# LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE AGENDA

**JUNE 8, 2015 - 6:30 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. **DISPOSITION OF CITY OWNED LAND – PROPERTY LOCATED AT 16 SOUTH QUEEN STREET, 18 SOUTH QUEEN STREET, AND 24 NORTH NEW STREET**
   *(STAFF RECOMMENDS THE FOLLOWING: 1. DETERMINE THAT THE PROPERTY IS EXCESS PROPERTY; 2. AUTHORIZE THE CITY MANAGER TO NEGOTIATE A FINAL SALE PRICE WITH HABITAT FOR HUMANITY THAT MINIMIZES THE WRITE-OFF AMOUNTS FOR 16 AND 18 S. QUEEN STREET; AND 3. AUTHORIZE THE CITY MANAGER TO DISPOSE OF 24 N. NEW STREET USING THE "STANDARD METHOD OF DISPOSITION")*

2. **DISCUSSION - FISCAL YEAR 2015 AUDIT PROGRAM**
   *(STAFF RECOMMENDS ACCEPTANCE OF THE AUDIT PROGRAM)*

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

**/TM**
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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**: City Manager's Office **DATE SUBMITTED**: June 1, 2015 |
| **PREPARED BY**: Scott D. Koenig, P.E., City Manager |
| **SUBJECT**: Disposal of Excess Property – 16 & 18 S. Queen Street and 24 N. New Street – Offer from Habitat for Humanity. |
| **REFERENCE**: N/A |
| **RELATED PROJECT**: Violation of Dangerous Bulding Ordinance – City Demolition of Subject Properties; City of Dover 2008 Comprehensive Plan; City of Dover Consolidated Plan 2015-2019; Downtown Development District Designation. |
| **APPROVALS**: Scott D. Koenig, P.E., City Manager and Donna Mitchell, CPA, City Controller |
| **EXHIBITS**: Letter dated May 19, 2015 from Jocelyn Tice, Executive Director, Central Delaware Habitat for Humanity; Procedure for Sale and Disposition of Real Property |
| **EXPENDITURE REQUIRED**: N/A<br>**AMOUNT BUDGETED**: N/A<br>**FUNDING SOURCE (Dept./Page in CIP & Budget)**: N/A |
| **TIMETABLE**: N/A |
| **RECOMMENDED ACTION**: 1. Determine that the property is excess property; 2. Authorize the City Manager to negotiate a final sale price with Habitat for Humanity minimizes the write-off amounts for 16 & 18 S. Queen Street; 3. Authorize the City Manager to dispose of 24 N. New Street using the "Standard Method of Disposition". |

## BACKGROUND AND ANALYSIS

The City of Dover acquired the subject properties at a monition sale due to liens for demolition expenses. These are excess properties, as the City has no use for the property and is better served by these properties being redeveloped and restored as taxable properties.

The City of Dover has a procedure for Sale and Disposition of Real Property. The procedure includes a "Standard Method of Disposition" which begins at the Legislative, Finance and Administration Committee. The steps are articulated in the procedure, but include first a decision by Council (after a favorable recommendation by the Committee) to dispose of the surplus property, and subsequently the method of disposal (auction or sealed bid). The procedure also includes "Exceptions to Standard Method of Disposition", which states as Exception D, "Donation of Land to Non-Profit Organizations: If, in the opinion of the Dover City Council, the donation of a parcel of excess land to a non-profit organization would be in the best interest of the City of Dover, Council then reserves unto itself the right to make such a donation.

In this case, Habitat for Humanity has submitted submitted an offer to purchase the subject properties. Sale of these properties to Habitat for Humanity is consistent with the goals of the City of Dover 2008 Comprehensive Plan, the City of Dover 2015-2019 Consolidated Plan and the Downtown Development District Designation, to foster home ownership for low and moderate income households. This also supports the City's goal and mandate to affirmatively further fair housing by allowing for location choices for low and moderate income households.

If the offers from Habitat for Humanity are accepted, we would need to write off a portion of the City's costs for demolition and the other charges. A summary of the write-offs is as follows, based on the the offer from Habitat for Humanity and the lien value.

| **Address** | **Offer Price** | **Lien Amount** | **Write-Off Amount** | **City's 2015 Assessed Land Value** |
|---|---|---|---|---|
| 16 S. Queen Street | $ 5,000 | $ 12,275 | $ 7,275 | $ 10,400 |
| 18 S. Queen Street | $ 5,000 | $ 6,920 | $ 1,920 | $ 10,400 |
| 24 N. New Street | $ 5,000 | $ 35,908.46 | $ 30,908.46 | $ 11,000 |

The City Manager recommends negotiating a final agreement of sale and price for 16 & 18 S. Queen Street with Habitat for Humanity. The final write-off amounts for these properties will be relatively low based on the initial offer letter from Habitat for Humanity. In addition, by selling to Habitat for Humanity, we would be ensured that the lots would be developed and occupied by homeowners, and homeownership is important in creating strong communities.

Due to the significant potential write-off amount for 24 N. New Street, the City Manager recommends disposing of the property using the "Standard Method of Disposition". The City could potentially recover additional costs and reduce the amount of the potential write-off by seeking bids on the vacant property.

Exhibit A

Central Delaware Habitat for Humanity®

City of Dover
RECEIVED
MAY 19 2015
CITY MANAGER/MAYOR

May 19, 2015

Mr. Scott Koenig
City of Dover
PO Box 475
Dover, DE 19903

Dear Mr. Koenig;

As you know, Central Delaware Habitat for Humanity, Milford Housing Development Corporation and NCALL are working together under the Strong Neighborhood Housing Fund to demolish or renovate blighted properties as well as build new construction for homeownership. The City of Dover is also a partner with us in this project. Our target area for land acquisition is from Loockerman to Mary and West to Governors and this area falls within the Downtown Development District and the ReStoring Central Dover. All of these programs are working together to improve and increase homeownership and improve the housing stock in the downtown area.

As part of our acquisition strategy the City of Dover currently owns or will own in July the following properties:

- 16 S. Queen Street
- 18 S. Queen Street
- 24 N. New Street

Central Delaware Habitat for Humanity would like to offer the City $5,000 for each of the above lots. Central Delaware Habitat has recently acquired 14 S. Queen Street and will take ownership in July and recently acquired 12 N. New Street. The above properties are located in our strategic area for development over the next few years.

Please contact me at (302) 526-2366 to discuss these properties.

Thank you.

In Partnership,

Jocelyn Tice
Executive Director

cc: Ann Marie Townsend, Planning Department

544 Webbs Lane, Dover, DE 19904

Phone: (302) 526-2366 Fax: (302) 526-7506 www.centraldelawarehabitat.org

Exhibit B

Approved. 10/14/14

# PROPOSED PROCEDURE

# FOR SALE AND DISPOSITION OF REAL PROPERTY

## 1. PURPOSE

To establish a policy for the City of Dover regulating the sale and disposition of excess lands.

## 2. LAWS AND POLICIES

City of Dover Code of Ordinances, Chapter 2, Article IV, Section 2-99, authorizes the sale and disposal of excess property.

This policy will standardize the procedure for disposal of excess City owned real property.

## 3. DETERMINATION

A City Staff member, upon determining that a City owned parcel of land is excess in nature and that the disposal of such land would be beneficial to the City of Dover, will request, through the Legislative and Finance Committee, that the Dover City Council consider disposal of such land.

## 4. STANDARD METHOD OF DISPOSITION

A. The Legislative and Finance Committee, upon receiving a request to dispose of excess real property, shall, prior to making a recommendation to the Dover City Council, request all pertinent information including, but not limited to, the following:

a-1) determination that subject parcel is not required by any other City department.

a-2) written explanation of why subject parcel is now surplus.

a-3) determination of whether a zoning change would enhance the sale value of subject parcel and recommend said change if warranted.

a-4) determine if parcel's exact location and size is known and, if not, recommend whether said parcel should be surveyed by the City prior to any sale attempts.

B. Dover City Council, after receiving a positive recommendation from the Legislative and Finance Committee to dispose of a surplus parcel of land, shall, as part of its deliberations:

b-1) determine if disposal of the parcel is in the City's best interests.

b-2) determine if disposal by sale, gift, or some other means would best serve the City's interests.

b-3) determine if the City Planner should be requested to initiate rezoning procedures.

b-4) publicize the pertinent information concerning the surplus parcel and its availability for purchase to the general public at least once a week for two weeks in a local newspaper.

b-5) make public, and a part of the record, all written correspondence received and, after the publicizing requirements of Section 4, Paragraph B(4) are met, hold a public hearing to receive any other citizen input.

C. Dover City Council, after voting to proceed with the sale of surplus land, shall determine:

c-1) if an unbiased appraisal is needed to establish a minimum acceptable price.

c-2) whether to sell the parcel by public auction or by sealed bid, and what the minimum acceptable offer will be.

c-3) the degree and scope of advertising, with a minimum of exposure being advertisement once a week for two weeks in a newspaper of general circulation within the county.

c-4) whether the circumstances of and surrounding a particular sale may be such that the best interests of the City would be served by listing the property for sale with a licensed real estate agent.

D. City Staff shall, with Council direction:

d-1) arrange for advertisement of the sale

d-2) draft the sale bill setting out a description of the parcel to be sold, time, date, and place of sale or bid opening, the terms and conditions of sale, and the City's reservation of acceptance or rejection of any or all bids received at the time of sale or bid opening.

d-3) order and distribute a sufficient number of sale bills for posting and distribution in the County Courthouse, at the site, and in the general area of the parcel.

d-4) obtain the services of a professional auctioneer if said sale is to be a public auction.

d-5) conduct the sale and submit the results to Dover City Council.

d-6) obtain the services of a licensed real estate agent if sale is to be brokered.

E. Dover City Council, after confirming the sale, shall:

e-1) request the City Solicitor to prepare a deed for execution and to arrange for final settlement with the purchaser at which time the City will deliver the deed, the purchaser will pay all balances due, and the City Solicitor will record said deed, in the Recorder of Deeds Office for Kent county.

F. If any excess parcel of land is too small or irregular in shape to be of any value to anyone other than an abutting owner, it may be sold to such owner at either its fee appraised fair market value, or at its fair market value as established by the City's assessment records, whichever Council shall select. The costs of the appraisal and all legal costs shall be paid by the owner requesting the conveyance.

G. Costs of Conveyance

Unless otherwise specified by Dover City Council, all fees and costs, legal or otherwise, associated with the sale and conveyance of all excess lands shall be paid by the purchaser.

## 5. EXCEPTIONS TO STANDARD METHOD OF DISPOSITION

Exception A.

Sale to an abutting owner: When, in the opinion of City Council, a public sale would be detrimental to the lands of an abutter, and/or that a public sale would place the abutter at undue risk; or that the combination of abutter's land and City's land would be substantially greater in value than that of the sum of the parcels considered individually, Dover City Council may direct the City Assessor to have prepared one or more unbiased fee appraisals of the parcel. Thereafter, the subject land will be offered for sale to the said abutter at the appraisal price, plus the appraisal fees, plus the legal costs. In the event the offer is not accepted, a public sale may be ordered.

Examples of detrimental affect might be when the surplus City parcel lies between an abutting property and the street and development of the parcel would obstruct visibility of the abutter's property, of when the surplus parcel is zoned multi-family and abuts a single family parcel.

Exception B.

Trade of lands: A trade of lands may be approved when it is shown beyond doubt that such a trade will be equal to or better than the lands to be traded either on a "square foot for square foot" measure and/or on a "dollar for dollar" measure.

Exception C.

Conveyance of odd shaped and/or unbuildable parcels: City acquisitions for roads, utility usages, etc. may, after such usage is accomplished, leave a small strip of land that is odd shaped and unbuildable. Dover City Council may approve the conveyance of this strip of land to an abutting property owner on request of said owner. The price for these lands shall be at the same cost basis as that paid by the City. If conveyance is made in excess of two years after the date of City acquisition, then the consideration shall either be based on a price established by an unbiased fee appraisal made on the basis of the value added to the abutting property by the acquisition of said lands, or on the City's cost basis for the parcel adjusted for inflation, whichever Dover City Council shall select. All fees, legal or otherwise, associated with the conveyance are to be paid by the purchaser.

Exception D.

Donation of Land to Non-Profit Organizations: If, in the opinion of Dover City Council, the donation of a parcel of excess land to a non-profit organization would be in the best interest of the City of Dover, Council then reserves unto itself the right to make such donation.

# AUDITOR'S RESPONSIBILITY FOR COMMUNICATING WITH AUDIT COMMITTEE

Presented by:
Donna Mitchell, CPA
City Controller/Treasurer
& William Seymour, CPA
SB & Company, LLC
June 8, 2015

# What we will cover

- Three primary purposes
- Matters to be communicated
  - Auditor's responsibility
  - Planned scope and timing of audit
  - Significant findings from the audit

# Three Primary Purposes

- To clearly communicate an overview of the audit scope, the timing of the audit, and the auditor's responsibilities.
- To provide timely observations arising from the audit that are relevant to oversight of the financial reporting process.
- To obtain relevant audit-related information from those charged with governance.

# Auditor's Responsibility

- **The auditor's responsibilities under generally accepted auditing standards.**
- **This will be detailed in the auditor's engagement letter, a copy of which will be provided to each audit committee member.**

# Planned Scope & Timing of Audit

- An overview of the planned scope and timing of the audit that is not so detailed as to compromise audit effectiveness.
- This will be summarized in a memo to the committee and discussed with the committee before commencement of the audit.

# Significant Findings from the Audit

- The auditor's views about findings or issues that the auditor considers to be significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
- These will be communicated near or at the end of the audit.

# Audit Calendar

## City of Dover
## 2015 Audit Calendar

### JUNE

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | Detail Audit Plan Submitted | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | Auditors - preliminary auditwork including walk throughs and inventory testing - Inventory listing received morning of 6/15/15 from IT. | | | | | 27 |
| 28 | Preliminary Audit work | Fuel measure @ plant | | | | |

### JULY

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | **3** | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | Close AP & GL | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

### AUGUST

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

### SEPTEMBER

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | **7** | 8 | 9 | 10 | 11 | 12 |
| 13 | Test of controls started | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | Test of Controls Completed | 26 |
| 27 | 28 | 29 | 30 | | | |

### OCTOBER

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | Draft Schedules/Statements to auditor | 13 | 14 | 15 | Draft CAFR Complete * | 17 |
| 18 | Draft CAFR to auditor | 20 | 21 | 22 | 23 | 24 |
| 25 | *26* | *27* | *28* | 29 | Draft CAFR to City Clerk | 31 |
| | *Draft CAFR completed by October 16 (includes Notes & Statistical Section) | | | | | |

### NOVEMBER

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | Draft Cafr to LF&A | 10 | **11** | 13 | 13 | 14 |
| 15 | 16 | 17 | 18 | Final Changes made to CAFR | 20 | 21 |
| 22 | 23 | 24 | 25 | **26** | **27** | 28 |
| 29 | CAFR Sent to GFOA | | | | | |
| | Draft CAFR completed by November 6 (includes Notes & Statistical Section) | | | | | |

### DECEMBER

| S | M | T | W | T | F | S |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | **25** | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

**Holidays - Green**

Meetings with Auditors if requested by LFA

**Key Dates in Yellow**

# QUESTIONS ???