LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on July 9, 2012 at 5:30 p.m. with Chairman Lynn presiding. Members present were Mr. Anderson (arrived at 5:48 p.m.), Mr. Hare (arrived at 5:40 p.m.), Mr. Rushe, and Mr. Shevock. Members of Council present were Mr. Perza (arrived at 5:31), Mrs. Russell (arrived at 5:57 p.m.), Mr. Hutchison, and Council President Leary. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS
The agenda was approved as presented by unanimous consent.

Review and Recommendation - Filling Critical Positions - Police Clerk II - Police Department
Police Chief James Hosfelt reviewed a request to fill a Police Clerk II position at the Dover Police Department. He advised members that the vacancy was created by the retirement of an employee at the end of the previous fiscal year.

Mr. Shevock moved to recommend approval of the request to fill the Police Clerk II position, as recommended by staff, seconded by Mr. Rushe and unanimously carried.

Review and Recommendation - Filling Critical Positions - 911 Dispatcher - Police Department
Police Chief James Hosfelt reviewed a request to fill a 911 Dispatcher position at the Dover Police Department. He advised members that the vacancy was created due to the previous dispatcher being hired as a Police Recruit.

Mr. Shevock moved to recommend approval of the request to fill the 911 Dispatcher position, as recommended by staff, seconded by Mr. Rushe and unanimously carried.

Requisite Legal Work for Proposed Rent Justification Ordinance *(Lynn, Leary, and Bonar)*
Mr. Lynn requested approval for the Deputy City Solicitor to be retained to conduct research for a proposed rent justification ordinance. He stated that the ordinance would be similar to the recently failed Senate Bill 97. He noted that the City of Dover has a number of communities zoned for manufactured housing or as mobile home parks; therefore, this could affect a significant number of City residents. Mr. Lynn explained that, at this time, the request was only to authorize legal research to determine if the City could enact such an ordinance or whether the City would be precluded from doing so under the doctrine of preemption.

In response to Mr. Rushe, Mr. Lynn requested that correspondence received from Mr. Fred Neil, President, Wild Meadows Homeowners Association, that was previously distributed to members, be made a part of the record ***(Attachment #1)***. He confirmed that the request was specifically for manufactured housing and mobile home parks that are subject to or under the ambit of Chapter 70 of the Dover Code.

Mr. Shevock explained his understanding that deed restrictions would be different for each community and questioned how this would affect such an ordinance. Responding, Mr. Lynn suggested that this matter be included in the scope of work for the legal review.

In response to Mr. Perza, Mr. Lynn suggested that 8-10 hours of time be allowed for the Deputy City Solicitor to conduct research on this matter and that once these findings were known, the Committee could determine what, if any, further action should be taken in this regard. Council President Leary suggested that the time allotted for the research be "up to 10 hours" rather than 8-10 hours.

Mr. Fred Neil, 521 Weaver Drive, President of Wild Meadows Homeowners Association, read the following statement into the record:

As a former News Director at a major Baltimore Radio Station & Press Officer for Mayor William Donald Schaefer during Baltimore's Harbor Place creation days, I am very sensitive to basing comments on verifiable facts. This is particularly true in dealing with the governance involving taxpayers.

As law makers, you have at your fingertips:

- *Zoning including the number of communities zoned for manufactured or so called mobile housing.*
- *The number of manufactured homes in these communities.*
- *Tax records should reveal when homes are sold, left vacant, re-sold, & selling price and the tax records involved.*
- *In my community, Wild Meadows, our homes that were purchased new and sold for approximately $80,000 to $200,000 are now selling at 30% to 50% less that the original cost, while rents have increased 40% from the time I moved in 2003 from $300, which remained the fee, until all lots were sold and then the jumps in rent began. It is now $420.50.*

With Calpine on side of the community and Firefly at our front doors, I think the current assessment on my home of $119,000 will drop significantly when you look at home sales in the near future in my community.

You have access to the Assessment Appeals Hearing of my community, in May 2007, when the property which had been assessed at $5 Million and the City wanted to raise the Assessment to $11 Million and a compromise was reached at $7.5 Million.

Because we are a 55 Plus community, we are particularly sensitive to rent increases, particularly when we have maintenance concerns which then becomes a consumer protection issue.

According to the appeals hearing the Appraiser hired by managements said of the $1Million collected in rents 20% was spent on the maintenance. At the time we weren't quite at $1 Million but it was close.

Thanks to our Dover elected officials, who have always been welcome to attend our meetings, the City of Dover have always stepped to help when we have legitimate problems, that if we were truly a part of the free market or free enterprise wouldn't have needed help. To name a few, incorrectly paved streets that flooded, swales that acted as speed bumps, a huge pile of cut vegetation that served as harborage for the rats, raccoons, snakes of the wet lands across our drainage ditch, and the snow removal that blocked our driveways, fire hydrants and mail box pods.

Direct efforts by a member of the City Council to resolve concerns between home owners over maintenance demonstrated the hostile stance of the land owner who has extraordinary power over his customers. Since the values of our homes are effected in large part by the appearance of a stained entrance, rusting club house doors and used worn furniture should have been simple. We agree, we don't agree and when the work would be done.

When you can't enforce the law, there is no controlling the degree of arrogance a community owner can exhibit.

There lies the rub.

No other business in Delaware can pass on a Fine with impunity. Any other business would risk business to a competitor if they raised their prices to recover a Fine and legal defense costs. Why should they obey the law if they can recoup the costs of a Fine and legal defence?

Fear is one the greatest factors for people in manufactured home communities for not speaking out. While Wild Meadows Seniors vote and attend meetings, and give back to this community in many ways, the folks in places such as Dover East Estates and Dover Air Park live in fear of organizing or complaining because they are afraid of losing their homes. They don't know you need a court order or that you can fight for what the law says.

Regular mortgages are low. Chattel loans on our homes are 3 X to 5 X more. You need low cost housing to keep business going. The people in homes on leased land need ***real consumer protection.***

Any help the City of Dover can provide will pay dividends now and in the future.

Mr. Neil urged members to develop a law that might provide some type of protection for homeowners. It was his opinion that if homeowners were provided full disclosure, none of the homes in that area would have sold, except to desperate individuals, and if there were a rent justification law, these homeowners would be protected. He requested the City to provide assistance in this matter.

Responding to Mr. Hutchison, Mr. Neil stated that the Wild Meadows Homeowners Association had been working with the General Assembly on this issue in an attempt to resolve the problem.

Mr. Rushe moved to recommend the authorization of 10 hours of legal work to investigate a proposed rent justification ordinance, seconded by Mr. Shevock and carried, with Mr. Anderson voting no.

Proposed Policy for Requesting Legal Work/Opinions

Mr. Lynn advised members that he made a request for legal research to be conducted by the City Solicitor's Office regarding the proposed rent justification ordinance and, as a result, City staff was contacted since it appeared that the request would require significant resources. He stated that this raised the question as to how an individual member of Council could request legal opinions/work from the City Solicitor's Office. Mr. Lynn felt that establishing a policy would provide an avenue for each member of Council to engage the City Solicitor's Office for legal projects. He noted that a policy entitled "Council Requests for Projects" was adopted by City Council during their Regular Meeting of August 27, 2001 and was in place for requests for staff from Council but did not include legal work. He felt that it would be prudent to develop a procedure by which members of Council could order legal work to be conducted on individual projects and that legal work of significant size would require review by the Committee and approval by City Council.

Council President Leary explained that if members of Council have questions for staff, staff would be expected to respond since they are already on the payroll. Since the City Solicitor's Office is not on the City's payroll, every time the City Solicitor answers the phone, billing time begins and there is an expenditure of funds. Noting that if 9-10 people were to call the City Solicitor separately, it could become expensive and he felt that there was a need for some sort of procedure to be in place.

Mr. Rushe relayed concern that establishing such a procedure could create problems if a response from the City Solicitor's Office were needed within a short time frame. Concurring, Mr. Lynn felt that such a procedure could result in members attending a meeting without the necessary legal research on a particular agenda item and no guaranteed opportunity to remove the item from the agenda to allow time for research.

Council President Leary noted that a phrase could be included in the policy that would allow the Council President the discretion to override the policy in certain circumstances.

Mr. Anderson concurred with the concept but relayed concern that a single member of Council could obligate 80% of the City Solicitor's time, which could result in an exorbitant expense for the City. Mr. Anderson stated his opinion that it might be appropriate to allow Council Members to request

legal work that would not exceed an hour; however, it was his feeling that greater leeway for additional time should be allowed for legal research related to an item that the Committee Chairs had already agreed to place on an agenda.

Mr. Hare noted that agendas were published in plenty of time prior to a meeting so that if a member of Council had a question or concern, they could contact the City Clerk's Office, who could then talk with the City Manager, appropriate Chairman, and the Council President regarding the possibility of a legal opinion/review.

Mr. Lynn questioned if the policy would affect City staff as it relates to legal opinions from Bond Counsel.

Mr. Perza questioned if issues had arisen that created the need for such a policy. He stated his concern that members of Council have independent ideas and expressed his hope that those responsible for making decisions regarding engaging the Solicitor's services would not be able to "suffocate" that creativity by denying access to information, limiting access to legal review or research, or stifling ideas by over-researching possible policies before they are even considered by a committee. He indicated his feeling that the time to begin determining whether a matter is legal or not would be after a the committee reviews policies and recommends approval by Council, rather than before a committee meets to consider the matter. This would prevent the expenditure of funds that may not be necessary for those instances when such a policy does not have the support of the committee and/or approval of Council.

Concurring, Mr. Rushe felt that the creation of a procedure for requests for legal opinions/research would only add more bureaucracy for something that was not necessary.

Mrs. Donna Mitchell, Controller/Treasurer, stated her concern with staff's need to obtain legal advice from Mr. Kirk Betts, Bond Counsel, etc. She explained that most of the needs for legal opinion or advice come before Council, such as the Request for Proposals (RFP) recently prepared by Mr. Betts; however, sometimes legal issues arise based on current needs which may not go before Council. It was her hope that staff would still be authorized to move forward with those types of requests by submitting them through the appropriate Chairman or the Council President.

Mr. Hare moved to recommend that requests for legal work performed by the City Solicitor or Deputy City Solicitor from Council directly be handled on a case-by-case basis in the future. The motion was seconded by Mr. Rushe and unanimously carried.

Review of Grant Application - Disaster Recovery for Critical Infrastructure (DEMA)

Mr. Scott Koenig, City Manager, reminded members that the City of Dover requested and received funding from the Delaware Emergency Management Agency (DEMA) State Homeland Security Grant Program (SHSGP) for the purchase and installation of equipment related to improvements in Information Technology (IT) Disaster Recovery and critical infrastructure. He stated that funding for this project was provided under short notice to the City due to other municipalities in the State not completing their projects by the due date set forth by the federal government. He noted that all

costs associated with the project would be charged to IT and that 100% of the project costs would be reimbursed to the City upon application for reimbursement. Since the full amount of this grant was not budgeted, it was requested that when funds are reimbursed to the City, they be returned to the IT budget in order to complete budget expenses.

Members were advised that there were no additional ongoing expenses related to this grant since funds would be used to replace existing, outdated equipment and the maintenance costs budgeted to maintain the old equipment would be sufficient to maintain the new equipment.

Staff recommended authorization to complete the project and request reimbursement for all costs associated with the purchase and installation of the backup solution and infrastructure improvements. It was noted that, due to time constraints, staff requested that this matter be considered during the Council Meeting later in the evening for final approval.

Referring to the request for funds to be returned to the IT Department budget, Mrs. Donna Mitchell, Controller/Treasurer, explained that, in accordance with accounting procedures, when grant monies are received, they must be shown as a receipt in revenue. As a result, the expenditure would be over-budgeted; however, there would be revenue to offset this. She noted that when budget revisions are presented later in the year, this would be corrected and funds would be returned to the IT budget.

In response to Mr. Shevock, Mr. Koenig indicated that since the City's project must be completed by September 2012, this matter was put on a "fast track." If Council were to approve the authorization to complete the project, staff would immediately begin working on ordering and purchasing the equipment. Receipt of reimbursement was expected through the DEMA grant within 30-60 days after submission of the City's reimbursement application.

Noting that this project was not budgeted, Mr. Perza requested that staff be certain to complete the necessary paperwork and have it submitted in a timely fashion to assure reimbursement.

Mr. Anderson moved to recommend approval of staff's recommendation for authorization to complete the project and request reimbursement for all costs associated with the purchase and installation of the backup solution and infrastructure improvements. The motion was seconded by Mr. Hare and unanimously carried.

Value Study of Positions *(Councilman Hutchison)*

Mr. Hutchison reminded members that after the 2011 Municipal Election, the first order of business was the review and approval of the City's budget. At that time, members were advised that the City was projecting a $3.4M budget shortfall; however, as a result of the significant efforts of staff, members of Council, and the Mayor throughout the year, that amount was reduced to $600,000. He noted that this reduction was also due to several retirements, employees who found other employment, etc. Mr. Hutchison stated his opinion that controlling personnel costs for current employees and future retirees was critical to balancing revenue and expenses and that current pay policies do little to help maintain these costs. He suggested that a workshop be held to begin working on next year's budget and allow members to identify issues and concerns pertaining to personnel costs.

In response to Mr. Anderson, Mr. Hutchison suggested that the workshop be held with participation from the Mayor, Council, and the City's management team. He noted that the pending Salary and Benefits Compensation Comparison Committee Report should be part of this process.

Mr. Anderson reminded members that the final report of the Salary and Benefits Compensation Comparison Committee remained pending.

In response to Mr. Lynn, Mr. Hutchison confirmed that his request was for the approval of the scheduling of a workshop comprised of the Mayor, Council, and City staff for the purpose of examining and controlling personnel costs into the future.

Responding to Mr. Lynn, Mr. Perza indicated that, as Chairman of the Salary and Benefits Compensation Comparison Committee, he anticipated that a final report would be submitted in the near future, noting that a final meeting was scheduled to be held in the third week of July. He expressed his opinion that changes to the report made at that meeting would be more stylistic than substantive. Mr. Lynn stated that, should the Minority Recruitment Committee and Salary and Benefits Compensation Comparison Committee Reports be required in order to schedule a workshop as requested by Mr. Hutchison, the soonest that such a workshop could be held would be late August 2012.

Mr. Scott Koenig, City Manager, stated that his only concern would be to allow for the finalization of labor negotiations before a date was set for the workshop.

Mr. Hare moved to recommend that once the Salary and Benefits Compensation Comparison Committee Report and Minority Recruitment Report are received and all labor negotiations have been completed, the City Manager submit a date for a workshop with the purpose of identifying issues and concerns pertaining to personnel costs. The motion was seconded by Mr. Anderson and carried, with Mr. Lynn voting no.

Responding to Mrs. Russell, Mr. Lynn concurred that the earlier such a workshop could be held, the better, in order to complete the review before the budget preparation begins.

Mr. Shevock moved for adjournment, seconded by Mr. Hare and unanimously carried.

Meeting Adjourned at 6:26 P.M.

Sean M. Lynn
Chairman

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Attachment
Attachment #1 - Email Submitted by Mr. Fred Neil - The City of Dover and Homes on Leased Land

From: McDowell, Traci
To: City Clerks Office
Subject: FW: L&F Tonight
Date: Monday, July 09, 2012 1:30:50 PM

This e-mail has been blind copied to the Mayor, City Council Members, and civilian LF&A Committee members.

Please see message below from Mr. Fred Neil which is being sent at the request of Councilman Lynn. This item is scheduled for consideration by the LF&A Committee tonight.

The City of Dover and Homes on Leased Land

The City of Dover has a number of communities zoned for Manufactured Housing or as Mobile Home Parks ranging from the upscale 55 Plus Wild Meadows to Dover Airpark and Dover East Estates low income communities.

Common to each are:

They are principle residences for the individuals or families that own or are buying the home.
They are responsible for property taxes for their homes for Dover and Kent County.
They have no say over the maintenance in their communities.
They receive no accounting as to what is spent on maintenance and repairs.
There is no law enforcement as Fines for breaking the law and the legal defense costs can be added to the yearly rent increases, thereby making the victims pay.
Without a requirement of full disclosure, any one purchasing a home on leased land is immediately removed from the free market.

Unlike the free market, a home owner must either sell the home at a loss or, if unable to sell must give the home to the community owner in a financial eviction and lose all of the equity in the home.

The situation is exacerbated by the fear factor. The

community owner holds such power that by threats of eviction, home owners fear complaining to authorities.Civics 101 teaches that homes ownership stabilizes neighborhoods and benefits the Government entity. Home owners are generally considered beneficial in determining services and tax income.
The home owner benefits by increasing the equity in their homes. They enjoy the most favorable mortgage cost.This does not occur in a leased land communities. Dover City tax records should reveal the turn over in home owners in leased-land communities. The Wild Meadows 55 Plus will have fewer financial evictions, but more from deaths, as seniors, many in the community still work or are hard pressed by the unlimited rent increases.

The values of the homes have dropped even more than the current recessional in-fee Free Market. A financial eviction means the home owner has lost all equity in the home. Unlike a change in land use when the Relocation Trust Authority (RTA) can contribute something towards either moving the home or providing a small amount of compensation for a home which can not be moved, the home owner receives nothing.

To borrow to buy a home on leased land, the purchaser will receive a chattel loan at 3 to 5 times the rate of a standard mortgage. Why Dover should be Concerned with Homes on Leased LandJobs.

Affordable housing is needed for low and moderate income wage earners.

The largest block of non-taxpayer subsidized affordable housing is on leased land. If you wish to create or expand business in the Dover you need afford housing.The Role of Government: The role of governments is to protect people who would not be able to protect themselves without enforceable lawsJ. While different segments of government, State and County, are responsible for protection elements,

can the City ignore the area where the State and County does not protect the citizens of Dover from abuse?

Problem Areas to be Considered

Fines do not enforce laws because of the unlimited yearly rent increases permitted by state law. At stake are health issues regarding sanitation, septic tanks, and water when not supplied by the City of Dover.

Lack of full disclosure when purchasing a home on leased land. (See full disclosure statement).
No requirement to set aside rent money for maintenance and repairs.
No information given to home owners on rent money spent on maintenance and repairs. Challenges

Free enterprise: The decision to purchase a home on leased land is the last of free enterprise that exists and the home buyer becomes captive to the system after the purchase.
Community owners will use home owners rent money to challenge any change in the law in court. The legal defense of the change will be with taxpayer money, pro bono attorneys will help (National Consumer Law Center, etc.).
Community owners will recruit and financially sponsor (with home owners rent money) election opponents to run against council member brave enough to support any measure o help home owners.

Potential Outcomes

Rent Justification is enacted stabilizing and preserving affordable housing.
Other laws are enacting providing greater protection for home owners in leased land communities.
Publicity raises increased awareness of problems of leased land communities.
Community owners change their business model to include long term leases with specific percentage increases.

Real disclosure before purchasing homes.
Community owners request zoning changes to change land use.

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