive Data as of July 1, 2014

Participants with Deferred Benefits

Age	Number of Participants	Monthly Benefit Amount
< 30	0	$0
30 - 34	1	1,287
35 - 39	1	820
40 - 44	1	1,084
45 - 49	1	798
50 - 54	4	3,375
55 - 59	5	3,677
60 - 64	3	1,952
65 & Up	1	683
Total	17	$13,676

Summary of Inactive Data as of July 1, 2014

Participants in Pay Status

Age	Number of Participants	Monthly Benefit Amount
< 55	17	$33,862
55 - 59	37	71,578
60 - 64	39	62,966
65 - 69	36	59,105
70 - 74	23	28,683
75 - 79	14	10,519
80 - 84	30	27,838
85 - 89	7	8,486
90 & Up	4	2,363
Total	207	$305,400

Other Post Employment Benefits (OPEB) 10 Year Phase In Funding Plan (2009)

- The City has at least funded the full funding Annual Required Contribution (ARC) for 2014 and 2015
- Previously, the City was phasing in over 10-years the ARC; 2013 the phase-in plan was 50%;
- Phase-in eliminated in determining the interest rate
- In 2013 rate was 5.25% versus the 7.0% assumption for calculating the liabilities due to phase-in plan
- In 2015 the City is able to use the full funding rate of 6.5% (reduced from 7.0% in 2014)

OPEB Contribution Comparison

FY End	Actual Contributions	Full Funding Contributions	% of Full Funding
2015	$5,305	$3,810	139.2%
2014	$5,086	$4,905	103.7%
2013	$3,941	$4,816	81.8%
2012	$5,645	$6,082	92.8%
2011	$3,314	$5,884	56.3%

Note: Electric Fund was being fully funded the past two years. General & Water/Wastewater Funds continued phase-in. The result was fully funding the overall plan. Also, some past excess carry forward balances *were contributed in addition to the phase-in plan.*

OPEB

- Interest rate assumption was changed to 6.5% from 7.0%; Increased the liability by $3.5 million
- Updated to include 15% contribution for DOE unit; Decreased the liability by $300,000
- Decrease in post-65 premiums between July 2012 and July 2014 reduced the liability by $11.6 million
  - Individual $437.67 to $382.57

FY2015

Actuarial Accrued Liability (AAL)	$51,224,524
Actuarial Value of Assets	18,752,196
Unfunded Liability	$32,472,328
Funded Ratio	36.6%
Annual Required Contribution (ARC)	$3,809,700

FY2014

Actuarial Accrued Liability (AAL)	$70,414,000
Actuarial Value of Assets	13,627,223
Unfunded Liability	$56,786,777
Funded Ratio	19.4%
Annual Required Contribution (ARC)	$5,948,442

OPEB – Summary Census Data as of July 1, 2014

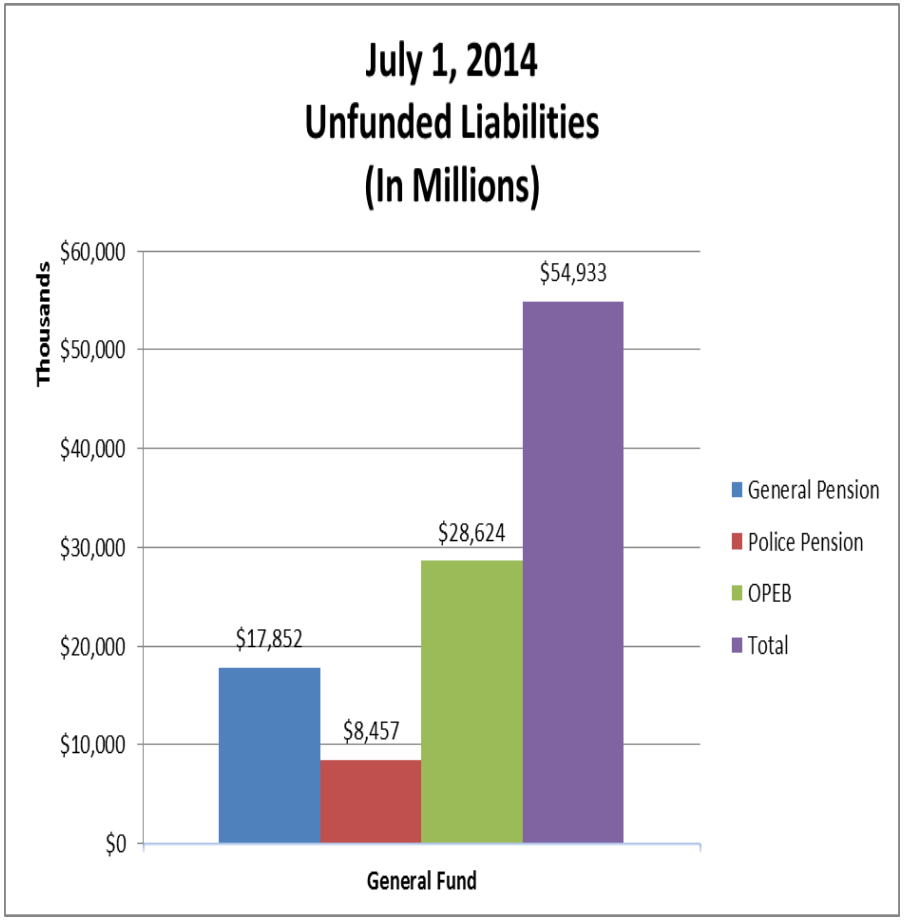
	AFSCME + Nonunion	Police	IBEW	DOE	Total
Active Members					
Blue Care *	13	15	3	24	55
Comprehensive PPO	62	75	30	94	261
Waived Coverage	5	1	0	4	10
Total Number	80	91	33	122	326
General Fund (110)	72	91	1	96	260
Water Fund (412)	4	0	0	21	25
Electric Fund (480)	4	0	32	5	41
Total Number	80	91	33	122	326
Average Age	47.0	38.7	43.0	45.0	43.5
Average Service	12.0	11.8	16.1	11.0	12
Average Salary	$ 53,855	$ 68,098	$ 60,289	$ 37,417	$ 52,331
Retirees, Surviving Spouses, Deferred Vesteds [1]					
Blue Care [2]	27	5	4	0	36
Comprehensive PPO [3]	62	44	11	2	119
Medicfill [4]	92	19	4	0	115
Non-Covered	2	1	1	0	4
Total Number	183	69	20	2	274
Single Coverage	134	43	13	1	191
EE/SP Coverage [5]	47	25	6	1	79
Non-Covered	2	1	1	0	4
Total Number	183	69	20	2	274
Average Age	67.1	60.3	61.3	59	65.3
Eligible for Medicare Part B	151	43	0	0	194

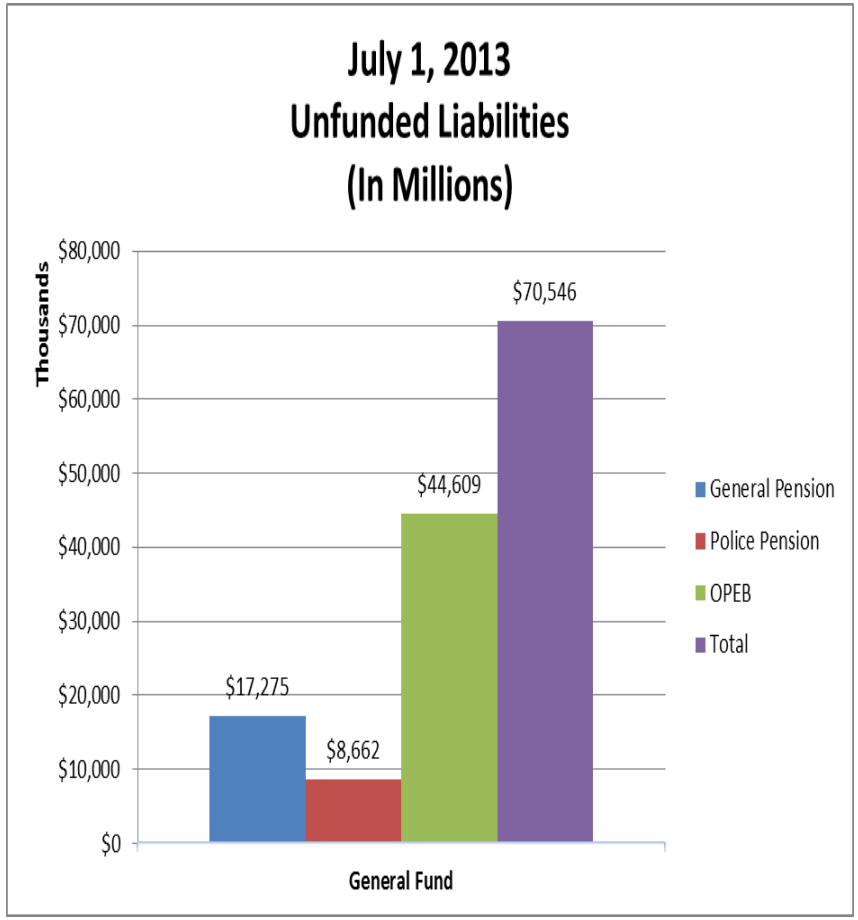
[1] All IBEW and DOE retirees prior to 2010 are included in nonunion columns
[2] Includes members in any other HMO
[3] All Deferred Vesteds are assumed to elect Comprehensive PPO upon retirement and spouse coverage according to assumption
[4] If spouse is under 65, member is allocated according to spouse's plan
[5] Includes family coverage; employee-child dependent coverage included with single coverage

Unfunded Liabilities
Graphical Representation by Fund

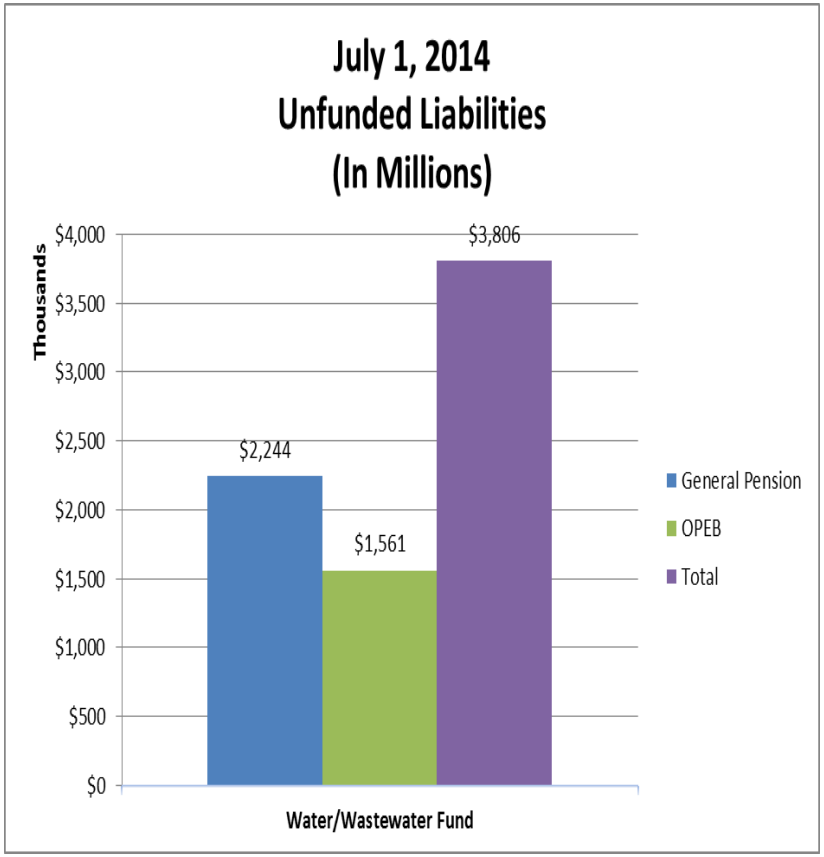
Actuarial Valuations
September 10, 2015

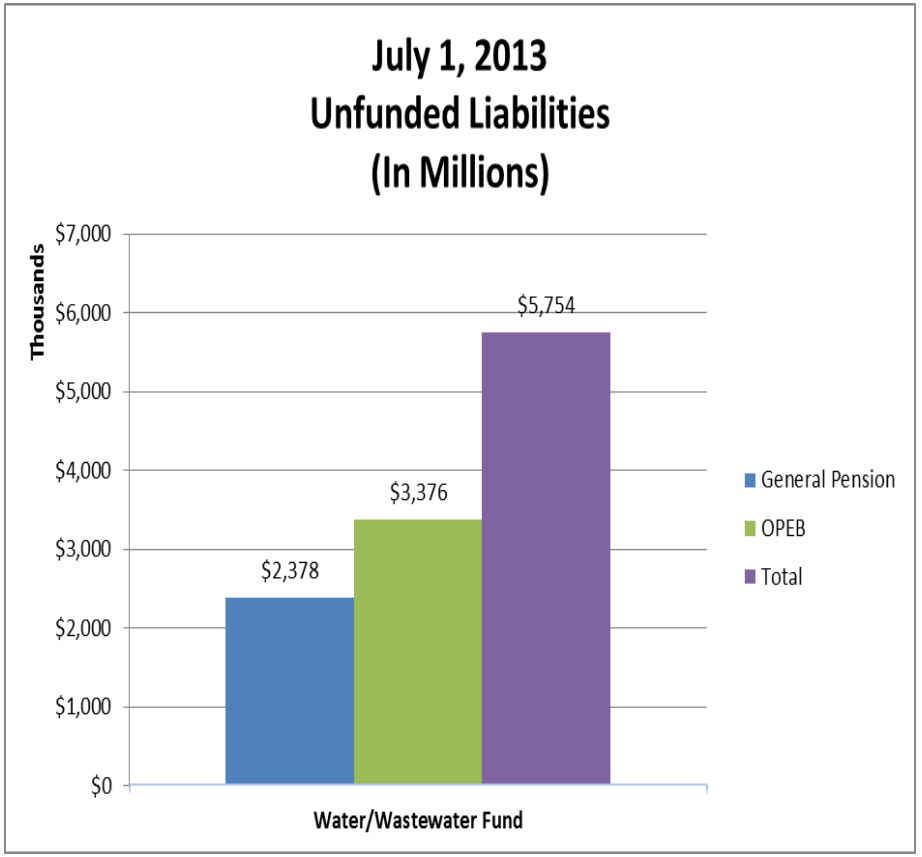
General Fund



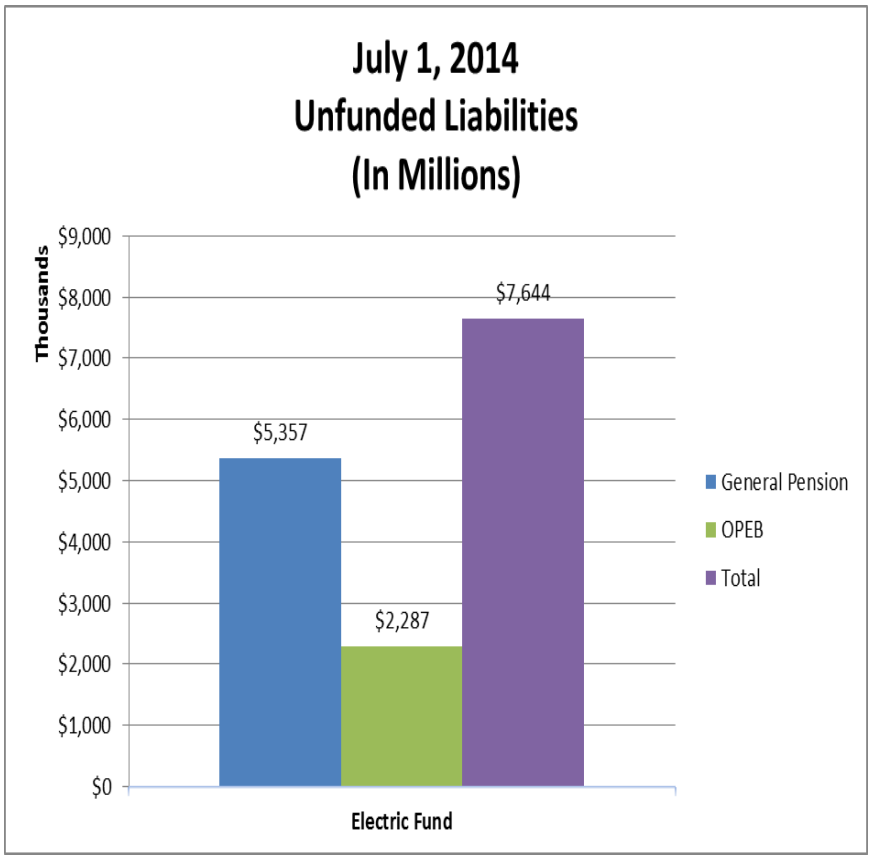


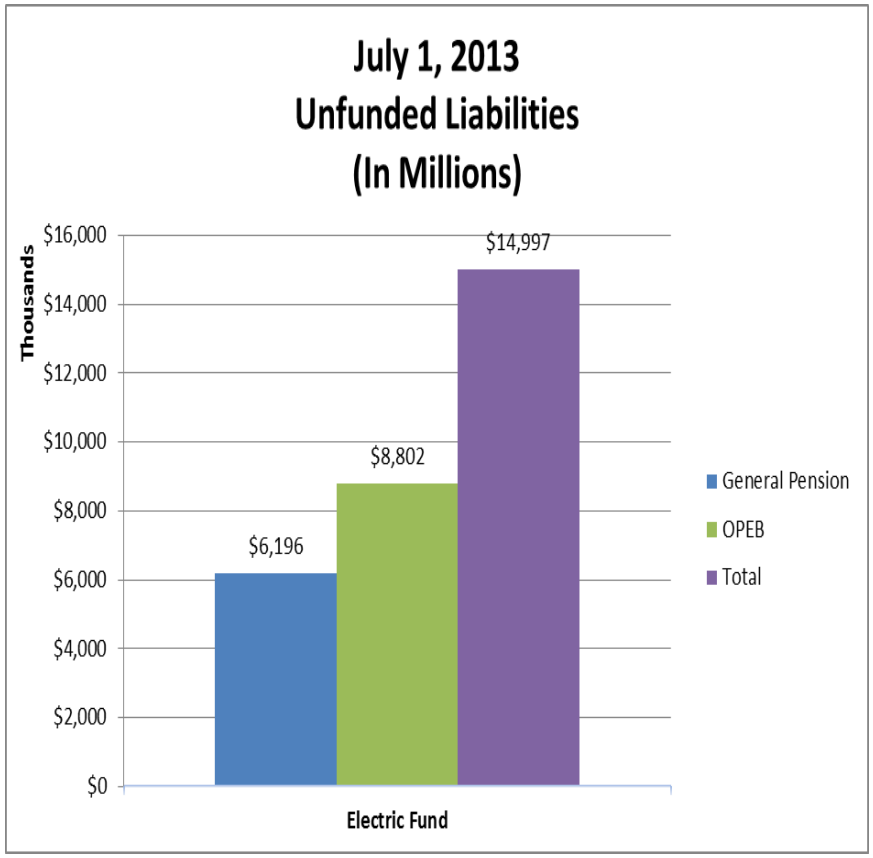
Water/Wastewater Fund



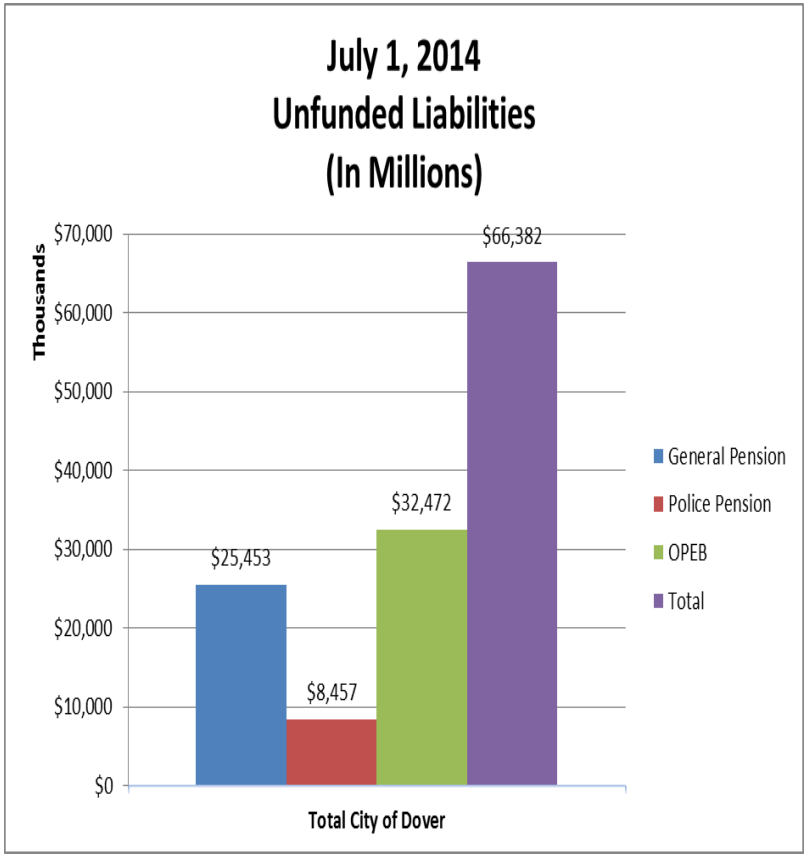


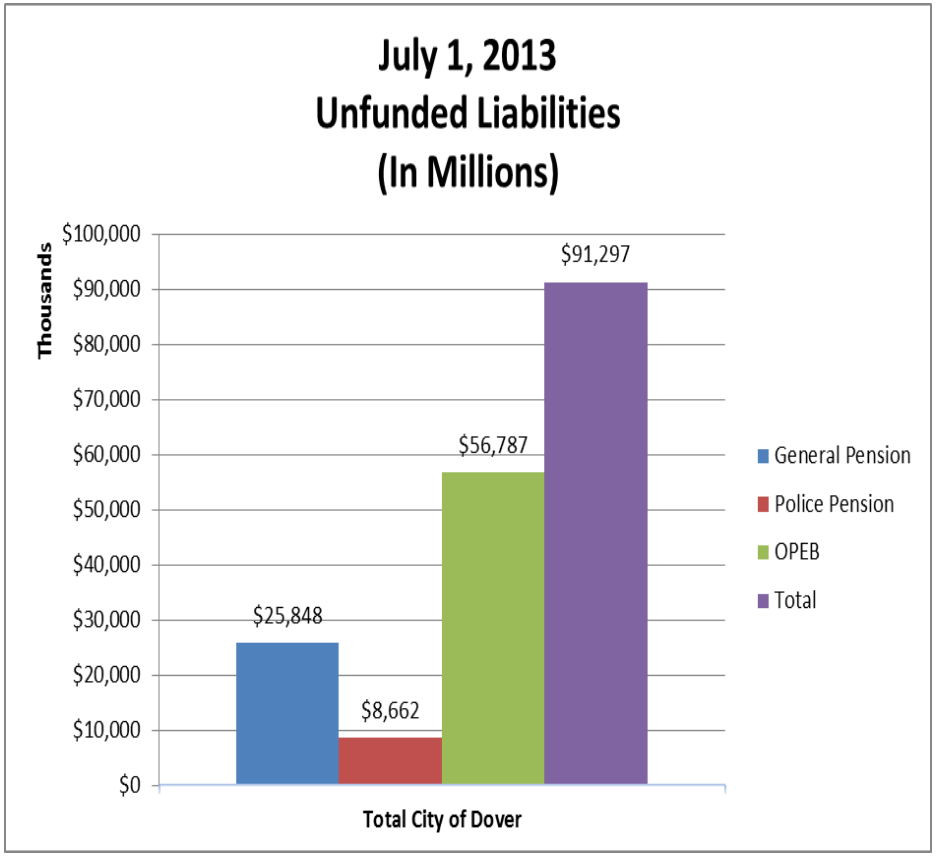
Electric Fund





City of Dover Unfunded Liabilities





Actuarial Valuations
Impact on FY16 & FY17 Budget

Recommendations of Controller/Treasurer
September 24, 2015

FY16 Budget – Pension & OPEB Analysis

Based on Actuarial Valuation Dated September 10, 2015

OPEB (Other Post Employment Benefits)	**General Fund**	**Water/WW Fund**	**Electric Fund**	**Total Benefit**
Actuarial Required Contributions (ARC)	$ 3,354,500	$ 183,200	$ 272,000	$ 3,809,700
FY16 Budget as approved	$ 3,682,400	$ 301,600	$ 1,782,100	$ 5,766,100
FY16 Revised Budget as recommended				
Retiree Pay-Go - Budget	$ 1,895,600	$ 178,600	$ 537,800	$ 2,612,000
Retiree Pay-Go - Amendment	(327,900)	(118,400)	(480,100)	(926,400)
Retiree Pay-Go - Revised	1,567,700	60,200	57,700	1,685,600
OPEB - % of Payroll	1,786,800	123,000	214,300	2,124,100
OPEB - Lump Sum	-	-	1,030,000	1,030,000
OPEB - Lump Sum Revised	-	-	(1,030,000)	(1,030,000)
Total Revised Budget	$ 3,354,500	$ 183,200	$ 272,000	$ 3,809,700
% of Payroll	11.9%	8.4%	7.4%	
Budgeted Payroll	$ 15,015,100	$ 1,464,300	$ 2,895,900	$ 19,375,300
(Over)/Under ARC	**$ -**	**$ -**	**$ -**	**$ -**
FY17 Budget - % of Payroll	**9.7%**	**3.8%**	**2.0%**	

Civilian Pension	**General Fund**	**Water/WW Fund**	**Electric Fund**	**Total Benefit**	**General Fund Police Pension**
Actuarial Determined Contributons (ADC)	$ 2,083,900	$ 272,100	$ 627,900	$ 2,983,900	$ 1,176,500
Budgeted Payroll - FY16	$ 3,598,000	$ 591,000	$ 1,750,000	$ 5,939,000	
% of Payroll *(Will be used for FY17 Budget)*	**57.9%**	**46.0%**	**35.9%**		
FY16 Budget					
Pension Contributions	$ 1,489,600	$ 251,800	$ 1,172,600	$ 2,914,000	$ 1,070,000
% of Payroll	41.4%	42.6%	67.0%		
(Over)/Under ADC - Pensions	**$ 594,300**	**$ 20,300**	**$ (544,700)**	**$ 69,900**	**$ 106,500**
Amendment to OPEB (above)	(327,900)	(20,300)	-	(348,200)	-
Amendment to Division Budgets	-	-	544,700	544,700	-
Amendment to FY15 Carry Forward Balance	(266,400)	-	-	(266,400)	(106,500)
(Over)/Under ADC - Pensions	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net Benefits As Adjusted (Over)/Under	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

FY17 Estimated Budget Impact

Using FY16 Budgeted Payroll

Change in % of Payroll - OPEB	-2.2%	-4.6%	-5.4%
Change in $ - OPEB	$ (327,900)	$ (67,400)	$ (156,400)
Change in % of Payroll - Pension	16.5%	3.4%	-31.1%
Change in $ - Pension	$ 594,300	$ 20,300	$ (544,700)
Net Estimated Budget Impact	**$ 266,400**	**$ (47,100)**	**$ (701,100)**

CITY OF DOVER
FINANCIAL POLICIES

DRAFT

~~09/8/14~~

CITY OF DOVER, DELAWARE
FINANCIAL POLICIES

The purpose of these policies is to present a standardized set of principles that the City follows in managing its financial and budgetary affairs. These are general statements of policies, which represent long-standing principles, traditions, and practices that will be used to guide the City in maintaining financial stability. It will be the responsibility of the Finance Department to ensure the financial objectives of these policies are maintained.

Revenue Policy

1. The City will strive to maintain a broad and diversified revenue base that will equitably distribute the burden of supporting City services and will protect the City from short-term fluctuations in any one revenue source.

2. The City will actively support economic and industrial development recruitment and retention efforts to provide for a solid revenue base.

3. The City will maintain timely collection systems and implement necessary enforcement strategies to collect revenues from available sources.

4. The City will establish user fees and charges for services, when feasible, at levels related to the cost of providing the services. The City will review the fees and charges every three to five years to determine modifications needed to keep pace with the cost of providing the services. Property Tax Rates are set annually

5. The City will review its incentive programs every three years and provide City Council with the amount of foregone revenues and any recommended changes. I don't believe this is being completed now. Do we want to do so? The GASB has issued GASB Statement No. 77 Tax Abatement Disclosures that will require to have this information reported in the Annual Financial Report each year.

6. The City will establish, when feasible, self-supporting enterprise funds and intergovernmental service funds in which a relationship between revenues and expenditures clearly exists.

7. The City will project current revenues on a conservative basis so the actual revenues will consistently meet or exceed budgeted revenues. Revenues greater or less than the original budget will flow through to the audited Ending Budget Balance.

8. The City will maintain a budgetary control system and will prepare reports, which compare actual revenues to budgeted amounts.

9. The City will limit the designation of General Fund revenues for specified purposes to maximize flexibility in budgeting and revenue utilization.

10. The City will review annually and revise, where necessary, its cost allocation formulas, i.e. internal service departments.

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11. Upon satisfying all rate covenants the City will provide operating transfers to the General Fund. From the Water/Wastewater Utility no greater than $1,000,000 and from the Electric Utility no greater than $10,000,000.

Expenditure Policy

1. Basic and essential services provided by the City will receive first priority for funding, i.e. Public Safety & Health, Utilities, Streets, & Sanitation. The City will establish performance measurements for all program areas, when feasible. These measures will reflect the demand, workload capability, and projected outcomes for the program to accomplish its objectives. Do we have valid performance measurements by program and are they being reported?

2. A report of the expenses of the Public Safety categories that have been identified will be presented to City Council two (2) times; once upon delivery of the proposed budget in May and the other upon the adoption of the budget in July. The report will map the revenues that have been identified to support the expenses, how much of a gap there is, and what the trend is for closing the gap over a 20 year period. The revenues will be the direct revenues of those programs and the Property Tax Revenue, excluding BID taxes.

3. The City will adopt a balanced budget, by fund, for all funds maintained by the City, in which total anticipated revenues must equal or exceed the budgeted expenditures for each fund. The Beginning Budget Balance will not be considered a revenue source.

4. The City will maintain a budgetary control system to ensure adherence to the original adopted budget and will prepare reports, which compare actual expenditures to budgeted amounts. Expenditures greater or less than the original adopted budget will flow through the audited Ending Budget Balance.

5. The City will restrict the use of appropriations as follows:
   - Funds appropriated for personnel expenses shall be restricted to use as personnel expenses; Any personnel savings at the end of each fiscal year will be re-appropriated in the next fiscal year to be transferred to the City's unfunded retirement liabilities;
   - Funds appropriated as capital expenses shall be restricted to use as capital expenses;
   - Funds appropriated as operating expenses shall be restricted to use as operating expenses;
   - All requests for additional personnel shall be accompanied with a five-year estimate on the costs of such position(s), including salaries and other employment costs (OEC's);

6. The City will refrain from budgeting revenues derived from infrequent and unanticipated transactions for ongoing expenses. These revenues will be set aside for asset replacement or as otherwise directed by ~~Mayor and~~ Council.

7. The City will provide access to medical, dental, vision, life, AD & D, and short-term disability insurance for its employees. The cost for these benefits will be a shared responsibility between the City and its employees as outlined in the City Personnel Handbook or collective bargaining agreements

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8. The City will provide access to medical and dental insurance for its retirees and their families. The cost for these benefits will be a shared responsibility between the City and its retirees as outlined in the City Personnel Handbook or collective bargaining agreements.

9. The City will provide access to appropriate retirement plans for its employees. The City will make contributions for eligible employees at the actuarial determined percentage defined for each of the respective retirement plans.

10. The City will establish an Other Post-Employment Benefit Fund (OPEB) ~~and provide available funding for early implementation of a new accounting standard promulgated by the Government Accounting Standards Board~~. The City will make contributions for eligible employees and retirees at the actuarial determined rates or percentages to fund future retiree medical benefits.

Debt Policy

1. The City will maintain a debt management policy and full disclosure on financial reports.

2. The City will maintain communications with bond rating agencies and continue to strive for improvements in the City's bond rating.

3. The City will adhere to its debt covenants.

4. The City will review its debt capacity every three (3) years.

5. The City will pay for all capital projects and capital improvements on a pay-as-you-go basis using current revenues ~~whenever~~ if possible. If a project or improvement cannot be financed with current revenues, long-term debt or use of reserves will be recommended.

6. The City will refrain from issuing long-term debt for a period in excess of the expected useful life of the capital project.

7. The City will use special assessment revenue or other self-supporting bonds instead of general obligation bonds, when practical.

8. The City will seek refinancing of outstanding debt if it is determined that the City will benefit by reduced interest expense over the remaining life of the bonds.

Budget Balance/Reserve Policy – General Fund

1. The City will strive to maintain a minimum Budget Balance, of at least 8% and no greater than 12% of the current year operating revenues for the General Fund, excluding the carry forward balance. The purpose of the budget balance is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. If the final Budget Balance exceeds the amount as approved in the budget ordinance, such funds shall be used to provide for unfunded retirement liabilities or as otherwise designated by City Council. The City may use monies in the Budget Balance only in times of fiscal and economic hardship.

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2. Once achieved, at no time should the City's budget balances fall below their specified percentages. If a shortfall occurs in the budget balance and immediately restoring the balances to the specified percentage would cause an extreme burden on the taxpayers, the budget balance may, with the ~~Mayor's and~~ City Council's approval, be restored to the specified percentage within one (1) year, but in any case, no longer than three (3) years.

3. The City will maintain a minimum reserve, in a contingency account, of at least $700,000 ~~2% of the current year operating revenues for the General Fund~~. The City may only use monies in the contingency accounts to cover emergencies of a non-recurring nature that are over and above the normal course of operations. Examples are uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget.

4. The total of the General Fund budget and contingency balances shall not exceed 17% (~ 2 months) of Budgeted Operating Revenues.

5. The City will create a Capital Asset Replacement account for Governmental Fund asset procurements. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. (Annual Depreciation is approximately $2.5 million per year) The City will appropriate excess (amounts greater than budgeted) revenues to fund this account, or if the balance is less than the $500,000 minimum, $200,000 per annum until such time the minimum balance is replenished.

6. The City will create a General Capital Project Fund to account for all General Government asset procurements and projects. The City will provide operating fund transfers and/or debt proceeds for each fiscal year's Capital Investment Plan. All vehicle and equipment purchases under $25,000 will be budgeted on a pay as you go basis.

Budget Balance/Reserve Policy – Water/Wastewater Fund

1. The City will strive to maintain a minimum Budget Balance, of at least 8% and no greater than 17% (two months) of the current year operating revenues for each of the Water & Wastewater Utility Funds, excluding the carry forward balance. The purpose of the budget balance is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. If the final Budget Balance exceeds the amount as approved in the budget ordinance, such funds shall be used to provide for unfunded retirement liabilities or as otherwise designated by City Council. The City may use monies in the Budget Balance only in times of fiscal and economic hardship.

2. Once achieved, at no time should the City's budget balances fall below their specified percentages. If a shortfall occurs in the budget balance and immediately restoring the balances to the specified percentage would cause an extreme burden on the ratepayers, the budget balance may, with the ~~Mayor's and~~ City Council's approval, be restored to the specified percentage within one (1) year, but in any case, no longer than three (3) years.

3. The City will maintain a minimum reserve, in a contingency account, of at least $250,000 ~~2% of the current year operating revenues~~ for each the Water & Wastewater Fund. The City may only use monies in the contingency accounts to cover emergencies of a non-recurring nature that are

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over and above the normal course of operations. Examples are uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget.

4. The total of the combined Water & Wastewater Fund budget and contingency balances shall not exceed 25% (3 months) of Budgeted Operating Revenues.

5. The City will maintain a Capital Asset Replacement account to cover replacement or procurement of assets of the utility. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. The City will maintain a minimum balance of $500,000 for each utility for Capital Asset Replacements. The City will appropriate excess revenues to fund this account, or if the balance is less than the minimum $100,000 per annum for each utility until such time the minimum balance is achieved.

6. The City established by ordinance on December 17, 1996 the Wastewater Impact Fee Reserve to provide for future expansion of the City's wastewater system due to increased demand. The ordinance further provides for debt service payments attributed to wastewater expansion projects to be funded by the current year's collection of Impact Fees and the remainder to be deposited into the reserve account. The City shall maintain a minimum of 20% of wastewater revenues in the Impact Fee Reserve account. Amounts used to finance projects shall be replenished by the operating revenues of the Wastewater Fund over the succeeding seven years of any project completion.

7. The City established by ordinance on February 1, 2008 the Water Impact Fee Reserve to provide for future expansion of the City's water system due to increased demand. The ordinance further provides for debt service payments attributed to water system expansion projects to be funded by the current year's collection of Impact Fees and the remainder to be deposited into the reserve account. The City shall maintain a minimum of $1.5 million ~~20%~~ of water revenues in the Impact Fee Reserve account. Amounts used to finance projects shall be replenished by the operating revenues of the Water Fund over the succeeding seven (7) years of any project completion.

8. The Water & Wastewater Improvement & Extension Fund budget balance shall be no less than $200,000 of the current fiscal year's appropriation for water and wastewater projects to allow for project variances and change orders; a 10% contingency shall be included in project budgets greater than $250,000 if the Department Head determines it to be appropriate. All vehicle and equipment purchases under $25,000 will be budgeted on a pay as you go basis. The City Manager shall make the necessary budget amendments in accordance with the City of Dover Purchasing & Budget Amendment Policies.

Budget Balance/Reserve Policy – Electric Revenue Fund

1. The City will strive to maintain a minimum Budget Balance, of at least ~~8% and no greater than~~ 12% (45 days) of the current year operating revenues for the Electric Revenue Fund, excluding the carry forward balance and power cost adjustments. The purpose of the budget balance is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. If the final Budget Balance exceeds the amount as approved in the budget ordinance, such funds shall be used to provide for unfunded retirement liabilities or as otherwise designated by City Council. The City may use monies in the Budget Balance only in times of fiscal and economic hardship.

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2. Once achieved, at no time should the City's budget balances fall below their specified percentages. If a shortfall occurs in the budget balance and immediately restoring the balances to the specified percentage would cause an extreme burden on the ratepayers ~~taxpayers~~, the budget balance may, with the ~~Mayor's and~~ City Council's approval, be restored to the specified percentage within one year, but in any case, no longer than three years.

3. The City will maintain a minimum reserve, in a contingency account, of at least $750,000 ~~1% of the current year operating revenues~~ for the Electric Revenue Fund. The City may only use monies in the contingency accounts to cover emergencies of a non-recurring nature that are over and above the normal course of operations. Examples are uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget.

4. The total of the combined Electric Revenue Fund budget and contingency balances shall not exceed 25% (3 months) of Budgeted Operating Revenues.

5. The City has established by bond covenant an account to cover insurance deductibles on the electric transmission and distribution system or the generating plants. The City shall maintain a minimum balance of ~~$350,000~~ $750,000 to cover various deductibles.

6. Recognizing price fluctuations in the wholesale power markets the City has established a rate stabilization reserve. The purpose of using such a reserve is to level off the fluctuations in the wholesale power supply market and in turn provide stable rates to our customers. In those instances where the actual cost of power supply and generation are less/more than the budgeted cost of power supply and generation, the City will transfer the difference to/from the Rate Stabilization Reserve. The balance shall be maintained at a minimum of ~~3%~~ 10% not to exceed 20% ~~10%~~ of the purchase power cost in any given year. If the reserve balance exceeds the ~~10%~~ 20% maximum, a credit will be applied to the power cost adjustment.

7. The Electric Improvement & Extension Fund budget balance shall be no less than $200,000 of the current fiscal year's appropriation for electric system projects to allow for project variances and change orders; a 10% contingency shall be included in project budgets greater than $250,000 if the Department Head determines it to be appropriate. All vehicle and equipment purchases under $25,000 will be budgeted on a pay as you go basis. The City Manager shall make the necessary budget amendments in accordance with the City of Dover Purchasing & Budget Amendment Policies.

8. The City has established an account to provide for capital financing of Future Capacity or system expansion. The City shall maintain a balance equivalent to the value of 10% growth in capacity at any given time, or no less than $10,000,000. Amounts used to finance projects shall be replenished by the operating revenues of the Electric Revenue Fund over the succeeding seven years of any project completion.

9. The City has established an account to provide for replacement or procurement of utility system assets, otherwise known as Depreciation Reserve. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. The City will maintain a minimum balance of $10,000,000. The primary purpose of this account is to provide partial or all financing of major capital projects and minimize debt service payments. The

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account is also intended to cover unforeseen capital replacements due to equipment breakdowns, storms or hurricane damages. Amounts used to finance projects shall be replenished by the operating revenues of the Electric Revenue Fund over the succeeding seven (7) years of any project completion

10. The total of the combined Electric Revenue and Electric Improvement & Extension Fund budget and reserve balances shall be benchmarked at 50% Budgeted Operating Revenues. Operating Fund Budget Balance and Reserves shall be adjusted to appropriate levels through adjustments in the operating budget. Improvement & Extension Fund Budget Balance and Reserves shall be adjusted in accordance with the Capital Improvement Plan.

Investment and Cash Management Policy

1. The City will deposit all receipts on a timely basis in interest bearing accounts.

2. The City will strive to maximize the return on its investment portfolio without jeopardizing principal amounts.

3. The City will limit its investments to the types of securities provided for by Delaware statutes.

4. The City will diversify its investments by maturity date to protect against market fluctuations.

5. The City will purchase securities from qualified institutions based on competitive bids in an effort to obtain the highest available rates.

6. The City will maintain an Investment Policy based on prudent investment practices and will monitor all investment managers' compliance with policy objectives.

Capital Improvement Policy

1. The City will prepare and update, as needed a five-year Capital Improvements Program (CIP) which will provide for the orderly maintenance, replacement, and expansion of capital assets.

2. The CIP will identify long-range capital projects and capital improvements of all types, which will be coordinated with the annual operating budget to maintain full utilization of available revenue sources.

3. When preparing the CIP, the City will seek to identify all viable capital projects and capital improvements required during the subsequent five-year period. These projects and improvements will be prioritized by year and by funding source.

4. Every attempt will be made to match projects and improvements with available funding sources. Future operating costs and savings associated with a project or an improvement will also be given consideration in the establishment of priorities.

5. When appropriate, tThe City will seek Federal, State, and other funding to assist in financing capital projects and capital improvements.

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6. The City will incorporate the reasonable findings and recommendations of other cities' Boards, Commissions, Committees, and Citizen Task Forces, as they relate to capital projects and improvements.

7. The City will seek input from the public by holding public hearings in relation to the establishment of projects and project priorities.

Financial Reporting Policy

1. The City's accounting system will maintain records in accordance with accounting standards and principles outlined by the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB), and the State of Delaware.

2. The City will employ an independent accounting firm to perform an annual audit of the City's finances and make the annual audit available to all required and interested parties.

3. The City will produce monthly and quarterly financial statements reporting the current periods' activity for all funds maintained by the City.

4. The City will prepare an annual budget document that provides a basic understanding of the City's planned financial operations for the coming fiscal year. Copies of the proposed and final budget will be made available to all interested parties and opportunities will be provided for citizen input prior to final decisions on the budget.

5. The City will place continued emphasis on review and maintenance of an accounting system which provides strong internal budgetary and accounting controls designed to provide reasonable assurance, but not absolute, assurance regarding:

    (a) the safeguarding of assets against loss from unauthorized use or disposition and,
    (b) the reliability of financial records for preparing financial statements and reports, and the maintaining accountability for assets.

6. The City will seek annual renewal of the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting ~~and the Distinguished Budget Presentation Award~~.

Adoption:
Approval by City Council: January 28, 2002

Most recent amendments:
1. Amended by City Council: June 11, 2014
2. Amended by City Council on September 8, 2014

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City of Dover
Analysis of Reserve Balances
As of June 30, 2015

Reserve Account & Brief Description	Fund	Current Budget	Min. Policy Requirement	Comments/Recommendations
Budget Balances				
In order to meet cash flow needs the City maintains a minimum 8% of its revenues in the Budget Balance for each of the major funds.	General Fund	$ 4,103,300	$ 3,306,200	Between 8% ($3.3M) and 12% ($4.9M) of Operating Revenues.
	Water Fund	1,048,600	546,000	Between 8% ($546,000) and 17% ($819,000) of Operating Revenues.
	Wastewater Fund	583,100	712,200	Between 8% ($712,200) and 17% ($1,068,300) of Operating Revenues.
	Electric Revenue Fund	9,144,900	6,682,900	Between 8% ($6.7M) and 12% ($10.0M) of Operating Revenues.
	Total Operating Budget Balances	$ 14,879,900	$ 11,247,300	
Contingency Reserves				
In order to cover emergencies of a non-recurring nature the City maintains a minimum 2% of its revenues in a Contingency Reserve for each of the major funds. Electric 1%;	General Fund	$ 720,300	$ 826,500	When the Contingency Reserve Balances do not meet the policy requirement, the practice is to let the interest accumulate in the reserve to get to the policy balance unless it's a significant deficiency.
	Water Fund	137,700	136,500	
	Wastewater Fund	191,100	120,900	
	Electric Revenue Fund (* 1% Policy)	844,600	835,400	
	Total Contingency Balances	$ 1,893,700	$ 1,919,300	
Capital Asset/Project Reserves				
In order to assist with funding capital improvements or purchases the City maintains capital reserves. These reserves are funded by annual appropriations, interest earnings, non-recurring revenues, project reimbursements, or savings generated in current budgets.	General Capital Project Fund	$ 154,800	$ -	No minimum required - pay as you go
	General Capital Asset Replacement	916,500	500,000	$500,000 min.; $200,000 annual if not met;
	Designated for Parkland/Recreation	320,800	-	No balance requirement; Payments in Lieu of Parkland
	Water Improvement & Ext. Fund	617,400	863,000	$200,000 plus 10% contingency on projects > $250,000
	Wastewater Improvement & Ext. Fund	883,000	782,300	$200,000 plus 10% contingency on projects > $250,000
	Water Capital Asset Replacement Resv	518,500	500,000	$500,000 minimum; Set aside for Water Quality
	Wastewater Capital Asset Repl. Resv	515,200	500,000	$500,000 minimum; Set aside for I & I
	Wastewater - Impact Fee Reserve	1,309,500	1,780,600	Restricted; Minimum 20% Wastewater Revenues
	Water - Impact Fee Reserve	202,000	1,365,000	Restricted; Minimum 20% Water Revenues
	Electric Improvement & Ext. Fund	2,783,400	1,132,700	$200,000 plus 10% contingency on projects > $250,000
	Future Capacity Reserve	10,218,000	10,000,000	Minimum $10 Million; Replenish over 7 years;
	Depreciation Reserve	10,066,400	10,000,000	Minimum $10 Million; Replenish over 7 years;
	Total Capital/Project Reserves	$ 28,350,700	$ 27,423,600	
Other Reserves				
The Electric Fund has additional reserve accounts to provide for insurance deductibles as required by bond covenants and to assist in stabilizing electric rates due to power supply cost fluctuations.	Electric - Insurance Deductibles	$ 758,700	$ 750,000	Minimum $750,000
	Electric - Rate Stabilization	$ 4,602,800	$ 1,500,000	Minimum of 3% ($1.5M), not to exceed 10% ($4.9M) of power/gen cost

Review of PJM Capacity Performance Auction

Prepared for Dover, DE City Council

September 28, 2015

Electric System Market Uncertainty

- The City's electric system is exposed to economic uncertainty caused by several risk factors:
  - Energy Market Price Uncertainty
  - **Capacity Market Price Uncertainty**
  - Fuel cost & availability risks
  - Generation operational risks
  - Load growth uncertainty
  - Etc.

Electric System Market Hedging

- Dover purchases fixed price energy hedge contracts several years in advance to minimize energy price uncertainty
- Dover owns generating plants to hedge Capacity market price risks
- Dover has also recently executed a 40 MW, 5-year capacity purchase from Calpine to hedge capacity market price risks

PJM Capacity Market Overview

- PJM established a mandatory capacity market mechanism
  - Generators sell capacity (ability to produce energy) and receive capacity payments from PJM
  - Retail Load Serving Entities ("LSEs" such as Dover) make capacity payments to PJM to insure it has sufficient capacity reserves to serve retail customers
- Capacity is generally purchased from generators through a uniform clearing price auction for 3 years into the future
  - Capacity prices to be paid to generators are known 3 years in advance
  - Capacity prices to be paid by load to PJM are based on the BRA, subject to adjustment as PJM conducts incremental auctions between the BRA and the Delivery Year (DY)

PJM's New Capacity Performance Product

- Implemented for Delivery Year 2018-2019
  - *Partial implementation with partial-market **"transition auctions"** for DY 2016/17 & 2017/18*
- Potential non-performance penalties substantially larger than legacy RPM market design
- Expected to cause capacity prices PJM pays to generation owners to significantly increase
- Retail Load Serving Entities *(such as Dover)* will pay PJM for this cost increase *(Locational Reliability Charge)*

Comparison of Legacy RPM & CP

Legacy RPM

- Non-performance penalty amount based on PJM's peak hour availability short-fall of generating units
- Non-performance penalty price based on Auction Clearing Price
- Dover incurred a penalty of $562,994 for generation short-falls during February 2015 peak hours *(11.3 MW short-fall on 175 MW of UCAP x $136.5/MW-Day x 365 days/year)*

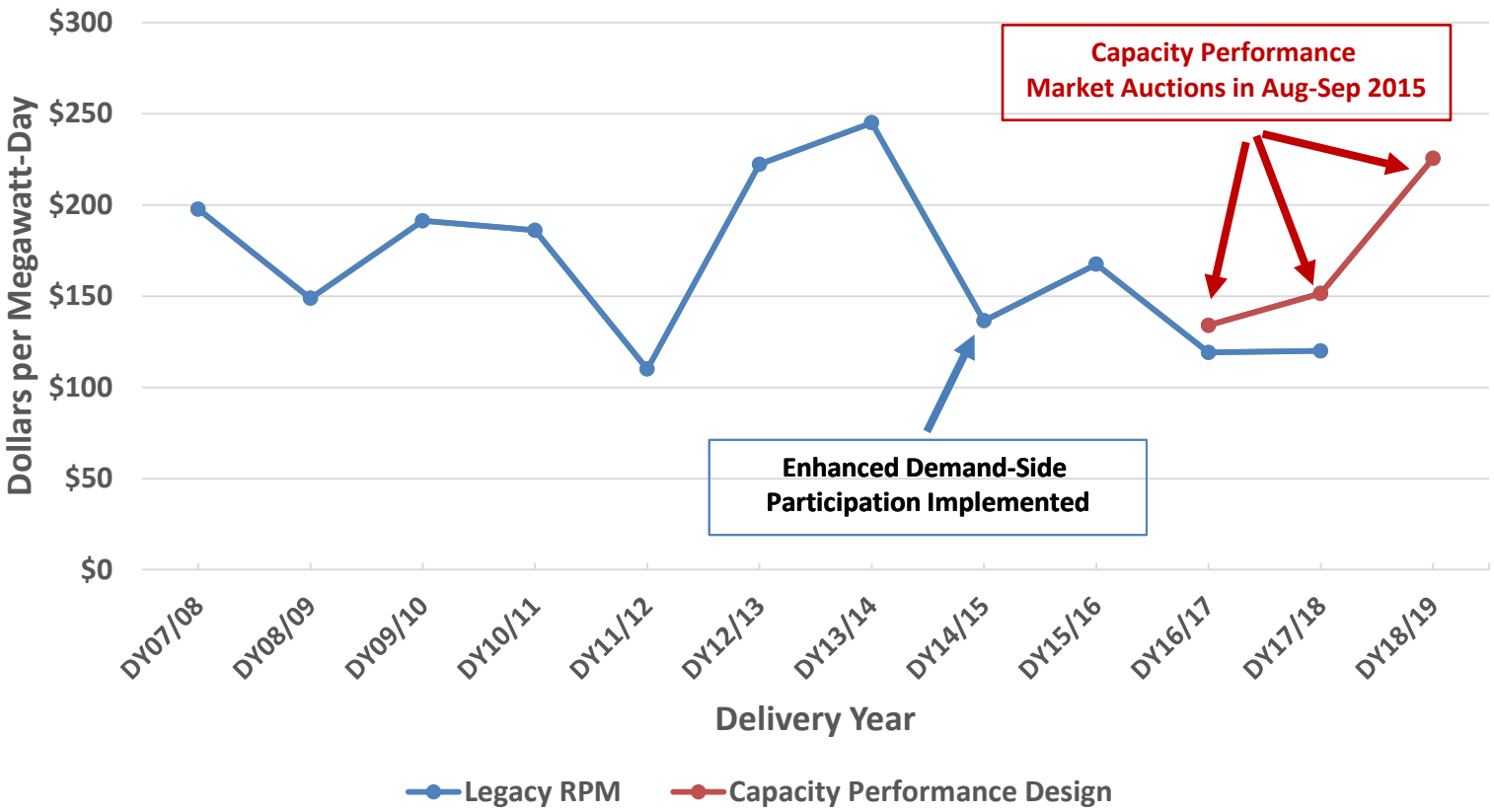
CP (Capacity Performance)

- Non-performance penalty amount based on actual capacity performance during declared emergencies
- Non-performance penalty price based on Net Cost of New Entry divided by assumed 30 hours/year of emergencies
- **This is substantially higher than under legacy RPM**

Dover's Participation in PJM CP Auctions

- DY2016/17 Transition Auction *(Aug. 26-27, 2015)*
  - Offered 45 MW (VanSant only) at near-maximum price
  - Auction Clearing Price of $134/MW-Day
  - Dover **did not** clear this auction
  - **Will receive** $119.34/MW-Day under legacy RPM construct
  - **Will not** be exposed to higher non-performance risks
- DY2017/18 Transition Auction *(Sept. 3-4, 2015)*
  - Offered 145.9 MW (McKee Run 3 and VanSant) at near-maximum price
  - Auction cleared at $151.50/MW-Day
  - Dover **did not** clear this auction either; will retain $120/MW-Day under RPM
  - **Will not** be exposed to higher non-performance risk
- DY2018/19 BRA *(Aug. 10-15, 2015)*
  - Offered 145.9 MW as Self-supply (price taker)
    - Received award of $225.42 per MW-Day
    - **Annual revenues = $12.0 million**
    - **Dover is exposed to new CP non-performance risks**

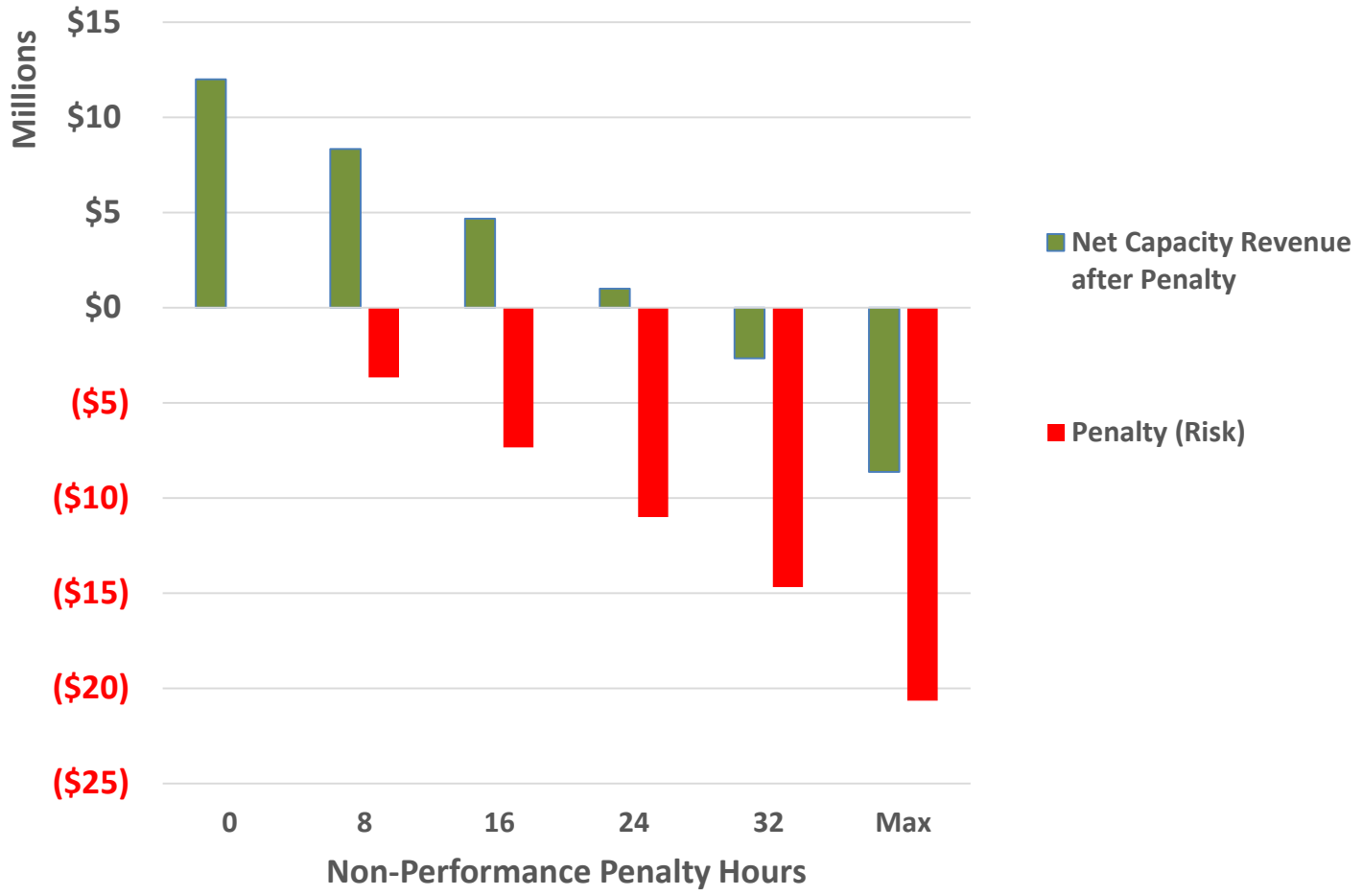
PJM Capacity Price History
PJM Auction Price – DPL South Zone



Dover's Economic Risk of Non-Performance of Generating Units

- Under PJM's new CPM:
  - Penalties are based on the number of hours PJM dispatches Dover's generating units during PJM emergency events
  - The Penalty Rate applicable to Dover for DY18/19 is **$3,143/MWh** of deficiency
  - Market design includes stop-loss limit
- Dover's Expected CP Revenue: $12.0 million
- Max Non-Performance Penalty: $20.6 million
- Net CP Revenue after max penalty: (-$8.6 M)

Capacity Revenue at Risk for Dover's 145 MW of Generation (DY2018/19)



Pro-Active Mitigation Measures

- Dover has now two years to prepare for the changes and set up safe guards to help insulate customer from any rate shock.
- Training the staff on the rules and definition of Peak periods/days.
- These period day are limited to when PJM declares emergency operations. There been very few in past two years.
- Review of critical spare parts to help reduce any generation outages.
- Run the units for shake down before and after each peak periods to finds and repair any found problems.
- Review the possibilities of expanding the Rate Stabilization Reserve account to lower the impact to electric customers.
- Review with the plant operator if any repairs and overhauls need to be perform sooner than later to make sure the units will perform when call on. This is culture change for everyone including the City and the budget process.
- TEA and City staff are currently negotiating firm gas and fuel contracts to guarantee delivery and transmission of fuel requirements.

ACTION FORM

PROCEEDING: Legislative, Finance & Administration Committee	
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED: 09/28/2015**
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Investment Policy Recommended Revisions	
APPROVALS: L, F & A Committee & City Council	
EXHIBITS: Draft Investment Policy w/ recommended revisions	
EXPENDITURE REQUIRED: N/A **AMOUNT BUDGETED**: N/A **FUNDING SOURCE**:	**Total: N/A**
TIMETABLE: N/A	
RECOMMENDED ACTION: Staff recommends approval of the proposed revisions to the City Investment Policy	

The provisions of the City of Dover Investment Policy require an annual review by the Legislative, Finance and Administrative Committee and adoption of any recommended changes by City Council. Prior to this review the City Controller/Treasurer along with the Assistant Controller/Treasurer meet with the City's Investment Advisor to review the policy as well.

Upon completion of our review we are recommending the changes below, all of which have been updated throughout in the attached Draft Investment Policy.

- Changing maximum maturity to measure from settlement date instead of trade date.
    - Rationale: At times, issuers may issue debt today but the security may not settle for a few days. Allowing the maximum maturity to be measured from settlement date (rather than trade date) should help Dover in opening up to new issue corporates and Munis at attractive pricing (some new issues have price concessions, where the yield is above market).

- Change credit requirements on short-term holdings to A-1 "or" P1 by S&P and Moody's rather than A-1 "and" P1.
    - Rationale: Some issuers do not pay for both short-term ratings when one will do. This will allow Dover to further diversify the portfolio among high quality issuers. And it keeps the short-term ratings language consistent with long-term rating language (which is written as "or" versus "and" in the policy).

City of Dover, DE

Investment Policy Statement



Dated September 8, 2014

(will reflect revised date after acceptance and approval of City Council)

1.0 Governing Authority

It is the policy of the City of Dover to invest public funds under its control in a manner that will provide the highest investment return consistent with the maximum safety of principal, while meeting cash flow needs of the City. The investment program shall conform to all state and local statutes governing the investment of public funds.

2.0 Scope

This Investment Policy Statement (the "Policy") applies to all financial assets of the City of Dover for which the City retains direct or indirect daily control. Funds for which the City has retained outside fund manager(s) shall also be governed by this Policy or, in the case of bond proceeds, related governing bond documents.

2.1 Accounts

2.1.1 Cash and Liquidity Accounts: The majority of the City's cash balance available for investment is maintained in the cash and liquidity accounts. These accounts will be managed and invested by investment managers, selected by the City Council through competitive bid, in order to maximize the return to the City while, at the same time, providing for safety of principal and sufficient liquidity for the City to meet its cash needs. The City will manage its short-term investments to ensure sufficient liquidity and prevent their premature sale for the purpose of covering expenditures. Short-term investments should mature at face value in sufficient amounts to meet any liquidity needs.

2.1.2 Reserve Cash (Intermediate) Account: To the extent cash is not expected to be needed on short notice, the City shall invest such funds in the Reserve Cash Account. This fund shall be managed and invested by an investment manager or managers**,** selected by the City Council after a competitive bid, in order to maximize the return on said money to the City while providing for the safety of principal.

All of the City of Dover's funds are accounted for in its Comprehensive Annual Financial Report. Those funds to which this Policy applies include (excluding the Deferred Compensation Plan and Pension Trusts):

2.2 Funds

2.2.1 General Fund
2.2.2 Capital Project Funds
2.2.3 Special Revenue Funds
2.2.4 Enterprise Funds
2.2.5 Internal Service Funds
2.2.6 Any new fund created by the City Council, unless specifically exempted

3.0 Objectives

The primary objectives of the City of Dover's investment activities, in order of importance shall be:

3.1 Safety

Preservation of principal is the foremost objective of the investment program. To attain this objective, funds shall be diversified among securities of high credit quality and liquidity, so that risk of loss of principal is minimized.

3.2 Liquidity

The City's investments shall be made for such periods as to enable the City to meet all operating requirements that may be scheduled or reasonably anticipated.

3.3 Return on Investments

A goal of the investment program shall be to maximize investment return within the constraints of Sections 3.1 and 3.2.

4.0 Delegation of Authority

Authority to manage the City of Dover's investment program is derived from this Policy, which is approved by City Council, and "Dover Code, PART I, Subpart A, Article II, Section 17" (attachment B) which states in part that "The Controller/Treasurer shall be the custodian of all of the City funds."

The City's Controller/Treasurer shall:

1) Review the this Policy annually and recommend changes, if any, to City Council;
2) Be charged with implementing the Policy, and may delegate authority to make investments to an investment advisor. The Controller/Treasurer shall be responsible for all investment transactions and shall establish controls to regulate the activities of the investment advisor, if any.
3) Ensure that records of the City's investment activities are kept for ten-years.

5.0 Prudence, Ethics and Conflicts of Interest

Any official of the City or investment advisor/manager empowered to make investments on behalf of the City of Dover shall comply with the following:

5.1 "Prudent Person" Rule

Investment decisions shall be made with the judgment and care which persons of reasonable intelligence, under circumstances prevailing at the time the investment is made, would exercise in the management of their own investments assuming that their objectives are those shown in Section 3.0 of this policy.

5.2 Ethics and Conflict of Interest

The delegate authorized to make City investments shall act at all times in an ethical manner, and shall not engage in activity that could impair or be perceived to impair their ability to make impartial investment decisions. They shall disclose to the Mayor and City Council any material interests in financial institutions with which the City has financial dealings, and which may be related to the performance of the investment program. Employees and officers shall refrain from undertaking personal investment transactions with the same individual(s) with whom business is conducted on behalf of the City.

6.0 Authorized Institutions and Dealers

All broker/dealers that desire to become qualified for investment transactions with the City shall meet the following:

1. Primary dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule)
2. Capital of at least $25,000,000 or capital of $5,000,000 for firms incorporated in the State of Delaware
3. Registered as a dealer under the Securities Exchange Act of 1934
4. Member of the Financial Industry Regulatory Authority (FINRA)
5. Registered to sell securities in the State of Delaware
6. Engaged in the business of effecting transactions in U.S. government, federal agency, and corporate securities for at least five (5) consecutive years

To the extent the City utilizes the services of an outside Investment Advisor, it shall be the responsibility of the Investment Advisor to maintain an approved list of brokers.

7.0 Safekeeping and Custody

To ensure that securities are deposited in an eligible financial institution prior to the release of funds, all trades of marketable securities will be executed by delivery vs. payment ("DVP").

Further, all securities will be held by an independent third-party custodian, in the name of the City, and evidenced by safekeeping receipts in the City's name. The custodian shall provide daily confirmation of held securities as well as a monthly transactions and holdings report.

8.0 Authorized Investments and Trading of Securities

The Controller/Treasurer or authorized delegate may invest only in the types of securities listed below. The maximum stated maturity of any security shall be limited to 10 years at ~~time of purchase~~**settlement**, unless otherwise stated. For Agency mortgage backed securities, the maximum maturity shall be defined as the weighted average life ("WAL"). WAL is a convention that estimates the expected weighted amount of time, in years, for the principal amount of an issue to be fully paid. For this sector, WAL shall be limited to 10 years, measured at the ~~original purchase date~~**settlement date**, provided by Bloomberg Financial Markets.

8.1 United States Government Securities

Marketable securities issued by the U.S. Government and supported by the full faith and credit of the U. S. Treasury either by statue or an opinion of the attorney general of the United States. Up to 100% of the portfolio may be invested in this sector.

8.2 Government Agency Securities

Debt securities issued by government-sponsored enterprises ("GSE"), federal agencies, federal financing banks, and instrumentalities of the U.S. Government. Up to 100% of the portfolio may be invested in this sector.

8.3 Certificates of Deposit and Time Deposits

8.3.1 **Domestic Institutions**: Issued or endorsed by a domestic bank, or a savings and loan association, organized and supervised under the laws of the United States and denominated in U.S. dollars; provided, however, that deposits are fully insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

If not insured by the FDIC:

- The banking institution must have assets of not less than $5 billion; and
- Issuers must have a short-term rating of A-1 by Standard & Poor's ~~and~~ **or** P1 by Moody's and a long-term rating of AA by Standard & Poor's or Aa by Moody's.

The maximum stated maturity of any investment in this sector shall be limited to 5 years at ~~time of purchase~~**trade settlement**. This sector shall not exceed 25% of the total portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.3.2 **Delaware-Domiciled Institutions**: Issued by or endorsed by any bank or savings association domiciled in the State of Delaware and organized and supervised under federal or State of Delaware banking laws which does not meet the requirements of Section 8.3.1 hereto; provided, however, that:

- For each of the latest two years, the bank or association has had a return on total average assets of 0.50% or greater and an average capital ratio (defined as total equity capital to total assets) of at least 1 to 20, or the instrument is secured as set forth in Section 9, "Collateralization of City Deposits," hereto; and
- Not more than the lesser of $10 million or 25% of an issuer's total equity capital, may be invested in any one issuer. (Investments due to mature in one business day may be excluded from the computation of this percentage.)
- The Board expressly affirms that, consistent with these guidelines, Delaware banks and savings associations should be considered as a source of investment.
- The maximum stated maturity of any investment in this sector shall be limited to 5 years at time of purchase. This sector shall not exceed 20% of the total portfolio. No single issuer shall exceed 5% of the City's portfolio.

8.4 Corporate Debt Instruments

Such instruments include commercial paper bankers' acceptances, and non-convertible senior debt securities (bonds and debentures).

8.4.1 Corporate securities must be denominated/issued in US dollars. Many foreign corporations issue debt/securities in the US market, in US dollars.

8.4.2 No single issuer shall exceed 5% of the City's portfolio.

8.4.3 Commercial Paper shall be limited to a final stated maturity of 270 days. This sector shall not exceed 25% of the total portfolio. Issuers shall be rated at least A-1 by Standard & Poor's ~~and~~ **or** P-1 by Moody's.

8.4.4. Bankers' Acceptances shall be limited to a final maturity of 365 days. This sector shall not exceed 25% of the City's Portfolio. Issuers shall be rated at least A-1 by Standard & Poor's ~~and~~ **or** P1 by Moody's.

8.4.5 Corporate bonds and debentures shall be limited to a final stated maturity of 5 years. This sector shall not exceed 50% of the total portfolio. Issuers shall hold a long-term rating of at least A by S&P or A2 by Moody's.

8.5 Repurchase Agreements

The underlying collateral shall consist of U.S. government and/or GSE securities provided, however, that:

8.5.1 All repurchase agreements must be governed by a written master repurchase agreement;

8.5.2 Agreements will be entered into only with respect to underlying securities in which the investment manager may otherwise invest as described above, and only with a recognized U.S. Government/broker or a bank which meets the requirements set out under paragraph Section 8.3.1 or 8.3.2 above;

8.5.3 In the case of repurchase collateral held in book-entry form in the Federal Reserve System, all deliveries of securities must be made, for the transfer thereof, through the Federal Reserve book-entry system to the account designated by the investment manager for such purpose. Securities held in certificated form must be delivered to the investment manager or a custodian as directed by the investment manager.

8.5.4 Any collateral employed under this paragraph shall be counted towards the applicable maximum limits set forth within these guidelines for such type of investment, and such collateral shall be valued at market at not less than 103 percent of the maturity value of the agreement and marked-to-the-market as requested by the investment manager.

8.5.5 Repurchase agreements shall be limited to a maximum maturity of 90 days from date of purchase. No single issuer shall exceed 25% of the City's portfolio.

8.6 Registered Investment Companies (Money Market Funds)

No single fund shall exceed 25% of the City's portfolio. Money market funds shall be rated AAAm by Standard & Poor's. A current prospectus must be obtained before investing in any money market fund, and current holdings reports must be maintained at least each month.

8.7 Mortgage-Backed Securities

Mortgage-backed securities issued by the following: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Association (FHLMC). This sector shall not exceed 50% of the total portfolio.

8.8 Municipal Obligations

Taxable and tax-exempt securities issued by state and local governments and public authorities in the United States. The maximum stated maturity of any investment in this sector shall be limited to 5 years ~~at time of purchase~~. This sector shall not

exceed 30% of the City's portfolio. No single issuer shall exceed 5% of the City's portfolio. Issuers shall be rated at least "A" by Standard & Poor's or A2 by Moody's. Additionally Issuers in the short term market (under one year) shall be rated at a minimum of "mig-1" or "sp-1" for Moody's and S&P.

8.9 State of Delaware Investments Pool

8.9.1 Delaware Local Government Investment Pool (DELGIP) -The investment in this pool is permitted in relation to the City's cash flow and the guidelines set forth by the State of Delaware. The investment in this pool will not exceed 25% of the total funds available and will be monitored by the City's Finance Department on a monthly basis.

8.9.2 Delaware Local Government Retirement Investment Pool (DELRIP) The investment in this pool is permitted in relation to the City's Post-Retirement Benefits Fund. The investment in this pool will not exceed 25% of the total funds available and will be monitored by the City's Finance Department on a monthly basis.

8.10 Trading Securities

The Controller/Treasurer is hereby authorized to sell securities prior to their stated maturity date in the following circumstances:

1. A security with declining credit may be sold prior to its maturity to minimize loss of principal;
2. A security swap may be executed if it would improve the quality, yield, or target duration of the portfolio;
3. Securities may be sold to provide needed liquidity.

8.11 Internal Control on such transactions

8.11.1 An investment report will be provided to the Council on a quarterly basis.

8.11.2 All investment reporting documents will be provided to the independent auditors.

8.11.3 Investment records will be kept by the City for ten (10) years.

8.11.4 The trading shall not involve any hedge, derivatives and/or borrowing funds for trading purposes.

9.0 Collateralization of City Deposits

If the City deposits funds in any financial institution, those funds will be subject to the following collateralization requirements. The financial institution shall:

9.1 Collateralize the City's daily ledger balance(s) if, for any quarter during the most recent eight quarters the bank has not met both of the following two criteria:

- Return on total average assets of 0.50 percent or greater.
- Average capital ratio (total equity to total assets) of 5.00 percent or greater.

9.2 If either criterion in paragraph 9.1 is not satisfied collateral must be pledged and shall consist of one or more of the following securities:

- U.S. Government securities
- U.S. Government agency securities
- Federal Home Loan Board letters of credit
- State of Delaware securities

- Mortgaged backed securities as referenced in Section 8.7
- Securities of a political subdivision of the State of Delaware with a Moody's rating of "A" or better

9.3 Ensure that the securities pledged as collateral (except for Federal Home Loan Board letters of credit) have a market value equal to or greater than 102 percent of the ledger balance(s) in the account(s) marked to market each day.

9.4 Ensure that securities pledged as collateral are housed at the Federal Reserve Bank or a mutually agreed upon third party depository. (The trust department of the winning vendor will not be acceptable.)

9.5 Provide reports on a monthly basis to the City Finance Department detailing the collateral pledged.

9.6 Provide a Call Report (Consolidated Report of Condition and Income, FFIEC 031) on a quarterly basis to the City Finance Department.

10.0 Policy Considerations

If securities owned by the City are downgraded by either Standard & Poor's or Moody's to a level below the quality required by this Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

If a security is downgraded two grades below the level required by the Policy, the security shall be sold immediately.

If a security is downgraded one grade below the level required by this Policy and matures within 6 months, the security may be held to maturity. The Controller/Treasurer may determine to sell the security if it is determined that there is a probability of default prior to maturity.

If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Controller/Treasurer.

11.0 Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The Treasurer shall also establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Prohibition of physical delivery securities
- Clear, written delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers

12.0 Performance Standards

The City of Dover's investment decisions shall be made with the objective of obtaining a rate of return commensurate with the investment risk constraints and the cash flow needs. On a quarterly basis, the Controller/Treasurer shall compare the City's portfolio against the

Merrill Lynch 0-5 Year U.S. Treasury Index, in terms of time-weighted total return and average duration for the period under review.

13.0 Reporting

At the end of each calendar quarter, the Controller/Treasurer will submit a report of all quarter-ending investments to the Mayor and City Council. Reports shall include the following:

- Listing of individual securities held as of last day of reporting period, sorted by sector
- Par, market, and amortized cost values of each security
- Coupon, current yield, and final stated maturity date of each security

14.0 Investment Policy Adoption

The City of Dover's investment policy will be adopted by the City Council after review and recommendation of the Legislative and Finance Committee. The policy will be reviewed at least once every year by the Legislative and Finance Committee, which is charged with considering the existing policy and any recommendations to modify the policy. Any modifications to the policy must be approved by the City Council.

LEGEND

1. Original approval by City Council - November 14, 1988
2. Revised policy approved by City Council - March 7, 2005
3. City Council Approved with No Changes – April 14, 2008
4. Revised policy approved by City Council – July 25, 2011
5. Revised policy approved by City Council – August 12, 2013
6. Revised policy approved by City Council – September 8, 2014

ATTACHMENT A

GLOSSARY

AGENCIES: Federal agency securities, otherwise known as "Government Sponsored Enterprises."

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

BANKERS ACCEPTANCE: A short-term credit investment which is created by a non-financial firm and whose payment is guaranteed by a bank.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs. Maturities typically range from one (1) to 270 days.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Dover. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

CORPORATE BONDS: A debt security issued by a corporation based in the United States of America. Such bonds usually have a par value of $1,000, have a term maturity, and are traded on a major exchange.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns, in an attempt to limit risk.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "passthroughs" is often used to describe Ginnie Mae's.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumable be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MORTGAGE-BACKED SECURITIES (MBS): An investment instrument that represents ownership of, and is backed by, an individual interest in a pool of mortgages such as those issued by Ginnie Mae or Freddie Mac. Principal and interest from the individual mortgages is used to pay principal and interest on the MBS.

MUNICIPAL NOTES AND BONDS: Securities issued by a state, city, or local government to finance operations or special projects.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a

fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: A measure of worth, either at security or aggregate portfolio level, over a period of time. There are many return conventions, including but not limited to yield to maturity at cost, yield to maturity at market, yield to worst, time weighted total return, dollar weighted total return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agree-ment, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

REVERSE REPURCHASE AGREEMENT: The purchase of a security by a dealer with the agreement to sell it back to the seller at a fixed price at a later date. Typically used by owners of securities to finance short-term needs without having to liquidate the security.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

TIME DEPOSITS: A savings account or CD held for a fixed term or with the understanding that the customer can withdraw only by giving advanced notice.

TREASURY BILLS: A short-term (less than one year) non-interest bearing discount security issued by the U.S. Treasury department to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1: also called net capital rule and net capital ratio.

Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting

syndicates. Liquid capital includes cash and assets easily converted into cash.

VARIABLE RATE MASTER DEMAND NOTES: A floating rate security with initial maturities and indexed rates chosen by the investor. The interest rate is adjusted periodically, usually off a standard such as that prevailing on a Treasury Bill or the prime interest rate.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security.

NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ATTACHMENT B

Dover, Delaware, Code of Ordinances >> PART I - CHARTER AND RELATED LAWS

PART I - CHARTER AND RELATED LAWS [1]

Subpart A - CHARTER

PREAMBLE [3]

We the people of the City of Dover, under the constitution and laws of the state of Delaware, in order to secure the benefits of local self-government and to provide for an honest and accountable council-manager government, do hereby adopt this charter and confer upon the city the following powers, subject to the following restrictions, and prescribed by the following procedures and governmental structure. By this action, we secure the benefits of home rule and affirm the values of representative democracy, professional management, strong political leadership, citizen participation, and regional cooperation.

ARTICLE I. - POWERS OF THE CITY

ARTICLE II. - MAYOR AND COUNCIL

Sec. 17. - Controller/treasurer.

At the annual meeting the council shall elect a controller/treasurer to hold office until the next annual meeting of the council, or until his/her successor has been duly chosen and qualified, but subject to removal at any time by the council.

The controller/treasurer shall be the custodian of all the city funds and shall deposit them in a banking institution designated by the council.

(Amd. of 7-12-2005 (S.B. 126); Amd. of 7-8-2009 (S.B. 165, § 15))

ACTION FORM

PROCEEDING: Parks, Recreation and Community Enhancement Committee
DEPARTMENT OF ORIGIN: Parks and Recreation **DATE SUBMITTED**: September 21, 2015
PREPARED BY: Ann Marie Townshend, AICP, Director of Planning & Community Development
SUBJECT: Mallard Pond Park Trail Grant Application
REFERENCE: N/A
RELATED PROJECT: N/A
REVIEWED BY: Scott Koenig, P.E., City Manager/Donna Mitchell, CPA, City Controller
EXHIBITS: Delaware Land & Water Conservation Trust Fund Trail Grant Application
EXPENDITURE REQUIRED: $100,000 estimated ($50,000 match required) **AMOUNT BUDGETED**: None **FUNDING SOURCE (Dept./Page in CIP & Budget)**: If we are awarded the grant, we will seek CTF funds as match.
TIME TIMETABLE: Improvements to be done in Spring 2016
RECOMMENDED ACTION: Staff recommends that the Committee recommend acceptance of the grant if the award is made to the City of Dover.

BACKGROUND AND ANALYSIS

In January 2015, the Parks, Recreation and Community Enhancement Committee and City Council approved the concept plan developed by staff for improvements to Mallard Pond Park. These improvements include a pathway connection from Mallard Pond and Fox Hall West Addition to Marsh Creek and Forrest Avenue, along with the construction of a playground in the park. This pathway is identified in the Dover/Kent County MPO's Bicycle and Pedestrian plans for Dover, both of which were approved by City Council in Spring 2015. The pathway will provide connection from the Mallard Pond neighborhood to the sidewalks along Route 8 that connect with Dover High School.

The grant funds would allow for completion of the first phase of this trail, with the construction of a path connecting with Fox Hall West Addition in a future phase. If we are successful in the grant application, we would work with local legislators to secure the matching funds through the Community Transportation Fund. No work will be completed, nor will a contract be awarded for any improvements until such time that matching funds are secured.

Delaware Land and Water Conservation Trust Fund
2015 Trail Grant Application

A complete DTF Trail Application consists of the following:
- ☐ Completed DTF Grant Application
- ☐ Status Report and Timeline of previous approved DTF projects (required, if applicable)
- ☐ Resolution by town/city/county Council acknowledging this request, project manager and maintenance commitment
- ☐ Project map or other graphic information
- ☐ Support Letters (highly recommended, especially from co-funders & key partners)

Visit: http://www.dnrec.delaware.gov/parks/Services/Pages/Grants.aspx for grant guidance.

Due Date: Tuesday, September 1, 2015 for Council on Greenways and Trails review.

Sponsor: City of Dover **Project Name:** Mallard Pond Pathway

Project Coordinator (Name, Title, Address, Telephone, FAX, Email)
Ann Marie Townshend, Director of Planning and Community Development
P.O. Box 475 Dover, DE 19903 – (302) 736-7196 PHONE (302) 736-4217 FAX
atownshend@dover.de.us

Project Type (check one) ☐ Land Acquisition ☐ Design and Engineering ☐ Park Master Planning √ Facility Construction

Total Project Cost $ 100,000
DTF Request $ 50,000
Local Match Amount $ 50,000

Local Match Sources:

Local Funding Source	Funding Amount	Type: Cash/Donation/In-Kind	Date Match is available	Comments
Either City of Dover General Fund or Community Transportation Fund	$50,000	Cash	During FY16	

A Townshend
Project Coordinator Signature

9/4/15
Date

Ann Marie Townshend
Project Coordinator Printed Name

Director of Planning & Community Development
Title

Application Section A

Eligible Greenway and Trail Grant Projects

Projects eligible for DTF Greenway and Trail grant assistance fall in the categories listed below. Check all that apply to this grant request. Motorized trail development, and trail maintenance costs are not eligible for DTF assistance.

_____ Unpaved construction of new trails
_**X**_ Paved construction of new trail, pathway or riverwalk
_____ Trail or pathway extension
_____ Trail or pathway widening
_____ Development of trailheads, associated facilities and infrastructure (parking, information boards, 3-sided kiosks, electricity, water access, boat launch, other)
_____ Road crossing improvements (These must have DelDOT approval)
_____ Pedestrian/bicycle bridge(s)
_____ Construction of trail improvements that facilitate access and use of trails by persons with disabilities
_____ Development and installation of trail/pathway markers or directional signs
_____ Acquisition of fee simple title to property for trail development
_____ Acquisition of fee simple title to property for greenway corridor conservation (Uses may include wildlife habitat, stream corridor preservation, buffer or other)
_____ Acquisition of fee simple title to property linking historic or cultural sites
_____ Educational or interpretive brochures
_____ Trail or greenway corridor maps for information board or kiosks
_____ Greenway or trail planning
_____ Other (specify) _____

Type(s) of trail or greenway conservation uses that will result from this project:

(Check all that apply)

_**X**_ Pedestrian trail or pathways
_**X**_ Bicycle trail or pathway
____ Mountain bike trail
____ Equestrian trail
____ Nature trail
____ Water trail
____ Riverwalk
____ Greenway conservation corridor
____ Habitat preservation
____ Stream corridor preservation
____ Water access
____ Other (specify)_____

Application Section B

Project Description (required)

1. Explain, in detail, what the Sponsor intends to accomplish under this grant. Describe how this project links to, or is an integral part of an existing trail or trail system. Attach appropriate maps and a site plan of the proposed project which includes property ownership, boundaries, relationship of project to other existing trails and trailheads, greenways, parks, wildlife areas and other open space, and additional information that will help better understand the specifics of the project.
   (Limit response to one page)

   The proposed pathway fills a critical link in the bicycle and pedestrian network on the west side of Dover. This specific area of Dover developed under more conventional land development patterns and lacks interconnectivity between neighborhoods. Mallard Pond Park is an undeveloped 6-acre park area that sits surrounded by four residential developments that are otherwise unconnected. The construction of Dover High School in proximity to this area increases the need for bicycle and pedestrian connectivity. DelDOT constructed sidewalks along the north side of Route 8 to provide safe passage for students to access the school by foot; however, residential areas along Kenton Road have no safe pedestrian pathway to the Dover High School.

   By constructing this pathway, in addition to the recreational value it will provide to immediate neighbors, it connects the Mallard Pond residential community (and in a future phase Fox Hall West Addition) to the Dover High School. This will reduce the number of pedestrians walking or biking along Kenton Road, thus improving safety and creating the possibility for improved physical activity for those who live in the area.

2. Explain who will conduct the work and how the work will be accomplished. Will work be accomplished with contractors, paid agency staff, volunteers or a combination?
   (Limit response to a paragraph)

   The work will be completed by the City's contractor selected for concrete work. Contracts are awarded through a competitive bid process.

3. Provide a timeline for this project including the starting date, milestones or benchmarks, anticipated completion date, and date when project will be open for public use.
   (Limit response to a paragraph)

   The work will be completed in early 2016. Timing of construction will be dependent upon the weather but would be expected to be completed in early spring. The improvements should be complete and open for public use no later than the end of June 2016.

Images (recommended)
Include digital images or photographs of the project location with the Grant Application. Electronic copies of digital images may be sent separately to Robert Ehemann at robert.ehemann@state.de.us.

Maps (recommended)
Include detailed maps showing the location of the park in which development will occur or location of park acquisition making sure map includes street names or road numbers. (Attach to application)

Plans (Required for Development projects)
Provide a diagram or plan of the proposed trail development including location of all proposed facilities. Show existing facilities in the plan or diagram. If a plan is not available, indicate when one will be sent.

Application Section C

Applications will be evaluated and rated based on answers provided to the following questions as well as spatial modeling conducted by the Planning Section.

1. **Comprehensive Plan:** Is the project identified in a municipal, county regional or state comprehensive plan or trail plan? If so, address how the proposed project will implement elements of the plan. Does the proposed project directly support strategies or recommendations of the plan? Explain.

   The project is identified in the *City of Dover Bicycle Plan* (pages 63 and 64) and the *City of Dover Pedestrian Plan* (pages 40 and 41). The proposed pathway would consist of the portion of the pathway that connects to the Mallard Pond Neighborhood but would not include the portion that would connect to Fox Hall West Addition. This would come in a separate phase.

2. **Public Participation/Planning Coordination:** Describe the level of public participation that was involved or will be involved in the planning process for this project. Describe the partnerships that were involved with planning including elected officials, community leaders, interest groups, steering committee, businesses, recreation organizations, foundations, non-profit organizations or public feedback. Identify any methods such as public meetings, personal contacts, surveys, etc used to develop the proposed project.

   In July 2014, the City of Dover Parks and Recreation Department held a meeting with residents surrounding the Mallard Pond Park. At this meeting we presented concepts for the addition of a playground and for the proposed pathway. A number of residents from the Brandywine Court Condominiums expressed concern about the proximity of the proposed pathway to their property, so the placement of the pathway was placed in a manner that respected this request to move it further from their property. In January 2015, a concept plan for development of Mallard Pond Park was presented to and endorsed by the City of Dover Parks, Recreation and Community Enhancement Committee.

3. **Trail Network:** Does the project extend/improve or fill gaps of an existing trail system? Does the project tie into a sidewalk or bicycle network? Explain.

   The project fills a gap in the area's pedestrian network, not specifically a trail network. The proposed pathway would connect existing neighborhoods with the new sidewalk system constructed on the north side of Route 8 in the vicinity of Dover High School. Therefore, the improvements would provide connectivity to the Dover High School from areas that currently have no safe pedestrian access to the school. Additionally, it would give residents in the area a safe place

to walk or jog.

4. **Recreation Access:** Does the project improve access to existing or proposed outdoor recreation facilities such as playgrounds, ballfields, basketball/tennis courts, pavilions, etc? Explain.

   A playground is also proposed at the park location. As previously stated, the pathway will also connect to the Dover High School, which has recreation amenities on the campus.

5. **Support facilities:** Does the project enhance/improve trail user experiences such as benches, information boards, direction signage, restroom, observation platforms, interpretation, etc? Explain.

   The improvements currently proposed do not included these support facilities.

6. **Natural/Historic Access:** Does the project improve access to natural features (landscapes, ponds, streams, overlooks, scenic views, etc) or known historic/cultural resources (landmarks, buildings, structures, Native American sites, etc)? What considerations are given to avoid impacts and/or interpret historic/cultural resources? Explain.

   No.

7. **Accessibility:** Describe the existing ADA conditions including parking, routes and facilities. To what extent will the proposed project be accessible for persons with disabilities? (ie designated parking, routes from parking to trail, ramps to facilities like pavilions, trail surfaces, slopes etc.) When will the project be reviewed by the Accessibility Review Board?

   The proposed pathway will meet accessibility requirements. There is currently no parking being constructed, as the improvements are intended to serve the immediate area. There is not plan to present the pathway to the Accessibility Review Board.

8. **Transportation/Destination Links:** Describe how the project provides improved access or connections to communities, schools, business, shopping districts and work places. Is the project identified in a state or local transportation plan? Can a reduction of car trips be demonstrated?

   As previously stated, this pathway will link neighborhoods with the Dover High School. It is identified in the City's Bicycle and Pedestrian Plans that were developed by the Dover/Kent County MPO and approved by Dover City Council in 2015.

9. **Environmental Impact and Resource Protection:** What are the environmental impacts caused by the project (soil, water, wetlands, floodplain, noise levels, disturbance of plant and animal habitats). Describe mitigation measures, if any, to be taken to resolve any adverse effects. Discuss the survey findings, if applicable, that have been conducted to identify wetlands or rare plant and animal species etc. What are the natural, cultural, or ecological resources this project will protect?

   N/A

10. **Matching Funds:** Provide the funding amounts and sources for all elements of the project and the date when each source will be secured. List any commitment of labor, funding or materials provided for the project by sponsor or partners. Expand on table from page 1 if necessary.

    The work will be completed as a part of the City's concrete improvement program, and the match will come from this program.

11. **Maintenance:** Describe how the sponsor will provide for continued operation and maintenance of the project after completion. Who will perform the work? Provide the current and projected budget amounts and sources of funds to maintain and operated the new facility. Is there a maintenance plan/schedule in place? Describe any partnerships and their roles to assist with maintenance?

    The pathway and other park improvements will be maintained by the City of Dover Department of Public Works. It will be added into the maintenance schedule of the Grounds Division and absorbed within the Grounds Division budget. The Grounds Division already maintains the park area.

Grant Application Deadline

If you have any questions, please contact Bob Ehemann at 302 739-9241.

Return completed 2015 DTF Trail Grant Application by **Tuesday September 1, 2015** to:

Robert Ehemann
Grants Coordinator
DNREC, Division of Parks & Recreation
Park Resource Office
89 Kings Highway
Dover, DE 19901

Or

Robert.ehemann@state.de.us

Recommendations - New Sidewalk (City of Dover)

Fox Hall West/Mallard Pond/Route 8 Connector

Fox Hall West and Mallard Pond are residential communities in the west part of Dover, comprising nearly 200 single-family lots. The communities only have access from Kenton Road.

As shown on the map on the following page, Fox Hall West is only about 1/4 mile north of Route 8. However, the community does not have vehicular or pedestrian access to Route 8, so all trips traveling to Route 8 must be made via Kenton Road. Due to the lack of sidewalks along Kenton Road, it can be safely assumed that these trips are almost exclusively done with a motor vehicle, as opposed to walking or riding a bike.

The new Dover High School, which opened in the summer of 2014, is located along Route 8 in close proximity to these communities. However, due to the lack of pedestrian access to Route 8, a trip from the southern end of Fox Hall West to the new school is 2.2 miles, traveling along Kenton Road. If there were direct pedestrian access to Route 8 though, this trip would be reduced to 0.8 mile.

The City of Dover owns 2 parcels of land in between Route 8 and Fox Hall West, comprising 8.7 acres of open space (including Mallard Pond Park). It is recommended that the City of Dover evaluate the feasibility of constructing a bicycle/pedestrian trail connection from Fox Hall West (via Pebble Valley Drive) to Marsh Creek Lane, as a means of providing a direct non-motorized connection to Route 8. A trail connection could also be made to an existing sidewalk that connects the Mallard Pond community with the Mallard Pond Park. Providing direct pedestrian access to Route 8 would eliminate vehicular trips along Kenton Road, provide additional recreational access for area residents, and improve access to the new high school. Marsh Creek Lane is just east of the HAWK pedestrian-activated traffic signal that was installed in the summer of 2014. Marsh Creek Lane has sidewalks along its entire length.

In July 2014, the City held a public workshop to discuss the proposed trail concept with neighboring residents.

Recommendation: Construct trail from Fox Hall West and Mallard Pond communities to Route 8, through Mallard Pond Park



Mallard Pond Park (Existing)



Mallard Pond Park (Proposed)



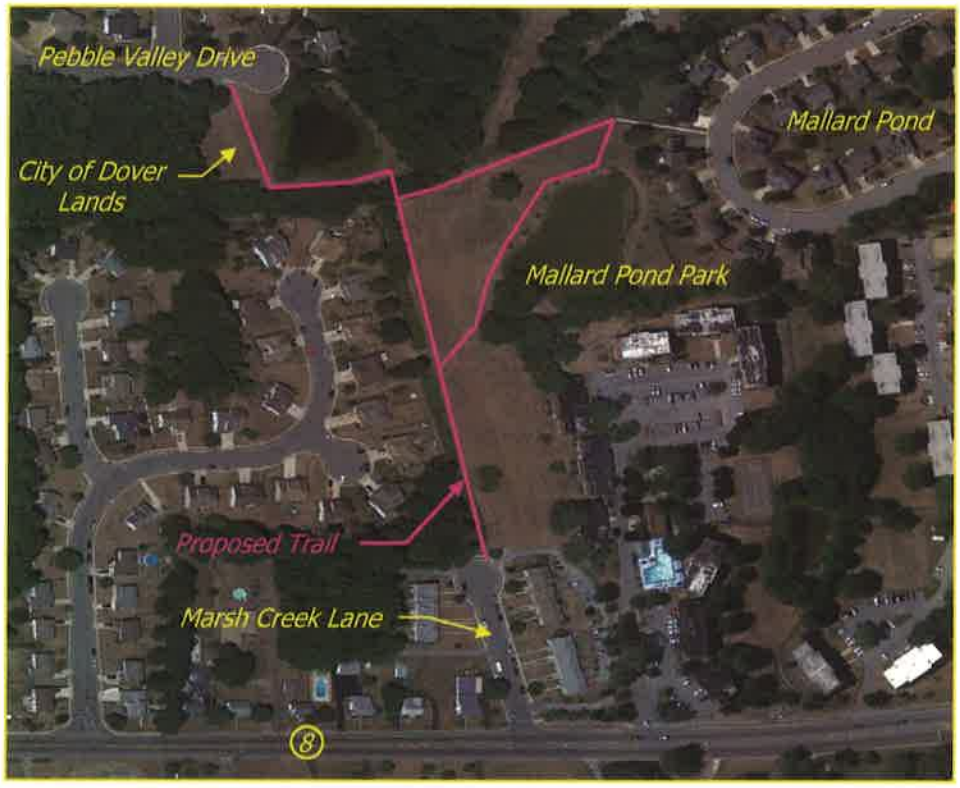
Pebble Valley Drive (Existing)



Pebble Valley Drive (Proposed)

Fox Hall West/Mallard Pond/Route 8 Connector (Continued)






PLAYGROUND
MULTI-USE TRAIL
PARKING LOT