REGULAR COUNCIL MEETING

The Regular Council Meeting was held on February 27, 2017 at 7:42 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson, Mr. Sudler, Mr. Neil, Mr. Lewis, Mr. Cole, Mr. Hosfelt, Mr. Hare, and Mr. Hutchison.

Council staff members present were Deputy Police Chief Mailey, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, Fire Chief Carey, City Solicitor Rodriguez, and Mrs. McDowell. Mayor Christiansen was also present (arrived at 7:11 p.m. and departed at 7:31 p.m.)

OPEN FORUM

The Open Forum was held at 7:00 p.m., prior to commencement of the Official Council Meeting. Council President Slavin declared the Open Forum in session and reminded those present that Council was not in official session and could not take formal action.

Mr. Steven French, speaking about homelessness, advised that they have a right to have a home just like everybody else and suggested that the former Library could be used for homeless people.

Mr. Timothy Lee Tague advised that he was taken by ambulance from the library to the hospital that day and he was diagnosed with walking pneumonia. He also advised that he had four or five seizures after he arrived at the hospital and they still discharged him. Mr. Tague requested City Council to talk to the hospital about admitting people.

Mr. Steven Hall, speaking about homelessness, extended his deepest sympathies to the Dover Police Department and their families for the loss of the officer and the cadet killed the previous morning. He advised that Cadet Jimmy Watts was a very good friend of his and he was deeply saddened. Mr. Hall advised that he is watching, waiting, hoping, trusting, and believing that whatever decisions the City Council makes will be effective and essential to his situation. He advised that if speakers present themselves in a productive way, the results will be productive, and he requested others to stop threatening the Council.

Mr. Eric Abernathy advised that he was an advocate for the homeless and a veteran. He requested that, if City Council had it in its means, they were asking for help and assistance for a problem that was not going away.

Pastor Aaron Appling expressed his condolences for the officers and the City, noting that it was a great loss to the City. Referring to Jim, the veteran that spoke during the last meeting, Pastor Appling noted that his mother worked on Jim and Lisa's case at least 30 hours that week and had not really made any progress. He advised that Mr. Abernathy probably works 40 or more hours a week, every week, for free. Pastor Appling expressed frustration that tax dollars were not going to social services.

Mr. Jacob Romano advised that, for the past ten months, he and his wife had been dealing with Delaware Family Services (DFS) to get their five children back. He advised that the children were taken from them in July of the previous year and four of them were placed in a predator's home, where they stayed for two weeks. Mr. Romano stated that they continue to work with DFS; however,

it does not seem like they are trying to reunify them with their kids. Council President Slavin advised that the Mayor would meet with him after the meeting.

Mr. EShed Alston advised that he took his wife to the hospital the previous week with a gall bladder attack. He noted that they arrived at 7:00 and left at 1:00 in the morning without his wife being seen. Mr. Alston stated that six hours is long enough to wait. He noted that she was admitted the following Monday and her gall bladder was removed. Mr. Alston advised that he has noticed that every night when the Library closes, the homeless shelter of last resort becomes Kent General Bayhealth Medical Center. He stated that this is a City Council failure to act issue and asked when they were going to do something. Mr. Alston advised that he had written to City Council on February 21, 2017 **(Exhibit #1)** and had not received any responses.

Ms. Denice Daniel, speaking about homelessness, advised that she was a State worker and, due to illnesses, she lost her income and her Section 8 housing. She noted that she was a diabetic and asked for assistance with keeping her insulin refrigerated. Mayor Christiansen advised that he would speak to Ms. Daniel after the meeting.

Ms. Sam Wierney advised that she volunteers by making lunches at Victory Church after she finishes her classes at Del Tech. She noted that she then goes out in the streets with Mr. Abernathy to feed the homeless people. Ms. Wierney stated that she has been a member of Victory Church since August of the previous year and she never thought that Dover had that many homeless people. She requested more help with ending homelessness in Delaware.

Ms. Katrina Stubbs, speaking about the homeless situation, advised that homelessness is getting worse. She noted that these individuals are educated, hard-working people whose resources ran out and they became homeless. Ms. Stubbs asked what they could do to speed the process along and what they could do as a community to help with this homeless situation. She suggested the use of vacant homes or buildings to house some of the homeless people.

Mr. Chip Angell advised that he is homeless and sleeping in a tent because he gave up and fell back into his addictions. He stated that if it were not for the people at Victory Church, he would probably still be destroying himself. Mr. Angell noted that he has been able to cook, use his artwork, and play drums and be around a lot of positive people at Victory Church. He stated that he has never collected an unemployment check, food stamps, or any kind of public assistance and had no idea what assistance was available.

The invocation was given by Bishop Thomas L. Holsey, followed by the Pledge of Allegiance and a moment of silence for Patrolman Robert DaFonte, a two-year-veteran of the Dover Police Department, and Cadet James Watts, a 6-month member of the Special Enforcement Cadet Unit.

AGENDA ADDITIONS/DELETIONS

Councilman Hosfelt requested that item #4, Speed Control Measures - Independence Boulevard (Proposal to Rescind the Council Action of May 9, 2016), be deleted from the agenda.

Mr. Neil moved for approval of the agenda, as amended, seconded by Mr. Lewis and unanimously carried.

Mr. Lewis requested that item #3-C(1) - Proposed Amendments to Chapter 17, Title 22 of the Delaware Code Relating to Municipal Tax Increment Financing and Chapter 18, Title 22 of the Delaware Code Relating to Municipal Special Development Districts, be removed from the Consent Agenda.

Mr. Hosfelt moved for approval of the Consent Agenda, as amended, seconded by Mr. Lewis and carried by a unanimous roll call vote.

ADOPTION OF MINUTES - REGULAR COUNCIL MEETING OF FEBRUARY 13, 2017

The Minutes of the Regular Council Meeting of February 13, 2017 were unanimously approved by motion of Mr. Hosfelt, seconded by Mr. Lewis and bore the written approval of Mayor Christiansen.

PRESENTATION - 2016 ANNUAL REPORT - ROBBINS HOSE COMPANY (DOVER FIRE)

Fire Chief Carleton Carey Jr. reviewed the 2016 Annual Report for Robbins Hose Company (Dover Fire).

Mr. Sudler, in regard to the Cedar Chase fire, stated that there was a young gentleman who called in that fire and also helped a couple of individuals that were on the third floor. He noted that he was a Caucasian man, approximately 25 or 30 years old, and Mr. Sudler thought he worked for the State. Mr. Sudler requested Chief Carey to provide his name. Responding, Chief Carey stated that he believed the man was in the Air Force because somebody from the Air Force called him because they wanted to give some kind of plaque to him. Chief Carey advised that he would look into it.

Mr. Hutchison thanked the Chief, his staff, and all of the volunteers for the job that they do each and every day throughout the year and over the years. He stated that he was always truly impressed that they are volunteers. Mr. Hutchison noted the amount of time and training that is necessary and the commitment that it takes to be a volunteer firefighter. Responding, Chief Carey noted the importance of training because every fire is different due to differing layouts of buildings and houses.

Mr. Hare, noting that there were quite a few false alarms, asked if the Fire Department had a record of where the false alarms were. Chief Carey stated that they could look at each monthly report to determine the locations of the false alarms.

Mr. Lewis commended the Dover Fire Department for what the men and women do every day for the City, 24/7, under Chief Carey's leadership. Noting that he recently read in the newspaper that the Fire Department was having a recruitment drive to attract more volunteers, Mr. Lewis asked how the response was. Responding, Chief Carey advised that they have four people who are interested.

Mr. Hosfelt noted that he attended the Department's awards banquet and one of the things that really stood out to him and other members of Council was the diversity in the top 10 responders, which was something you did not see 20 years ago. He applauded Mr. Moore's commitment of 500 responses to 500 calls.

Mr. Neil stated that he thought the whole organization was phenomenal and that they deeply appreciate it.

Chief Carey stated that they had some bumps in the road last year, but he thought they had resolved that and he hoped that they would trust each other more moving forward.

Mr. Anderson moved for acceptance of the 2016 Annual Report of the Robbins Hose Company. The motion was seconded by Mr. Hare and unanimously carried.

COUNCIL COMMITTEE OF THE WHOLE REPORT - FEBRUARY 14, 2017

The Council Committee of the Whole Meeting was held on February 14, 2017 at 6:02 p.m., with Council President Slavin presiding. Members of Council present were Mr. Anderson (arrived at 6:20 p.m.), Mr. Sudler, Mr. Neil, Mr. Cole, Mr. Hosfelt, Mr. Hare, and Mr. Hutchison. Mr. Lewis was absent. Mayor Christiansen (arrived at 6:10 p.m. and departed and 7:29 p.m.) was also present. Civilian members present for their Committee meetings were Mr. Caldwell and Mrs. Horsey (*Parks, Recreation, and Community Enhancement*), Ms. Arndt and Mr. Blakeman (*Utility*), and Mr. Shevock and Dr. Stewart (*Legislative, Finance, and Administration*).

PARKS, RECREATION, AND COMMUNITY ENHANCEMENT COMMITTEE

The Parks, Recreation, and Community Enhancement Committee meeting was held with Chairman Sudler presiding.

Community Development Block Grant (CDBG) Program Quarterly Update (October, November, and December)

Mrs. Ann Marie Townshend, Director of Planning and Community Development, reviewed the CDBG Quarterly Report for October, November, and December 2016. She explained that all funding for the Home Ownership Assistance Program had been expended, and funds had been partially expended for several of the other 2016 CDBG grant projects. Mrs. Townshend advised that the grant year would extend through June 2017 and spending was about where it should be. She stated that Habitat for Humanity was using their funds for housing rehabilitation, which had not yet begun; therefore, none of their funds had been spent. Mrs. Townshend also noted that no funds had yet been expended for emergency repairs, explaining that emergency repairs come up as needed and are administered through Milford Housing Development Corporation.

Review of Schutte Park Master Plan

Mrs. Ann Marie Townshend, Director of Planning and Community Development, advised that staff had been working on developing a master plan for Schutte Park. She stated that a land survey was completed approximately two (2) years ago and the resulting base data was used for the Master Plan. Mrs. Townshend indicated that in-house staff had been working to develop a concept plan for how to lay out the

fields on the west side of the park and make other improvements in accordance with the needs identified in the Recreation Needs Assessment.

Referring to the map entitled "Schutte Park: Existing Conditions," Mrs. Townshend pointed out the field space, stormwater pond, existing gravel lot, and path on the front edge of Hazlettville Road and partially down Electric Avenue. She stated that the Plan would be implemented in multiple stages, and, referring to the map entitled "Schutte Park Master Plan - Phase 1, explained that the first phase would include paving the parking lot just south of the John W. Pitts Center, which would help to more efficiently utilize the existing parking. Mrs. Townshend stated that the existing gravel lot is a challenge to maintain, the lines do not hold up well, and cars do not park efficiently, leading to parking challenges on very busy days. She noted that Phase 1 would also include the grading and seeding of the fields on the triangle portion of land to the west of a multi-use path, which would be put in and create a path system. Mrs. Townshend advised that there is now a path that extends along the front edge of Hazlettville Road and south on Electric Avenue; however, there are no trail loops, so walkers and joggers must go out and come back on the same path. She noted that people had expressed a desire to see trail loops. Mrs. Townshend explained that the proposed path would go down Wyoming Mill Road and also divide the field areas at the location of the old right-of-way for the former alignment of Wyoming Mill Road. She stated that the trail would also extend south past the softball fields, along the tree line, and go back to the Little League park.

Referring to the map entitled "Schutte Park Master Plan - Phase 2," Mrs. Townshend explained that the area depicted in bright green was the current multi-purpose field. She advised that feedback had been received that people wanted a turf field; therefore, a turf field was proposed for construction in this location during Phase 2. She noted that some related stormwater management would also be done during Phase 2. In reference to the map entitled, "Schutte Park Master Plan - Phases 3 & 4," Mrs. Townshend stated that these phases would include construction of a parking lot along the west side, an entrance on Wyoming Mill Road, and a skate park. She explained that the map entitled "Schutte Park Master Plan - Whole Park View" showed what the entire park would be at build-out, including the loop trail, field improvements, parking improvements, and turf field. Mrs. Townshend reviewed renderings of ground-level views of the park, including the turf field, bathroom area, plaza, park shelter, and fields.

Mrs. Townshend reviewed concept drawings for a proposed skate park, noting that staff had talked to some skate park vendors and advised them that any skate park project would have to be bid in accordance with the City's Purchasing Policy. She indicated that these vendors had put together some concepts in hopes that the City might select them. Mrs. Townshend advised that a skate park was something that the City had discussed for a number of years.

Referring the map entitled "Schutte Park Master Plan - Disc Golf Plan," Mrs. Townshend stated that there was currently a Frisbee golf course at Dover Park;

however, it was not really utilized, partially because much of it was overgrown with poison ivy. She informed members that there is an organization of disc golfers in the area who are interested in seeing the disc golf course moved to Schutte Park, and they had worked with staff to develop a layout for the placement of the holes.

Referring to the Schutte Park Master Plan, dated February 14, 2017, Mrs. Townshend explained that staff had developed a tentative time frame. She noted that State grant funding used to help improve the City's parks was currently not available, which was a bit of a challenge. Mrs. Townshend advised that the anticipated time frame represented an ideal schedule, and implementation may be slower. She stated that there are City funds for this fiscal year but no funds for the State matching portion. Mrs. Townshend advised members that if there is agreement on the concept, staff could move forward with working on obtaining cost estimates so that the stormwater and entrance design could be done. She stated that cost estimates would be used to build a capital budget.

Staff recommended approval of the Schutte Park Master Plan.

Mr. Slavin thanked Mrs. Townshend for the presentation. For Council's clarification, he asked Mrs. Townshend to verify that adopting the plan would not bind Council to doing these projects and that they would be brought up through the appropriation process. Responding, Mrs. Townshend confirmed that this was correct and everything would go through the normal budget process. Mr. Slavin stated that adopting the plan would hopefully prevent last-minute decisions from being made.

Mayor Christiansen asked if there were future plans for a master plan for Dover Park and what the time schedule would be. Responding, Mrs. Townshend advised that the plan was to issue a Request for Proposals (RFP) within the next six (6) weeks or so, and then a consultant would be brought in. She indicated that a landscape architect would be needed for Dover Park because the park's vegetation creates a number of opportunities and challenges. Mrs. Townshend advised that there is a need for someone who can plan appropriate vegetation to address the safety issues and the aesthetics in the park.

Mrs. Horsey stated that she loves the idea of rain gardens and would like to see more sprinkled around the property because it is such a great environmental concept. Responding, Mrs. Townshend noted that when staff gets into the stormwater design, there may be more rain gardens.

Mr. Sudler thanked the Mayor for bringing up Dover Park, stating that he was glad there would be an RFP within the next six (6) weeks. He advised that he had noticed a lot of off-road vehicles, including all-terrain vehicles (ATVs) and two-wheelers, in communities and had received complaints from the Ann Avenue and State College Road areas regarding these vehicles and the noise they make. Mr. Sudler stated that he would like a study to be done to look into providing an ATV park that would generate income for the City and help to deter ATV and bike riding in communities.

He stated his belief that there was an ATV park in Sussex County, possibly in Harrington, that it was the only one (1) in the State, and it was only open on Sundays. Mr. Sudler explained that he thought that if the City had some land, the City could generate income, provide a service, and keep down some criminal activity and the noise level in communities. He stated that this would be beneficial to the City and could be lucrative as well. He asked staff to look into an ATV park and some of the designs, and to determine if it would be lucrative or not.

Mr. Scott Koenig, City Manager, stated that looking into an ATV park would be a major undertaking and was not in any of the concept plans that had been discussed. He advised that he thought this request would require an actual on-the-record vote of City Council to endorse it and asked that there be an actual vote.

The Committee recommended approval of the Schutte Park Master Plan, as recommended by staff.

During the Council meeting, Mr. Koenig advised that, at the Committee level, Mr. Sudler mentioned the issue of an all terrain vehicle (ATV) park. Mr. Koenig noted that this was not in any master plan and had not been previously discussed. He advised that, as he stated during the Committee meeting, if Council would like Staff time dedicated to that inquiry, there should be a full vote of Council in the record. Mr. Koenig stated that, otherwise, Staff would not work on an evaluation of an ATV park. He noted that these types of facilities take up a significant amount of land area, will require a significant amount of insurance coverage, and he cannot recall any public comments related to an ATV park except at the last Committee meeting by Mr. Sudler. Mr. Koenig requested that there be a full vote of Council on Staff time dedicated to any evaluation of an ATV park.

Mr. Sudler stated that, at this time, he was just asking for information. He noted that he thought there was a need to address the off-road vehicles that are being utilized in the communities and he felt it could be a money-maker for the City of Dover. Mr. Sudler stated that he believed there were ways to get around the insurance and they could utilize a waiver.

Mr. Sudler advised that there was only one ATV park in the state of Delaware, and he thought it was in Sussex County. He advised that he wanted just to gather information to see if an ATV park was something that they may or may not want to explore. Mr. Sudler advised that he was not asking for extensive research, just some simple, basic facts to see if it is something they may want to put more research into.

Mr. Sudler moved to authorize the Parks and Recs division just to gather some simple information in regards to some of the competitive analysis of what is going on in lower Sussex, Delaware and surrounding areas for future income and just some general information on an ATV park. Nothing extensive, just some basics. The motion was seconded by Mr. Anderson.

Mr. Hare suggested that it might be easier just to find out if there are other ATV parks in this state. He noted that he checked around and could not find one. Mrs. Ann Marie Townshend, Director of Planning and Community Development, advised that there is a BMX park; however, she was not aware of any ATV parks. She advised that she found that in other places where riding ATV's is a

more popular activity they tend to be in places like state parks and state forests. Mr. Hare stated that he thought before they get too deep into it, they should find out what there is elsewhere in the state and what it is doing for them.

Mrs. Townshend stated that her concern was that the City just did a recreation needs assessment and the State has completed its outdoor recreation plan. She noted that those are opportunities to find out the needs, and ATV parks did not rise to the top in any of those planning exercises and needs assessments. Mrs. Townshend stated that they have a needs assessment that tells them what people have prioritized, and that should be what they focus their planning on.

Mr. Slavin stated that he appreciated Mr. Sudler's interest in an ATV park; however, he was not in favor of the motion. He stated his belief that the attraction of riding dirt bikes and ATVs on the streets is because it is illegal and people want to do what is illegal, not what is legal.

Mr. Slavin stated that the City had no tract of land that they could use for an ATV park that would not cause noise for all the surrounding areas. He noted that his research showed that most of the ATV parks are privately owned and they attract people from many, many miles away. Mr. Slavin advised that he did not know that he wanted to send the City of Dover taxpayers down that path.

Mr. Sudler advised that they have to do something about the off-road vehicles in people's communities and he thought that they needed to provide the community with an outlet rather than allow them to continue to break the law and have this noise in people's residences. He stated that his request was out of the spirit of finding an outlet which may or may not be lucrative for the city. Mr. Sudler reiterated that he wanted a quick competitive analysis, not a lot of research.

Mr. Anderson stated that he favored the motion, not because he had a position on ATV parks, but because he thought it was reasonable to spend an hour or two on research to see if it is even viable.

Mr. Sudler stated that he was amenable to amending the motion to say "not to exceed two hours' worth of work." Mr. Anderson, the seconder, had no objection.

The motion to have the Parks staff look into the issue of a possible ATV park for Dover, with Staff time equivalent not to exceed two hours, was carried by a roll call vote of five (5) yes (Mr. Anderson, Mr. Sudler, Mr. Neil, Mr. Lewis, and Mr. Slavin) and four (4) no (Mr. Cole, Mr. Hosfelt, Mr. Hare, and Mr. Hutchison).

UTILITY COMMITTEE

The Utility Committee meeting was held with Chairman Cole presiding.

Discussion - Overview of Electric Rates

Mr. Scott Koenig, City Manager, stated that this item would begin discussion regarding the City's electric rates and how to advance them in the future, noting that he expected a number of related follow-up discussions. He reminded members that Council adopts rate tariffs every year, which are part of the Electric Service Handbook, and are published on the City's website and in a number of other

locations. Mr. Koenig noted that there are a number of municipal electric providers in the State and each governing body sets their rates independently, based on their community needs and objectives.

Mr. Koenig explained that, for the last several years the City of Dover had been in the lower priced tier of residential electricity providers in the State. He indicated that Dover had been the lowest provider at certain times of the year, and at other times had been the second or third lowest. Referring to the commercial side, Mr. Koenig advised that not every entity in the State has a transmission rate, noting that the City has a complex system. He stated that the transmission rate is computed through a combination of staff recommendations from the City Manager's Office, the Electric Department, and the Controller/Treasurer. Mr. Koenig noted that Burns & McDonnell, the City's rate consultant, derives a rate that is given to the City and run through modeling. He noted that Council is then presented with a series of rate classifications to support the budget document. Mr. Koenig stated that, going back five (5) years, there had been a number of years where there were reductions in the electric rate; however, approximately two (2) years ago there was an approximate 3% increase. He advised that last year there was a Power Cost Adjustment (PCA) which in most cases washed out the majority of the previous increase.

Mr. Koenig indicated that Mr. Hare had asked for calculations regarding the City's competitors, and Mr. Harry Maloney, Electric Director, was now teaching Ms. Latoya Romeus, the City's new Key Accounts Representative, how to pull out information from the tariffs of other providers and calculate matching bills for certain customers. Mr. Koenig advised that this task would focus on Delmarva Power as a private provider, the City of Dover, and the Delaware Electric Co-op and was expected to be done within the next two (2) weeks. He explained that the City would then have the ability to present sample bills based on staff's calculations and certify how the tariffs are read and how the City compares with other entities.

Mr. Koenig expressed reservations about comparisons with other communities due to the issue of competitiveness. He reiterated that each community sets their rates based on the community needs; therefore, Dover's transfer from the Electric Fund to the General Fund is very different than other communities' transfers. He stated that staff would come back with the sample calculations when they are completed and confirmed.

Mr. Koenig indicated that, over the last couple of years, there had been discussion about the modernization of electric rates in relation to public power. He stated that Mr. Maloney had indicated that things would be happening before and after the meter that would affect the City's rate design going forward, including LED lighting, energy efficiency, battery storage, commercial battery storage, and solar. Mr. Koenig noted that all of those components were having an effect on providing electricity to all of the City's customers. He indicated that each of the customer classifications were making adjustments on their side of the meter to meet their individual customer needs. Mr. Koenig explained that there had been a number of conversations with the

Chamber over the last couple of years about some of the larger customers, including the Dover Air Force Base (DAFB), Hirsh Industries, Kraft Heinz, Playtex, and Energizer. He stated that these are all large customers; however, they are unique in that they have different objectives and different sensitivities to certain things related to the electric rate; therefore, the discussion is much more detailed than simply looking at the electric rates.

Mr. Koenig advised members that staff would soon be bringing forward a project to convert more than 20 of the largest meters to automated metering that will make readings available every five (5) minutes. He stated that this would introduce the City to another wave of interaction with its customers on how to manage energy. Mr. Koenig advised that the Advanced Metering Infrastructure (AMI) program is a major system upgrade that is intended to affect the entire system at some point in the future. He noted that some customers are very interested in the AMI program, while others probably do not care whether their meter can be read remotely or automatically because it does not affect their actual service delivery.

Mr. Koenig explained that all of these factors would be part of the next generation of rate design. He stated his understanding that the industry was gravitating towards larger customer charges, because those are charges that the utility knows they will receive every month. Mr. Koenig indicated that this customer charge would equate to the fixed cost side of the calculation and the energy charge would be lowered, because energy use is variable through a time frame.

Mr. Koenig stated that the City's customers, such as the DAFB, were becoming more savvy and asking more questions regarding rate design. He stated that the next iteration of rate design will have more complexity to it than the current rate design. Mr. Koenig advised members that rate review would probably be a project that will get underway in FY 18.

Mr. Koenig informed members that the City will have the results of components of the Integrated Resource Plan (IRP), which will be helpful in future rate design; however, he noted that this is an issue that quickly becomes very technical. He explained that the expertise of consultants is used to make sure that the City is recovering its costs and returning the investment that the community has made to the Electric Fund, which gives Council the discretion to return funds to the General Fund or appropriate them for other reasons.

Mr. Koenig reiterated that some customers are more sensitive to the rates than others and staff is working with those customers to figure out what their sensitivity is and provide them technical expertise through the City and the Delaware Municipal Electric Corporation (DEMEC) with respect to energy efficiency. He advised that there are wide variations in power demand, and the hope is that this variation can be collapsed with a more static base. He stated that every day that the City knows what power it will need helps in the power purchasing, demand, and overall management of the system; however, there must be a two-way street with customers. Mr. Koenig

stated that DEMEC is working with products related to demand response, and some customers are voluntarily turning off production or use at certain times of high energy to avoid large spikes in energy demand. He advised that, in his opinion, the Delaware Electric Co-op had been very good over many years at trying to beat the peak and manage peak demand. Mr. Koenig indicated that one (1) of the key components, going forward, for the City would be managing components of demand that do not negatively affect economic activity, because the City is trying to attract economic activity. He stated that this sounds easy; however, getting all of those things to line up on a day when it is 105 degrees outside and there are other things going on is not easy and requires the focused attention of many people and things to work correctly as planned. Mr. Koenig noted that he thought that as the City begins the next iteration of rate design, there will be more interest from the City's customers, especially large customers who are sensitive to the rate and how it is calculated, and how they are being adjusted for solar behind the meter and what that does to the system in the long run.

Mr. Blakeman noted that the City's big customers are an important group; however, commercial customers are also fairly important. He stated that, by his count, 354 commercial accounts were lost since 2007 or 2008, noting that 102 of them were lost in the last two (2) years. Mr. Blakeman advised that he had been led by some to believe that the electric bills they were paying were impacting their decision to stay or go. He expressed his opinion that this was a lot of customers to lose in that group and stated the need to look at this going forward. Responding, Mr. Koenig stated that he would be happy to look at this concern going forward; however, he noted that individual businesses had not called his office stating that they were leaving Dover due to electric rates, other than Kraft, who was very sensitive to the electric rate. Mr. Blakeman advised that several letters were written several years ago representing the small commercial customers that expressed concerns about rate changes at that time. He indicated that he knew that the small commercial customers were sensitive to the electric rate. Mr. Koenig advised that he would like for such customers to reach out to staff because they would like to know the customers' level of sensitivity as they try to manage the system. He stated that the City needs to get closer to some of these customers because the City does not want them to leave.

Mr. Neil recalled that, as a result of Kraft's issues, the City had worked out an incentive type of program to help the customers who had expressed concerns, and asked Mr. Koenig to explain how that program works. Responding, Mr. Koenig stated that he did not have the components of that rate with him; however, as he recalled, the City had adopted an economic development rate for a two-year period. He explained that the first 12-month period ended in January and 12 months remained on the agreement for a credit reduction of a component of energy associated with Kraft's bill. Mr. Koenig noted that Kraft's request was made to attract additional product lines to the Dover facility that were being moved from other facilities that were closing. He explained that Ms. Romeus had completed the first year calculation, which confirmed that everything seemed to be on track with what was predicted for the City. Mr. Koenig stated that the agreement with Kraft was a

two-way street, explaining that there was a reduction in electric on the City's part and on Kraft's part additional jobs and product lines were brought in.

Mr. Neil asked if the Kraft model could be continued if similar situations cropped up. Responding, Mr. Koenig advised that the economic development rate could be used selectively for economic development projects. He indicated that if it was desired to apply this with a broad brush across an entire classification of customers, it would take more analysis to ensure that the City does not hollow out a source of revenue in one (1) rate classification and have to look for it in another.

Mr. Hare stated that he had been involved with the discussions with Kraft, and Kraft had initially wanted the City to reduce rates under the threat of Kraft leaving. He noted that Kraft had indicated that other plants in their portfolio had lower electric rates; however, before meeting with Kraft, he did some work on his own and determined that the City's tax base was considerably lower than what Kraft's other plants were paying. Mr. Hare stated that he thought that the agreement with Kraft was for a maximum of 10 MW. Responding, Mr. Koenig stated that he was not certain it was 10 MW. Mr. Hare indicated that the agreement with Kraft was for a six-month trial, provided that Kraft got the bread factory from Hurlock and some jobs and increased their water use. He noted that there was give and take on both sides, and it had worked out. Mr. Hare advised that he did not believe this was something that the City could do with a commercial business with five (5) employees, for example.

Mr. Hare indicated that he would like to see a list of the 102 commercial businesses that the City had lost in the last two (2) years to see if they had gone elsewhere or gone out of business, because he did not believe that the electric rates were the sole reason that they went out of business. He noted that rates could have affected some of the bigger businesses, like the Walmart that was built just outside the City.

In regard to the comparison of electric rates that he had requested, Mr. Hare stated that he wanted it to include Delmarva Power and Delaware Electric Co-op; however, the purpose was to see how Dover compares with other cities, such as Smyrna, Lewes, or Milford. He indicated that he thought this rate comparison would be useful when a business says they are going to Smyrna or Middletown.

Mr. Anderson noted that the Chamber of Commerce had expressed concerns regarding commercial rates, noting that there had been a slight increase. He commented that the City had indicated that residential rates would be tackled first and then staff would start looking at the commercial side. Mr. Anderson stated that residential and big business rates had been addressed but commercial rates seemed to get left out. He suggested looking at commercial rates if a rate adjustment is done because there are a lot of small businesses and organizations that deal with $600 and $700 electric bills and have a demand charge that is significantly more than their usage. Mr. Anderson noted that this is difficult to explain when these customers do things to conserve, such as getting LED and fluorescent lights, changing their

patterns, and lowering their usage, yet they are still stuck in a C-3 or C-4 classification.

Mr. Koenig stated that Mr. Anderson was describing a customer who makes significant operational changes to change their service classification. He expressed the need for the City to be conscious of this, stating that customers who feel their bills are out of whack with their usage should call the Electric Department so that staff can review the individual customer. Mr. Koenig explained that one (1) of the reasons for the development of the key account program was to help entertain dialog between the City's utility and individual customers. He noted that there was one (1) person in that program. Mr. Koenig advised that the initial focus was on the largest customers, but the hope was to apply those discussions to others. He reiterated that the system was changing. Mr. Koenig noted that the customer wants to spend money to upgrade their facility with the expectation that their bill will decrease and not increase; however, there is a challenge in some cases because there are costs that the utility has to recover.

Mr. Hutchison questioned how far in advance the City buys its electricity. Responding, Mr. Koenig stated that the City has a five-year hedging strategy and buys power in a declining block. He explained that approximately 80% of the power is purchased for the current year, which would decline to approximately 60%, then 40%, and 20%. He noted that the amount declines over a five-year horizon. Mr. Koenig advised that Council authorized two (2) energy purchases last year outside of the standard, including a block of power over a 10-year supply that starts a couple of years out and another block over a five-year period. He stated that under normal circumstances the City buys hedges in a five-year profile; however, the City currently has purchases that are out approximately 12 years.

Mr. Hutchison asked if the steps that Mr. Koenig had discussed to provide hands-on, everyday help would also help to address the concerns that were raised by the General Assembly. In response, Mr. Koenig indicated that members of the General Assembly have an interest in why the City makes the transfers that it does and how they are justified. He noted that each municipality needs to be able to articulate why certain decisions are made with respect to their local rates. Mr. Koenig noted that Dover, as a community, had authorized a $10M transfer from the Electric Fund to the General Fund to offset the cost of property taxes and general government operations. He advised that, if he was advocating for the City, his answer regarding transfers would be that there is a need to look at total costs, rather than focusing only on what is paid for electricity. Mr. Koenig indicated that there is a need to value what is paid for water, sewer, property tax, and the services that are received, noting that Dover is very much a full-service city.

Mr. Koenig noted that the discussion can become distorted, explaining that if someone tells him that a business left Dover because the electric rates were too high, he immediately wants more information because moving a business to a different operating location is a huge undertaking. He indicated that if a business is moving

because the electric bill is too high, there are a lot of questions about what the bill is being compared to, what improvements have been made to the facility, and how energy efficient the current facility is versus a new facility. Mr. Koenig reiterated that Dover is a full-service City and has local control of how rates are set and how much is transferred. He noted that American Public Power provides guidance on what they would recommend transfers to be, and accounting standards also provide recommendations regarding the amount of cash and reserves. Mr. Koenig advised that City Council can, within reason, modify those terms and each Council does that to meet the needs of the community.

Mr. Koenig indicated that, in his opinion, the electric system had been a fantastic community asset that had provided a revenue stream, an opportunity to attract business, and an economic development tool. He noted that, at the same time, it is the most complicated thing that staff had brought before Council and was not getting easier. Mr. Koenig indicated that it is difficult to run, operates 24/7, and everyone expects the lights or motor to come on when a switch is flipped. He stated that he was thankful that the power system is extremely reliable; however, there is a cost for reliability and one cannot sit on one's hands and assume that the system will function by itself. Mr. Koenig noted that reliability was a conscious decision that the City had made, and it had a cost that Council had authorized through personnel, maintenance, and capital improvements. He explained that even if the rate is two (2) cents, if the switch is flipped and the power does not come on, businesses will not be happy. Mr. Koenig noted that it would not matter if the bill is low if the business cannot produce what it needs to produce to make the business work. He stated that there are many factors that go into economic and business decisions, noting that electricity is a big one but it is not the sole defining factor for most economic activity.

Mr. Hutchison expressed appreciation for Mr. Koenig's comments and stated that the tools that were being looked at would ultimately enhance staff's ability to better manage the electric system day to day, and provide better and faster information to help make decisions.

Mr. Koenig stated that the City wants to provide customers with reliable power and wants customers to be happy, pay their bills, and be successful, because that makes the City more successful.

Responding to Mr. Hosfelt, Mr. Koenig explained that those in residential houses would have the same rate classification. He noted that their bills would be different based on their lights, etc.

Mr. Hosfelt asked if a small business with five (5) employees would pay the same rate as Energizer for electricity and, if not, who would pay more. Responding, Mr. Koenig indicated that there are three (3) or four (4) components that go into how a business's bill is calculated, including the size of their service connection to the building, demand, usage, etc.

Mr. Hosfelt asked if those who use more power pay less or more for it. Responding, Mr. Koenig explained that the matter is not that simple.

Mr. Hosfelt asked if two (2) large customers, such as Energizer and DAFB, would pay the same or different rates, depending on their usage as well. In response, Mr. Koenig advised that Kraft, and Procter and Gamble are two (2) large facilities, and the only difference in their rates is that Kraft is being given a credit for economic development. He explained that if they used the exact same amount of energy at the exact same time, as measured over a 30-day period, their base bill would be equal. Mr. Koenig stated that currently Kraft would get a credit based on the economic development component that was granted to them.

Mr. Hosfelt noted that there was a PCA in place this year and asked if Mr. Koenig thought the City would be able to grant a PCA again next year. Responding, Mr. Koenig indicated that Mrs. Donna Mitchell, Controller/Treasurer, had reviewed the PCA, which was a little over 2% last year, and that credit was put into the five-year forecast. He stated that, assuming the budget inputs going forward are within the parameters of the five-year review, the expectation is that the City can keep the PCA in place, provided the numbers can be supported and Council wishes to return that money through the PCA. Mr. Koenig noted that the philosophy of the PCA was that it takes a long time to get a rate design in place because there is modeling, testing, and background work. Mr. Koenig advised that the baseline in general budget development is the tariffs that are in place. He noted that the second priority is to be able to maintain the PCA and to factor in the capital plan, which is relatively steady, and then labor and energy costs. Mr. Koenig indicated that, over the last couple of years, the City had seen low wholesale energy costs. He stated that he felt relatively good about the rates that would be discussed for the FY 18 budget.

Quarterly Review of Utility Related Capital Investment Plan (CIP) (Electric and Water/Wastewater)(October, November, and December)

Mr. Scott Koenig, City Manager, reviewed the Quarterly Report for the Capital Investment Plan (CIP) as of December 31, 2016. Referring to the Electric Improvement & Extension Fund - Major CIP Projects, Mr. Koenig advised that a Metering System Upgrade had been done in regard to replacement of wholesale meters related to several of the larger substations and the McKee Generation Plant. He noted that Project EE1415, Metering Infrastructure, was an automated metering project that Mr. Harry Maloney, Electric Director, and his staff were currently reviewing so that the 20 largest meters could be converted to automated meters to get the fluid, incremental use that had been discussed earlier in the meeting. He explained that the VanSant Capacity Increase project was complete, other than some closeout paperwork.

Under FY-2015 Projects, Mr. Koenig noted that some work was being completed in regard to the 69 kV rebuild on Horsepond Road. He noted that there had not been an opportunity to get on top of frozen ground at the farm field with heavy trucks because it had not been a cold winter, and this caused some delays. Mr. Koenig

explained that work on the Towne Point Distribution Feeder project was underway and they were working through that subdivision to improve the electric utility there.

In regard to FY-16 Projects, Mr. Koenig informed members that additional work would be done on the VanSant Exhaust Plenum Replacement in the spring of 2017. He advised that the McKee Unit 3 Stack Repair project was complete and staff was getting the final contract documentation in place. Mr. Koenig noted that this project came before Council earlier in the fiscal year. He stated that a lot of the work on the 69 kV cable replacement on North Street was indirectly related to work on the West Dover Connector. Mr. Koenig advised that the Horsepond Road project was complete. In regard to Trailer Park Upgrades for Oak Grove Trailer Park and Dover East Estates, he indicated that these projects were in progress and awaiting completion. Mr. Koenig stated that Project EE1631, North Street Overhead to Underground, was related to proposed North Street sidewalk improvements.

Mr. Koenig advised that the Electric Department's team was working diligently through the capital plan, in addition to working on customer improvements that were coming on line, components related to the generation stations, and capital plans associated with McKee Run and VanSant. He indicated that a lot of older projects had been cleaned up and were being closed out, and staff was now focusing a lot of attention on current year projects.

Updates

Green Energy Funding and Programming

Mr. Scott Koenig, City Manager, advised members that the Green Energy Funding program remained open and people were applying for funding. He indicated that a majority of the funding was dedicated to improvements associated with the Dover Public Library that were in place a few years ago. Mr. Koenig stated that people were adjusting their behaviors and moving to more efficient units and some are applying for grants. He advised that the program is moving forward, is monitored regularly, and is becoming a component of doing business for the City.

National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit

Mr. Scott Koenig, City Manager, stated that staff had been before Council for approval of consulting work related to the National Pollution Discharge Elimination System (NPDES) Municipal Separate Storm Sewer Systems (MS4) Permit, which was now underway. He explained that staff was working on components of the conciliation order and mapping out the City's operations to fill the needs of the permit. Mr. Koenig advised that quite a few of the things that are done on a day-to-day basis qualify for permit compliance, and staff was getting all those things into the permit. He noted that an environmental scientist had been recruited and started late last year, and this employee was working his way through the components of the permit. Mr. Koenig indicated that staff was steadily lining up the City's operations with the needs of the permit and developing additional partners on how to get the

word out that stormwater quality is important. He stated that there were some major stormwater projects that staff believed would enhance the permit and the operation in the long run. Mr. Koenig explained that the Meeting House Branch project, while not written directly into the permit, is a major stormwater improvement that includes piping and wetland creation that will benefit additional economic development and redevelopment downtown. He noted that all of these things are important to demonstrate compliance with the permit as well as improved water quality.

Mr. Koenig indicated that many tedious components go into the permit, such as public outreach, interaction with students, and developing customer contact flyers, dog waste signs, and bags. He advised that it requires constant attention to make sure those things are going forward and that the City gets feedback from its customers. Mr. Koenig expressed his opinion that staff had done a very diligent job of progressing toward permit compliance, and he was very happy with what they had done in the last two (2) or three (3) budget cycles in gravitating toward compliance.

Mr. Blakeman mentioned that mailers had been received in his neighborhood from outside vendors offering to supply electric current at $0.07 per kWh to customers, and people did not understand that this was only part of the charge and they would also have to pay for delivery. Mr. Blakeman suggested that members advise anyone talking about this that they are not getting the whole story.
Responding to Mr. Neil regarding the City's cost, Mr. Koenig advised that the cost varied and was $0.12 per kW on the residential side.

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held with Chairman Hare presiding.

Proposed Amendments to Chapter 17, Title 22 of the Delaware Code Relating to Municipal Tax Increment Financing and Chapter 18, Title 22 of the Delaware Code Relating to Municipal Special Development Districts (John Paradee)
Mr. John Paradee, attorney, Baird, Mandalas, Brockstedt, stated that he was representing Western Development and the Simon Property Group, the owners of the Dover Mall. He acknowledged the presence of State Senator Brian Bushweller and expressed appreciation for his interest and support, which Mr. Paradee stated was critical to the success of the Collector-Distributor Road Modification to the Scarborough Road Interchange project. He noted that there had been articles in the paper about this project and stated his intent to talk primarily about its funding.

Mr. Paradee provided members with several documents, as follows:

1) Collector-Distributor Road Modification to the Scarborough Road Interchange cover page

2) Draft SR-1 Scarborough Road C-D Roads Concept Plan - CTP Estimate Methods and Assumptions, dated December 5, 2016. Mr. Paradee explained that this concept plan included the Delaware Department of Transportation (DelDOT) proposed budget for the project and reflected a total project cost for design and construction of $31M. He stated that he thought this was a conservatively high estimate and expected that the project would come in below this amount.

3) A memorandum from Rick Gobeille, Jacobs Engineering, dated November 4, 2016, regarding SR1 Scarborough Road C-D Roads Revenue Analysis - REVISED. Mr. Paradee stated that this toll study was completed by Jacobs Engineering, DelDOT's consultant.

4) An article entitled, "Tax-Increment Financing (TIF)" from *Good Jobs First,* dated January 31, 2017. Mr. Paradee stated that this article provided more detail about this type of financing.

5) A proposed amendment to Chapter 17, Title 22 of the Delaware Code relating to Municipal Tax Increment Financing, and a proposed amendment to Chapter 18, Title 22 of the Delaware Code relating to Municipal Special Development Districts. Mr. Paradee advised that he would discuss the proposed amendments in great detail, noting that these were what he and Senator Bushweller had been working on.

6) A proposed resolution to support the enactment of legislation by the Delaware General Assembly that would enable the utilization of tax increment financing and special development districts within both the City of Dover and Kent County, Delaware. Mr. Paradee noted that at the end of his presentation he would respectfully request a resolution that would authorize the General Assembly to move forward with the two (2) pieces of legislation he would be discussing.

Mr. Paradee reiterated that the proposed budget for the the Collector-Distributor Road Modification to the Scarborough Road Interchange project was approximately $31M from the inception of design through the completion of construction. He noted that DelDOT had been studying this road project for over 10 years, and their concept for financing the bulk of the cost was tolls. Mr. Paradee indicated that there would be a $0.50 toll on each of the northbound and southbound lanes coming into an access road directly behind the Dover Mall that would access the back of the mall, ultimately connect to the existing ring road, and then extend to Route 13. He stated that Jacobs Engineering took a very conservative approach in estimating the projected toll revenues in the toll study. Mr. Paradee explained that Jacobs

Engineering came up with four (4) alternative scenarios depending on traffic calculations. He advised that Alternative 2, which is very conservative, is Jacobs base case and the case that they embrace. Mr. Paradee indicated that if Alternative 2 ends up being the scenario, with the assumptions made it will not be enough to generate $31M to pay for the entire project; however, Alternatives 3 and 4 would be enough. He stated that tolls were expected to be collected over a period of 20 to 25 years to pay the $31M and would continue after that time, when they would go into the transportation trust fund.

Mr. Paradee advised that the toll revenue may or may not pay for the entire $31M project budget, and this is where the Tax Increment Financing (TIF) and Special Development District (SDD) financing would come into play. He stated that Alternative 2 would perhaps generate as much as $25M of the $31M needed, leaving a shortfall of $6M. Mr. Paradee indicated that if toll revenue was insufficient, TIF had been discussed as one (1) way of financing the project. He explained that this is a mechanism that allows the use of future tax revenues generated by an economic development project to help pay for the project. Mr. Paradee estimated the base tax assessment at the Dover Mall at $46M and noted that this project was expected to more than double the size of the mall, which would equate to $92M. He explained that the $46M difference between these two (2) figures would be the increment or delta. Mr. Paradee stated that taxes would be collected on the mall as it is improved with new buildings and roads, and the existing base tax would continue to be paid into the City coffers as expected. The taxes generated from the new $46M assessment would be paid into the TIF, and that money would be used to pay back the bonds. Mr. Paradee advised that these bonds would be revenue bonds, rather than bonds that would pledge the faith and credit of the City of Dover, Kent County, or any other public entity that might issue them. He stated that these revenue bonds would be sold on the private market and purchased by bond holders, who would be generating the income to pay for the project. Mr. Paradee advised that they would hold the bonds to get paid back from the TIF. He stated the importance of understanding that this approach would not take any money out of anyone's pocket, and this would be new-found money. Mr. Paradee indicated that the existing tax revenue that the City, County, and school districts currently enjoy would remain in place and not be touched. He advised that only the new tax revenue that would be generated was being discussed and, once the bonds were paid back, all the tax revenue would come back into the coffers of the City, County, and school districts.

Mr. Cole asked who would be responsible if the bonds could not be paid off with the incremental revenue. Responding, Mr. Paradee explained that this is where SDDs would come into play. He stated that DelDOT would orchestrate the bonds and DelDOT's bond counsel would help to write the bonds. Mr. Paradee stated that DelDOT had insisted that SDD financing be pursued at the same time as TIF financing, noting that the SDD would be considered a safety net. He indicated that the bottom-line answer to Mr. Cole's question was that the property owner's taxes would go up. He stated that SDD financing imposes a second layer of taxation, which would be a third source of revenue in this case. Mr. Paradee explained that if

the toll revenue and the TIF were not adequate to pay back the bond obligations, then the property taxes on the underlying property would be increased to make up the difference. He stated that the worst-case or doomsday scenario would be for the road to be built but not the stores, and the incremental tax financing would never appear. Mr. Paradee advised that, in this case, the bond holders would essentially have a mortgage on the mall property and would be entitled to assess that lien against the property and collect it from a sale of the property. He indicated that discussions were being held with M&T Bank to potentially be the bank that would help underwrite or issue the bonds. Mr. Paradee stated that they were confident that the value in the real estate was there, so that even in the worst doomsday scenario the bond holders could be made whole. He noted that the debt would not be a debt of the City, County, or public but would be private, so the City, County, or school districts would not be at risk.

Mr. Cole stated that he had looked through some of the information and noticed there were some clauses that indicated that when TIF districts are created, some states are "but for" states and contractors would require developers to certify that the project would not go forward "but for" the TIF. He asked if Delaware is a "but for" state. Responding, Mr. Paradee indicated that there had been some criticisms stating that TIF should not be engaged in for economic projects that would happen anyway, and there were questions about why this approach would be used if project revenue would be received anyway. He explained that the access road would not happen if this approach were not used, noting that if the road is not built, the back 85 acres of the mall would not be developed. Mr. Paradee stated his belief that the "but for" requires certifications from the owner of the property that but for this tax increment financing, the project would not happen. Mr. Paradee advised that this was the case for the project being discussed; however, he did not believe that Delaware has this requirement in its existing statute, although this was an important consideration.

Mr. Paradee informed members that TIF and SDD financing currently exist in the State of Delaware but only in New Castle County for the City of Wilmington. He explained that in Title 22, Chapters 17 and 18 of the Delaware Code, the definition of municipality is "any town or city in the State of Delaware with a population in excess of 50,000 people," and this applies only to the City of Wilmington. Referring to the proposed legislation amending Chapter 17, Title 22 relating to Municipal Tax Increment Financing and Chapter 18, Title 22 relating to Municipal Special Development Districts, Mr. Paradee explained that these proposed bills would change the definition of municipality from 50,000 to 35,000, which would allow the City of Dover to qualify for TIF and SDD financing. He noted that it was important to understand that both TIF and SDD financing were being proposed and they would not be used separately. Mr. Paradee stated that DelDOT's bond counsel would not allow moving forward without both types of financing because of the need for the SDD safety net underneath the TIF.

Mr. Paradee explained that the current discussion related only to obtaining authority from the General Assembly in the form of enabling legislation which would allow

the City of Dover and Kent County to have these tools in their toolbox. Mr. Paradee indicated that if a decision was made to proceed with TIF and SDD financing, they would have to come back before Council with a very specific proposal for this project, with all of the numbers and projections hammered out. He explained that he would not be the only person coming before Council at that time, noting that the bond counsel would explain exactly how the financing would work. Mr. Paradee advised that a series of ordinances and resolutions would be needed from the City and from the County to make this happen. He reiterated that he was not asking Council to bless the TIF and SDD for this project but to bless the enabling legislation. Mr. Paradee stated that Senator Bushweller had instructed him to meet with the City, County, and school districts to make sure they were okay with the concept of having this tool in their toolbox.

Mr. Hosfelt asked for an honest assessment of Simon Group's current position and what they were looking at if this was not approved. Responding, Mr. Paradee stated his belief that, if the owners were standing here, they would say that the mall is vibrant and healthy and that traffic numbers have remained steady. He indicated that Dick's Sporting Goods had helped a lot; however, Sears was struggling locally and nationally, and their expectation was that the Sears store would not be there long term. Mr. Paradee noted that it may be a matter of months or longer; however, they expected that the Sears store would ultimately become something different. He stated that the concept plan they had been putting forward showed 647,000 square feet of new retail space on the back 85 acres, as well as 54,000 square feet of new retail improvements in the existing mall, including the current Sears location. Mr. Paradee stated that if Sears does not renew their lease, which they expect will happen, that end of the mall will be redesigned into a different retail configuration. He advised that the concept plan also called for a redesign of the food court to substantially upgrade and reinvigorate it. Mr. Paradee indicated that Macy's had been looking at closing stores nationally and expressed concern that the Dover Macy's store could be on their list someday if this project does not move forward in a timely manner. He explained that they had not been told anything that suggested that the Dover Macy's would be closing presently; however, he expressed his opinion that it would be foolish not to recognize that Macy's is reviewing their stores nationally, and any store where the outlook is less than bright is vulnerable. Mr. Paradee stated that the Dover Mall is currently very healthy, but it is not immune and is vulnerable.

Mr. Neil stated that he is always looking for an escape route to be used during NASCAR and Firefly Music Festival events when a section of the Third District is cut off from Route 13. He stated that this would be a perfect example of opening the area up. He indicated that he was glad to see that, while Dover Downs' leadership would not move forward on this, they would not object if it goes through. Mr. Neil stated that there was no question about the fact that New Castle County and Wilmington have an advantage because Wilmington has more than 50,000 people, and this hurts Dover in the tourist area. He stated that the City cannot get an accommodations tax because it is below the 50,000 mark. Mr. Neil stated that the

proposed legislation might be a breakthrough, and it would not cost the City anything to back or support the process, noting the adage that "if you don't play, you can't win." He stated the need to open up and give a chance to businesses, noting that there had been discussions about electricity and bringing businesses in. Mr. Neil indicated that if the project moves forward, it would be to the City's advantage to have more businesses paying taxes and bringing people through. He suggested that the City may then be able to get an accommodations tax if the Delaware League of Local Governments would support an effort for such a tax. Mr. Neil stated that the City had nothing to lose by giving its support and that he would be in favor of it.

Mr. Paradee agreed that this proposition would not cost the City or City taxpayers a dime.

Mr. Hare stated his understanding that individuals exiting Route 1 at Scarborough Road would pay a toll, and individuals exiting Route 1 at the mall would pay a toll; however, individuals would not pay both tolls, and Mr. Paradee stated that this was correct.

Mr. Hare asked if lowering the threshold from 50,000 to 35,000 would also affect what the State currently pays the City in lieu of taxes. He noted that Wilmington has less non-taxed property associated with the State than the City of Dover has but receives 10 times more because their population is 50,000 and Dover's is not. In response, Mr. Paradee indicated that the change being discussed was only in the chapters of the Delaware Code dealing with municipal TIF and SDD financing and would have no impact elsewhere in the Delaware Code. He stated that the tax disparity would remain unchanged.

Mr. Paradee noted that he had always thought of Dover as the third or fourth largest city in the State after Middletown or Newark; however, the populations of Middletown and Newark are approximately 33,000 or 34,000. He noted that by changing the number to 35,000, only Dover and Wilmington would be authorized for TIF financing. Mr. Paradee informed members that Bridgeville and Millsboro do not have TIF; however, they do have the SDD tax ability. He indicated that these municipalities obtained this authorization, not through changes to the population number in Chapter 18, Title 22 of the Delaware Code, but because the General Assembly approved changes to their town charters. Mr. Paradee noted that DelDOT's bond counsel had advised him on February 13, 2017 that he should review the City's Charter to make sure there were no conflicts that might arise as a result of this change. He stated, for example, that if there was some limitation on the City's ability to issue bonds that might be offended or run afoul as a result of this legislation, he wanted to review this. Mr. Paradee indicated that there may be a tweak or two (2) or a housekeeping measure required in the City's Charter and wanted to make sure that he mentioned this so it would not be a surprise.

Mr. Neil stated that he was a fan of the DE Turf Sports Complex, and that many soccer, field hockey, and lacrosse tournaments were coming in south of the City. He

noted that people were starting to come to those games and stopping at the mall. Mr. Neil asked members to imagine if Dover had a mall equaling the mall in Wilmington, stating that such a mall would be a magnet on a long-term basis. He indicated that he would love to see a flow of traffic coming through and helping to lower the rest of the City's taxes.

The Committee recommended adoption of Proposed Council Resolution No. 2017-02 supporting the enactment of legislation by the Delaware General Assembly that would enable the utilization of tax increment financing and special development districts within both the City of Dover and Kent County, Delaware.

In response to Mr. Paradee, Mr. Hare advised that this matter would move to full Council in two (2) weeks.

Mr. Lewis moved to suspend the rules to allow Mr. Mandalas to answer questions. The motion was seconded by Mr. Sudler and unanimously carried.

Mr. Lewis advised that he submitted four (4) questions to the City Clerk for the record. He noted that two (2) of the questions had been previously answered by the attorney representing the client and he would submit the answers to the City Clerk the following morning **(Exhibit #2)**.

Mr. Lewis asked if the City of Dover would be financially obligated if it agreed to the project and, if so, how. Mr. Glenn Mandalas, Baird Mandalas Brockstedt, 6 South State Street, representing the owners of the Dover Mall, advised that the request is that City Council merely approve enabling legislation so that the General Assembly may authorize the City to put another tool in its bag called Tax Increment Financing and Special Development District Financing. He noted that the request was not specific to the Dover Mall, although they hoped that someday it would be used with the Dover Mall, but to be clear to the members of the public and everybody else, this is simply City Council's endorsement of enabling legislation that the General Assembly would adopt that would then allow the City, if it wanted to, to pursue special Development District or Tax Increment Financing.

Mr. Mandalas advised that the City would not be obligated, financially or otherwise, if it went forward at some later date on this Dover Mall project. The bonds that would be issued would be revenue bonds payable only by those revenue sources that would be identified within the bond instrument itself. He advised that, in this case, it would be new toll revenue from a Route 1 exit. In addition, there would be property tax revenue generated by the Tax Increment Financing. Mr. Mandalas stated that if the revenue sources were insufficient to cover the obligations of the bond, then the only recourse the bond holders would have would be against the Dover Mall property itself.

Mr. Mandalas stated that the faith and credit of the City would not be pledged to support the bonds, so it was not a General Obligation bond where the city would have to raise taxes to somehow cover the bond.

Responding to Mr. Neil, Mr. Mandalas advised that the City of Wilmington and New Castle County already have the ability to use Tax Increment Financing, which applies only to cities and municipalities of 55,000 or more in population. He stated that the General Assembly would reduce the population from 55,000 to 35,000 or more in population to include the City of Dover.

Mr. Neil asked if the service road would provide any inter-connectivity to access all of the business along its path, or just provide access to Dover Mall. Responding, Mr. Mandalas stated that the current plan, which could be revised before it comes back to City Council, provides not only access to the Dover Mall off of Route 1 but also access to Dover Downs. He advised that the idea is that taking that traffic off of the Route 13 corridor and taking it right from Route 1 to those major establishments would then relieve some congestion on Route 13, which they think will provide greater opportunity for businesses that are already along Route 13 and would probably provide opportunities for newer businesses to locate there, given the less congested Route 13 that would hopefully be a result of this project.

The Committee recommended adoption of Proposed Council Resolution No. 2017-02 supporting the enactment of legislation by the Delaware General Assembly that would enable the utilization of tax increment financing and special development districts within both the City of Dover and Kent County, Delaware.

By motion of Mr. Hare, seconded by Mr. Hutchison, Proposed Resolution No. 2017-02 was unanimously adopted, as recommended by the Committee, as follows:

A RESOLUTION SUPPORTING THE ENACTMENT OF LEGISLATION BY THE DELAWARE GENERAL ASSEMBLY THAT WOULD ENABLE THE UTILIZATION OF TAX INCREMENT FINANCING AND SPECIAL DEVELOPMENT DISTRICTS WITHIN BOTH THE CITY OF DOVER AND KENT COUNTY, DELAWARE

WHEREAS, tax increment financing and special development districts are mechanisms frequently employed by local governments to enable the funding of certain capital improvement and infrastructure development projects which may not occur otherwise; and

WHEREAS, all 50 states in the United States of America have adopted statutes enabling tax increment financing and special development districts in some form; and

WHEREAS, the State of Delaware General Assembly has previously enacted statutes which allow New Castle County and the City of Wilmington, but no other political subdivisions within the State, to utilize tax increment financing and special development districts as funding mechanisms for certain capital improvement and infrastructure development projects; and

WHEREAS, the City of Dover views tax increment financing and special development districts as alternative funding mechanisms with significant potential and utility for certain economic development and community redevelopment projects in both the City of Dover and Kent County, Delaware.

NOW, THEREFORE, BE IT RESOLVED that the City of Dover City Council does hereby resolve to support the enactment of legislation by the Delaware General Assembly that would enable the utilization of tax increment financing and special development districts within both the City of Dover and Kent County, Delaware.

ADOPTED: FEBRUARY 27, 2017

Expiration of Downtown Dover Partnership (DDP) Loan Guarantee Extension

Members were advised that the Downtown Dover Partnership (DDP) has two (2) PNC loans with a City loan guarantee. These loans are collateralized by the DDP's property holdings, and payments are covered through the rents on the properties. The City provides the guarantee as the loan to asset value is not greater than 80%. During the Regular Council Meeting of July 14, 2014, Council approved the extension of the Downtown Dover Partnership (DDP) loan guarantee with PNC Bank through March 1, 2017.

Mrs. Donna Mitchell, Controller/Treasurer, advised members that staff recommended an extension of the City guarantee of the Downtown Dover Partnership loans for a period of three (3) years effective March 1, 2017 on the loans between PNC Bank and the Partnership.

The Committee recommended approval of Staff's recommendation, seconded by Mr. Hosfelt and unanimously carried.

By consent agenda, Mr. Hosfelt moved for approval of the Committee's recommendation, seconded by Mr. Lewis and carried by a unanimous roll call vote.

Report of Independent Public Accountants for the Fiscal Year Ending June 30, 2016

Mr. William Seymour, Engagement Partner, SB & Company, LLC, reviewed a presentation entitled, "Presentation to the City Council - February 14, 2017." He explained that this presentation represented SB & Company's required communications under generally accepted auditing standards, as well as their company's standards. Mr. Seymour advised that SB & Company performed an audit of the City's June 30, 2016 Comprehensive Annual Financial Report (CAFR) and had worked with management on a year-round basis. In summary, he stated that SB & Company had issued an unmodified or clean opinion on the City's financial statements, which is the best opinion that he was allowed to issue under generally accepted auditing standards. Mr. Seymour advised that the financial statements, as presented by management, were reasonably free of material misstatement. He indicated that the auditors did not discover and were not made aware of any instances of material fraud, discovered no material weaknesses in internal controls, and received the full cooperation of management.

Referring to page 12, Mr. Seymour reviewed SB & Company's observations, noting that, consistent with prior periods, they recommended that Council consider hiring

an internal auditor who could work directly for the City and do more than financial statement or single-audit compliance-based items. He stated that this individual could do performance audits as well as provide budgetary insight with an independent voice on different areas that may be of concern. In addition, Mr. Seymour noted that, during the course of the audit, the terms of a contract were approved by Council; however, the contract was not ratified until after year end, even though it went into practice. He indicated that SB & Company believed that it was complied with; however, he noted that it was not a good practice to enter into an unsigned contract since someone could potentially try to change the terms of the agreement after it starts. Mr. Seymour advised that this was not material to the financial statements; however, it was something to consider in regard to best practices. Responding to Mr. Anderson, Mr. Seymour indicated that he was referring to the City's contract with the Dover Organization of Employees (DOE).

In regard to page 13, Accounting Update, Mr. Seymour advised that next year the City will have to adopt Government Accounting Standards Board (GASB) 77, a required tax abatement disclosure. He explained that this relates to exchange-like transactions the City has made with employers or others to provide a break on taxes if they create a specific number of jobs. Mr. Seymour indicated that this was currently not included in the financial reporting template because there was no revenue that would have been generated. He stated that this will now be required as a footnote disclosure to show the reader of the statements that the City gave up a specific number of dollars of potential property tax revenue for whatever the terms of a deal would be.

Mr. Neil asked, when discussing tax revenue, if Mr. Seymour was talking about assessments, electric profit, or all profit. Responding, Mr. Seymour advised that GASB was implementing a kind of trial balloon to have municipalities and governments start to collect this information. He stated his understanding that this will go on the face of the financial statements, similar to a retail set of financial statements, where discounts from gross revenue are shown. Mr. Seymour indicated that the idea was that when a tax-paying base is paying their fair share of taxes and someone is given a discount off that, this proportionally charges the tax-paying citizens more heavily for the cost of running the City. He advised that the discounts are not currently disclosed within the financial statements, noting that he was not saying that this was right, wrong, or indifferent, but that it would be disclosed in the future. He indicated that, depending on the terms and nature of each of the individual agreements, it could be outside core or basic taxes.

In reference to page 17, Required Communications (continued), Mr. Seymour stated that SB & Company received a management representation letter and could provide a copy of it if the City so chose. He indicated that there was nothing special in that letter that auditors would have to bring to members' attention.

The Committee recommended acceptance of the report.

By consent agenda, Mr. Hosfelt moved for approval of the Committee's recommendation, seconded by Mr. Lewis and carried by a unanimous roll call vote.

Presentation - Comprehensive Annual Financial Report (CAFR)

Mrs. Donna Mitchell, Controller/Treasurer, reviewed a presentation entitled, "City of Dover Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 2016." She explained that this presentation was shorter than those provided in previous years and she had taken only the key points from the Comprehensive Annual Financial Report (CAFR). Referring to page 2, FY 2016 Financial Highlights, she explained that the Electric Revenue Fund experienced an increase of $7,353,700 due to a reduction in the cost of power supply, not a decrease as stated in the presentation.

Mr. Sudler stated that he liked the changes Mrs. Mitchell had made in the report, which was informative and kept his attention.

Mr. Slavin noted that the General Fund actual carry-forward was approximately $5.4M and asked what the budgeted carry-forward was. Referring to page 7, Original vs. Final Budgets - Major Operating Funds, Mrs. Mitchell advised that the ending fund balance was projected to be $4.4M. Mr. Slavin asked if the carry-forward would be applied to Other Post-Employment Benefits (OPEB) or otherwise designated, per the City's fiscal policies. Responding, Mrs. Mitchell stated that this year the City did not have any carry-forward to put toward OPEB or pension. She reminded members that $300,000 of the favorability was taken out of expenses to put toward the bad debt collections uncollectible reserve, due to the demolitions that were being written off. Mrs. Mitchell explained that this wiped out all of the favorability in the personnel savings, and the positives and negatives in materials and administrative expenses basically wiped each other out, noting that there had not been much there. She indicated that the additional revenues carried forward were used to help purchase property, stating her belief that this was the lot next to the police station. Mrs. Mitchell advised that some money left over from revenues went to the Capital Asset Reserve.

Mr. Slavin asked if Mrs. Mitchell felt that the carry-forward would be higher going into the next budget cycle. Responding, Mrs. Mitchell indicated that it may be, noting that revenues for permits and inspections were trending a little higher and the rest were mostly on budget. She stated that she was unsure if the year would end this way.

Mr. Slavin suggested, if the City does have a higher carry-forward balance as the City enters the budget process, that members look at the OPEB policy and not be quick to go out and find ways to spend anything over and above that. He noted that this may be the City's safety reserve against what happens across the street at Legislative Hall.

The Committee recommended acceptance of the report, as presented.

By consent agenda, Mr. Hosfelt moved for approval of the Committee's recommendation, seconded by Mr. Lewis and carried by a unanimous roll call vote.

Status of Other Post-Employment Benefits (OPEB) and Pension Funds

Mrs. Donna Mitchell, Controller/Treasurer, advised members that a new Government Accounting Standards Board (GASB) requirement was coming that would require that the City recognize Other Post-Employment Benefits (OPEB) and liabilities on financial statements as they are currently recognized with pensions.

Mr. Slavin noted that there are people in the community who believe that OPEB liabilities were the result of the City's lax discipline over the years; however, he stated that the fact was that this was the other way around and that they are the result of more disciplined accounting measures in the wake of some of the scandals that had taken place. He noted that GASB kept rolling out more and stricter accounting standards.

Mrs. Mitchell stated that, following a Request for Proposals (RFP) last year, Nyhart became the City's actuary and there were some interim valuation changes and results. She advised that the standard requires an actuarial valuation every two (2) years and a smaller interim valuation in the in-between years, noting that because of the new standards, updated numbers must be reported in the Comprehensive Annual Financial Report (CAFR) and its notes.

Mrs. Mitchell reviewed a presentation entitled, "City of Dover Retiree Health Benefits." Referring to page 4, Mrs. Mitchell stated that the actuarially required contribution was calculated using the current standard and not the new standard. Referring to page 5, Liability Illustration, Mrs. Mitchell explained that the implicit subsidy is related to the higher costs for older retirees, which was formerly socialized in the whole group and not seen. She stated that it was now required to extrapolate that information to recognize this higher cost in the liabilities. Referring to page 6, OPEB Trust Assets, Mrs. Mitchell indicated that the assumed rate of return of 6.5% was not helping the liabilities. She noted that a meeting was held last week regarding the City's pension funds and the return at the end of the quarter was 9%.

In reference to page 8, GASB 45 Accounting Results by Group, Mrs. Mitchell advised that there was close to a 20% increase in the contribution percentage for next year's budget because of the increase in liability. She indicated that she had scheduled a phone call with Mr. William Seymour, Engagement Partner, SB & Company, LLC; the City's pension investment advisor; and the City's actuary to try to develop a standard rate to make this budget neutral, instead of the spikes the City had been experiencing, and to bring a financing plan to Council regarding how to finance with a steady rate rather than up-and-down rates. Mrs. Mitchell advised that this meeting was scheduled for Friday, February 17, 2017. She noted when the new GASB standards for the pension fund were done a couple of years ago, the funding plan was split from the liability. She stated that the City was required to implement new standards in FY 18; however, if they are implemented early in FY 17, the City

will be able to change its funding plan to accommodate a steady rate, otherwise the City is supposed to put in the actuary required contribution. Mrs. Mitchell wanted to make members aware that the new standards may be implemented early.

Mrs. Mitchell advised members that she thought the 20% increase that she had referenced was not correct and that the actual figure was lower. She stated that this was calculated as a percentage of payroll, and a figure of $17M was used for total payroll rather than $21M. Mrs. Mitchell indicated that the increase should be less than 20% but would still be in the double digits, and staff was working to resolve this.

Mrs. Mitchell reviewed a presentation entitled, "City of Dover General Employee and Police Pension Plans." She explained that, as with the OPEB plan, the City had a new actuary and new standards for the pension plans. Mrs. Mitchell stated that a new mortality table must be implemented and it was expected that the pension liabilities would also increase. As stated during the discussion of the OPEB plan, she indicated that on Friday, February 17, 2017, there would be discussions regarding these funds and how to come up with percentages to be used in ongoing budgets so that there are not big spikes. Mrs. Mitchell advised that it had been explained to her that as long as the City's funding plan is disclosed in the CAFR, there should not be any problems with the City's credit agencies or ratings. She stated that the numbers included in the notes section of the CAFR would be different from those in the statistical section.

Mrs. Mitchell advised that the City fared a little better with regard to the pensions than it did with regard to the OPEB plan. Referring to page 7 - GASB 67,78 Accounting Results - General Employees, Mrs. Mitchell stated that the pension costs and expenses are included in the statements in the CAFR on a Generally Accepted Accounting Principles (GAAP) basis rather than a budgetary basis, which is how this information must be reported in the CAFR.

Mr. Sudler moved for acceptance of the Council Committee of the Whole Report, seconded by Mr. Anderson and unanimously carried.

SPEED CONTROL MEASURES - INDEPENDENCE BOULEVARD (PROPOSAL TO RESCIND THE COUNCIL ACTION OF MAY 9, 2016)

This item was removed from the agenda prior to its adoption.

ESTIMATED COST TO ADDRESS ADA AND SAFETY ISSUES

During the Council Committee of the Whole/Legislative, Finance, and Administration Committee meeting of January 24, 2017 members considered the use of the Levy Court Chambers for holding City Council meetings. The Committee recommended that the City Manager be directed to work with staff to create rough order magnitude estimates to address the ADA and safety issues that were discussed during the meeting.

Mr. Scott Koenig, City Manager, advised that they have had a number of discussions regarding ADA accessibility and safety issues related to the Council Chamber, as well as some of the entrance areas to City Hall for visitor flow into the facility. Because of concerns that were raised during the most recent discussions, instead of installing lifts to access the Council floor, they discussed potentially raising the well of the room to alleviate the change in elevation from the stairs and revamping the floor plan. Mr. Koenig advised that they were trying to get firm estimates on the flooring system that was used in the construction of the new library. He stated that, if that is the avenue that they are going to take, the rough estimate to modify the Chamber was in the range of $35,000 to 50,000. Mr. Koenig noted that modification to the floor would require modification to the dias, the railing, and the carpeting. He advised that they currently have a hand-held microphone for those who cannot access the podium.

Mr. Koenig, referring to discussions related to security and the entrances to City Hall, stated that those estimates were in the range of $35,000 to 50,000, depending on the extent of the glassing and entrance controls used to get in and out of the building.

Mr. Koenig advised that the rough costs, which they will continue to refine as facility decisions are made and numbers are confirmed, are in the $100,000 to $125,000 range to modify the facility for ADA and general safety issues. Mr. Anderson stated that, erring on the high side of the estimate, it would be between $180,000 and $200,000 just for the Council Chambers.

Mr. Koenig noted that they had already made some modifications to the doors in City Hall. He stated that they had discussed with the Mayor, the Deputy Chief, and the former Police Chief assigning officers to oversee portions of the meetings, specifically the Council meetings. He advised that the Mayor offered to extend coverage for other meetings, provided they are given advance notice.

Responding to Mr. Anderson, Mr. Koenig stated that, although there were discussions about lifts, they would create a space problem in the room and raising the floor maintains the floor area and makes the room more accessible. Mr. Koenig noted that the down-side is that it would remove the stadium effect and change the room dynamics.

Mr. Anderson noted that raising the floor would be the most cost-effective solution and it would make it easier to add different television equipment and wiring. Mr. Koenig stated that he agreed that the raised floor would provide the opportunity to run wiring and power and communication cables under the floor instead of running them through the walls.

Responding to Mr. Anderson, Mr. Koenig stated that they were also considering security measures for the access points to the front counter in Planning and Inspections and the lobby outside of the Council Chambers. He explained that metal detectors consume a lot of floor space and the current doors into the lobby would require some type of modification. Mr. Koenig stated that modifications to the front glass doors were included in the $125,000 estimate. He advised that they have not yet brought forward a plan to address side-door entry.

Mr. Sudler asked which contractors or construction companies Mr. Koenig obtained estimates from and if he planned to have an evaluation by an engineer to see if there were any other issues that they

may have to consider. Mr. Koenig advised that they would likely have to hire an architect for the modifications and they would have to put the project out to bid, or use some type of construction management for this facility. He stated that the estimate with respect to the front business office modifications was based on numbers that they discussed with Advantech, which is an approved State contractor.

Responding to Mr. Sudler, Mr. Koenig stated that Mr. Slavin had asked for just rough order magnitude estimates and if they wanted to move forward they would have to put together a spec package. Mr. Slavin advised that he is always sensitive to people calling contractors to get estimates and wasting their time on a project that they are not starting any time soon.

Mr. Sudler asked if a list or any recommendations were provided for City Council members to review. Mr. Koenig stated that he would have to prepare a summary report of the discussions and the options that he believes are available.

Mr. Lewis stated that he knew there was an array of things that they probably need and asked if it would be possible and if it would behoove the City to temporarily put in a ramp. Responding, Mr. Koenig stated that there was a portable microphone for people to speak from the rear of the Chambers and the whole issue related to the Council Chamber is the elevation difference to get down to the dais. Mr. Slavin, noting that he deals with this issue a lot with properties that he manages for the State, advised that the ratio for a ramp is dictated by the Americans with Disabilities Act and it is typically between a one in six and a one in ten rise, one in ten optimally, one foot for every ten feet out. He advised that for every two and half feet they would need 25 feet of ramping, and the ramp has to land in a safe place as well. Mr. Slavin also cautioned that, once they make the Chamber accessible in accordance with the Americans with Disability Act, it is not a room-by-room basis and they will then have to evaluate the entire path of travel, including from the curb into the room, into the bathrooms, to other places that are designated to be publicly accessible.

Mr. Neil expressed concern that they were missing the larger question of what they were going to do about the facility and how much they would have to spend to make it accessible. He suggested that they begin thinking in terms of finally getting a municipal complex, noting that he would prefer to have it at the current City Hall location. Mr. Neil stated that one of the questions he had about the broadcast equipment being discussed later in the meeting was if it could be moved, and at what cost. He stated that they must consider how much they want to invest in the building and how much they want to think about another building that could be modified somewhere in that area and do something very positive going forward.

Mr. Slavin stated that he did not believe that the Council Chamber could be modified to meet all the requirements of ADA, as well as the broadcast requirements. He noted that buying new broadcast equipment was not the only thing they had to address in the Chamber and he was fearful that they were backing their way into what looks now to be about $250,000 worth of renovations without a master plan.

Mr. Sudler stated that he would raise the floor and put the cables underneath the floor so that, if they decide to build something else the system could be moved without being damaged. He also expressed concern about the amount of people that may want to come to a City Council meeting and

the fact that the building is not ADA compliant. Mr. Sudler recommended that they consider building a new facility and then make the minimum modifications necessary until they budget for a new facility.

EVALUATION OF REQUEST FOR PROPOSALS - DOVER BROADCAST AND PRODUCTION EQUIPMENT (RFP 17-0016CC)

During the Council Committee of the Whole/legislative, Finance, and Administration Committee meeting of January 24, 2017, this matter was tabled until the second meeting in February to hear from the staff working with the levy court in terms of what they discover and recommended regarding the use of levy court chambers. During the City Council meeting of February 13, 2017, Discussion - Use of Levy Court Chambers was tabled and thanks were to be communicated to Kent County Levy Court, with the understanding that if the City is under construction of some kind and unable to hold a meeting at City Hall, Council would know there is a safety valve in place to hold meetings.

Mr. Scott Koenig, City Manager, advised that, for many years, Comcast has provided the City of Dover with recording and distribution of content for Dover City Council meetings. During the most recent negotiations with Comcast, they indicated they were moving away from providing that service and, in May 2016, staff started looking at the needs and requirements to continue broadcasting. Mr. Koenig noted that a Request For Proposals (RFP) was sent out in accordance with the City's Purchasing Policy and three (3) vendors, at that time, expressed interest. Ultimately, only two (2) vendors submitted proposals.

Mr. Koenig advised that, with respect to mobility, the camera portions could be moved; however, fixed wiring may not be worth moving, depending on the timeline associated with that move. He noted that the TelVue system is using cloud-based technology so there would be a service contract versus an actual physical server. Mr. Koenig speculated that the equipment would have a lifespan of seven (7) to 10 years and, beyond that, the technology may change or become difficult to upgrade.

Staff recommended awarding the contract to Total Video Products for the City of Dover Broadcast and Production Equipment RFP #17-0016CC, in the amount of $155,349 (to include the project build out and annual support, maintenance and training in the amount of $151,849 and $3,500 respectively), and authorizing the upgrade contract to telvue, as a sole source provider in the continuation of existing broadcasting services and expansion to streaming services for the amount of $8,740 which includes a credit for existing legacy equipment and prepayment options to reduce any future annual costs. The total of both actions is $164,089.50.

Responding to Mr. Lewis, Mr. Koenig stated that the price included installation and monthly maintenance and was being funded with money that was received from the communication network providers that was set aside for improvements associated with local government broadcasting. He noted that there is an annual maintenance fee of approximately $3,500. Mr. Koenig advised that, if it qualifies under the funding source, it can be charged to the funding source, otherwise, it would be a general government expense.

Mr. Neil stated that he thought they owed it to the public to be as transparent as possible and that meant getting the broadcast equipment installed as soon as possible. He noted that, at the same time,

they had to coordinate this project with what they would do to make the Council Chambers ADA compliant or move or build another City Hall.

Mr. Slavin stated that it sounded like they needed to get the cameras first and then make it a requirement that the flooring system has to accommodate the cameras. Responding, Mr. Koenig stated that the proposals assume the current flooring situation with installation of the wiring in the walls.

Mr. Slavin asked if Staff had received information about closed-captioning being available with the new system. Mr. Koenig advised that he believed it was possible and that he would respond separately to the question.

Mr. Hosfelt moved for approval of Staff's recommendation to award the contract to Total Video Products for the City of Dover Broadcast and Production Equipment RFP#17-0016CC, in the amount of $155,349 (to include the project build out and annual support, maintenance and training in the amount of $151,849 and $3,500 respectively), and authorize the upgrade contract to TelVue, as a sole source provider in the continuation of existing broadcasting services and expansion to streaming services for the amount of $8,740 which includes a credit for existing legacy equipment and prepayment options to reduce any future annual costs. The total of both actions is $164,089.50. The motion was seconded by Mr. Hare and carried by a unanimous roll call vote.

PERMANENT ASSIGNMENT OF DUTIES ASSOCIATED WITH INTERIM MANAGERIAL PLAN AND ORGANIZATIONAL CHANGES

Mr. Scott Koenig, City Manager, advised that this was specifically related to discussions regarding budget preparation and read his memo to City Council dated February 23, 2017.

Mr. Hare moved to assign the responsibilities for creating budget for Fiscal Year 2018 to Mrs. Mitchell in the Finance Department, seconded by Mr. Hosfelt.

Mr. Anderson, noting that there is currently a shared arrangement between the City Manager's Office and the Finance Department, questioned the need for a motion to continue that arrangement. He stated that the Finance Department has no departments reporting to it and the department heads that have to submit budgets report mostly to the City Manager. Mr. Slavin advised that the motion addresses some of the difficulties of that arrangement.

Responding to Mr. Anderson, Mr. Hare stated that all of the departments, including the City Manager, would be submitting their budgets to Mrs. Mitchell and she will then put everything together, she will have input on it, and she will have the authority to go back to the departments and make sure everything is correct.

Mr. Anderson stated that he wished that they had kept the part-time Budget Analyst position in the budget last year. He asked Mrs. Mitchell if there was any clarification that she would need before they concluded the motion. Responding, Mrs. Mitchell stated that, as Mr. Hare had indicated, if she is going to be the one putting together the budget, she wanted to have the authority to make all the

decisions regarding the preparation of the budget and input to the budget and presentment to City Council.

The motion to assign the responsibilities for creating the budget for FY 2018 to Mrs. Mitchell in the Finance Department was unanimously carried.

REAPPOINTMENTS - BOARD OF ASSESSMENT APPEALS - FOUR-YEAR TERMS TO EXPIRE MARCH 2021

By consent agenda, Mr. Hosfelt moved for approval of the following reappointments to the Board of Assessment Appeals. The motion was seconded by Mr. Lewis and carried by a unanimous roll call vote.

Thomas Burns, Real Estate Brokerage of Sales
James Galvin, Undesignated
William Garfinkel, Undesignated

REAPPOINTMENT RECOMMENDED BY MAYOR CHRISTIANSEN - PUBLIC ADVISORY COMMITTEE OF THE DOVER/KENT COUNTY MPO - DR. CARLTON L. CANNON, JR. - TERM TO EXPIRE JULY 2018

Mayor Christiansen recommended the reappointment of Dr. Carlton L. Cannon, Jr. to serve on the Public Advisory Committee of the Dover/Kent County MPO for a term to expire July 2018.

By consent agenda, Mr. Hosfelt moved for approval of the reappointment of Dr. Carlton L. Cannon, Jr. to serve on the Public Advisory Committee of the Dover/Kent County MPO for a term to expire July 2018. The motion was seconded by Mr. Lewis and carried by a unanimous roll call vote.

SELECTION OF POLLING PLACES FOR 2017 REGULAR MUNICIPAL ELECTION

The Election Board met on February 22, 2017 recommended the Elks Lodge #1903, 200 Saulsbury Road, as the First (1st), Second (2nd) , and Third (3rd) District polling place for the 2017 Regular Municipal Election.

Mr. Hare stated that he did not think it was a good recommendation, feeling that, with eight (8) candidates, there needed to be division and there should be three (3) different polling places. He noted that the Elks Club is not the most convenient place and that he thought it would deter voters from coming out. Mr. Lewis concurred with Mr. Hare and stated his feeling that using the Elks Lodge as the only polling place would be a grave inconvenience to the citizens of the community.

Mr. Anderson, noting that there is definitely a difference when it comes to people who have to walk to the polls or who are otherwise coming from the eastern part of the City all the way over to the Elks Lodge, stated that he thought there should at least be an east/west location. He asked what alternative polling locations the Election Board considered. Responding, Mrs. Traci McDowell, City Clerk, stated that the alternatives presented to the Election Board were a single polling place at the Elks Lodge or the Elks Lodge for the First District, which is its normal polling place, the Seventh Day Adventist Church for the Second District, and Saint Andrew's Lutheran Church at 425 North

Dupont Highway for the Third District. She noted that the three (3) locations had been reserved in the event that multiple polling places were selected.

Mr. Anderson asked how using three (3) locations would impact the budget and staffing. Mrs. McDowell advised that, because it was an election year, they budgeted $10,000 and they would come as close to that amount as possible.

Mr. Slavin asked for clarification on whether City Council could set the locations or if it would have to be referred back to the Election Board. Mrs. McDowell stated that City Council has not always followed the recommendations of the Election Board. City Solicitor Nicholas Rodriguez stated that he would research the question. Mr. Slavin expressed his concern that they maintain an arm's length distance from the conduct of elections because they are involved in the elections. He stated that he did not want to send a signal that they were setting particulars about an election and that he would like to know legally whether or not they can set the polling place or whether they can only vote up or down the recommendations from the Election Board. Mr. Slavin noted that they have effectively set aside the Election Board's recommendations and made their own.

Mr. Hare moved that the polling places for the election be the Elk's Club on Salisbury Road for the First District, the Seventh Day Adventist Church on Wyoming Avenue for the Second District, and Saint Andrew's, which is on Route 13, for the Third District, contingent upon legal review to be conducted by Mr. Rodriguez. If City Solicitor Rodriguez determines that City Council has the authority to select the polling places, the above-mentioned places will be adopted. If it is determined that City Council does not have the authority to select the polling places, the matter would go back to the Election Board. The motion was seconded by Mr. Lewis and unanimously carried. *(City Clerk's Office Note: In an e-mail dated February 28, 2017, City Solicitor Rodriguez opined that Section 6 of the City of Dover Charter provides that Council may designate the places of election; therefore, City Council's decision of February 27, 2017 in this regard is final. He further noted that Section 8 of the City of Dover Charter creates the Election Board as an advisory board to Council for such matters as voter registration.... polling locations.)*

Responding to Mr. Neil, Mr. Hare stated that the churches were accessible for people with disabilities.

CITY MANAGER'S ANNOUNCEMENTS

The City Manager had no announcements.

COUNCIL MEMBERS' ANNOUNCEMENTS

Council members had no announcements.

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

Meeting adjourned at 8:58 p.m.

TRACI A. McDOWELL
CITY CLERK

All ordinances, resolutions, motions, and orders adopted by City Council during their Regular Meeting of February 27, 2017, are hereby approved.

ROBIN R. CHRISTIANSEN
MAYOR

/TM
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Exhibits
Exhibit #1 - Correspondence from Mr. Eshed Alston dated February 21, 2017
Exhibit #2 - Correspondence from Councilman Lewis related to Proposed Amendments to Chapter 17, Title 22 of the Delaware Code Relating to Municipal Tax Increment Financing and Chapter 18, Title 22 of the Delaware Code Relating to Municipal Special Development Districts

To Mayor City Council and administration
City Manager

EXHIBIT #1
Regular Council Meeting of 02/27/2017

ESHED ALSTON 406 Arnold Court Generals Green Dover DE 19901 302 264 9568

BAYHEALTH VOLUNTEER SERVICES TO WHOM IT MAY CONCERN FEB 21 2017

BAY HEALTH AND KENT GENERAL HOSPITAL DOVER KENT COIUNTY DELAWARE WHAT CAN I DO TO HELP THE HOSPITAL AND WHAT SOLUTIONS CAN WE COME UP WITH AS A COMMUNITY TO ADDRESS THE PROBLEM POOR

1. The Holy Bible teaches that the poor shall always be with us socially and as a matter of current observation of American domestic society and culture the ranks of the poor and homeless are exploding in the City of Dover demanding attention. In the city of Dover the homeless poor are a significant issue of real concern that requires compassion and attention let me remind the reader but for the blessing and grace of **GOD** anyone as a result of misfortune can be homeless.
2. On Friday February 17 2017 at 7 pm a emergency involving my wife's gall bladder required a emergency visit to the emergency room of Kent General Hospital. That visit concluded at 1 am when after triage was done and a after a five hour wait my wife and I went home unattended my wife still in pain nevertheless due to extremely excessive wait time encountered we went home.

3. During my visit to the emergency room a valid significant observation was made specifically documenting the use of the Hospital facilities as in fact and function actual homeless housing as a matter of fact. As a matter of fact, when the Library closes at 7 pm the homeless poor in the City of Dover routinely uses the hospital resources for shelter. A TASK FORCE MUST BE SET UP in and by the City to provide solutions to address the use of the hospital by the homeless poor

4. The reason for this correspondence is not to just complain about the noted situations or circumstances referenced but rather this particular letter is to give thanks and acknowledgement for hard working attention to detail given by nurses Jessica, Tiffany and Rodel and Alexander and Zackary and officer James regarding Friday February 17 2017. This document is also written acknowledgement to Dr. Singh and to the skilled and accomplished staff of DAY SURGERY including nurse Cynthia for the professional care and genuine concern shown by the nurses and the volunteers like Lewis to my wife and I at a time of real need on February 20, 2017 thank you

ESHED ALSTON

There facts true so help me **GOD**

NOTARY

Sworn and subscribed February 21 2017

ADRIENNE BAILEY
NOTARY PUBLIC
STATE OF DELAWARE
MY COMMISSION EXPIRES UPON OFFICE

RECEIVED
FEB 21 2017
OFFICE OF THE CITY CLERK

I just have a couple of concerns that I would like to get on the record at this evening.

1. Out of curiosity what are TFF Funds and where do the TFF Funds come from? Can you please explain in detail?

2. If this project is agreed upon by the City is the City of Dover Financially obligated and if so how?

3. You have provided a lot of projections what are your assumptions based on?

4. Will this Service Road provide access to all of the business along it's path or is it just going to provide access to Dover Mall alone? Will there be any Interconnect Activity along the route?

From: Brian Lewis
To: McDowell, Traci
Subject: Fwd: Re: City Council resolution re: enabling legislation for TIF/SDD financing
Date: Tuesday, February 28, 2017 12:37:21 PM

Traci,

Per our conversation last evening please find below written responses to my questions.

Could you please put these questions and answers into the record.

Thank you,
Coucilman Lewis

Get Outlook for Android

From: John W. Paradee
Sent: Monday, February 27, 1:58 PM
Subject: Re: City Council resolution re: enabling legislation for TIF/SDD financing
To: Brian Lewis
Cc: timslavin1@gmail.com, Glenn Mandalas, Christiansen, Robin

Thank you for reaching out, Councilman Lewis. In response to your questions, I offer the following:

1. First, it is critical to recognize that, at this juncture, the only thing we are asking the City Council to do is authorize the Delaware General Assembly to enact enabling legislation which would allow the City of Dover to utilize tax increment financing and special development district financing if, at some point in the future, the City of Dover deems it appropriate. In other words, we are not asking the City of Dover to implement tax increment financing or special development district financing for any particular project whatsoever. If and when the Dover Mall project is ready to move forward with a tax increment financing or special development district financing proposal, then we will, of course, come back to the City for specific authorization, and at that time, we will have all of the details of the proposal available. We are simply not that far along in the process yet. Again, this first step is merely enabling legislation which will place tax increment financing and special development district financing tools into the City's toolbox for future use.

2. Under no circumstances would the City of Dover be obligated, financially or otherwise, under any tax increment financing or special development district financing proposal which may be advanced with regard to the Dover Mall project. That is because the bonds which would be issued under any such proposal would be revenue bonds, payable only from the revenue sources dictated by the bonds (in this case, toll revenues and property taxes generated by tax increment financing and special development district financing). The faith

and credit of the City would not be pledged to support the revenue bonds in question. If the revenue streams pledged under the bonds turn out to be insufficient to satisfy the bond obligations, then the bondholders' only recourse would be against the Dover Mall property.

3. Toll revenue projections are based upon the November 4, 2016 Toll Study performed by DelDOT's consultant, Jacobs Engineering. Tax revenue projections are based upon information provided by the City of Dover Tax Assessor's Office.

4. The Collector Distributor Road Modification to the Scarborough Road Interchange will have an access point for Dover Downs, in addition to access points along SR1 to the north and the south. DelDOT's Feasibility Study for the project, completed by Century Engineering in April 2016, concludes that the design of the Road Modification Project will help relieve congestion along US Route 13 and improve traffic circulation in the area, while enhancing traffic safety generally. All of this will, in turn, improve traffic circulation for existing businesses and foster additional opportunities for future economic growth and development in the US Route 13 corridor.

I hope the foregoing answers your questions, Councilman Lewis. Thank you for the opportunity to respond. If you wish to discuss any of these topics further, my partner, Glenn Mandalas, will be available at tonight's meeting.

Thanks again, and best regards.

Sent from my iPhone

On Feb 27, 2017, at 12:52 PM, Brian Lewis <belewis1966@hotmail.com> wrote:

> Mr. Paradee,
>
> Sorry for the delay in responding to your e-mail for it has been a busy morning. I just have a couple of concerns that maybe you can assist me with. If this project is agreed upon by the City is the City of Dover Financially obligated in any way and if so how? I read some of the projections you have provided and would like to know what your assumptions are based on?
>
> Will there be any Interconnect Activity along the route other than the Dover Mall? How will other businesses benefit from this Service Road?
>
> Thank you for your time and assistance.
>
> With regards,
>
> Councilman Lewis

Councilman Brian E. Lewis

City of Dover

P.O. Box 475

Dover, DE 19903

From: John W. Paradee <john@bmbde.com>
Sent: Monday, February 27, 2017 10:25 AM
To: belewis1966@hotmail.com
Cc: Glenn Mandalas
Subject: City Council resolution re: enabling legislation for TIF/SDD financing

Councilman Lewis:

I understand that you may have some questions regarding the above topic. I was hoping that either I or Glenn Mandalas could speak with you prior to tonight's hearing. If you could let us know what questions you might have, then we can and will be prepared to answer same on the record.

My cell phone number is (302)632-7341, and if we miss each other, Glenn can be reached at (302)233-3867.

Thanks very much, and best regards.

John W. Paradee, Esq.

6 S. State Street | Dover, Delaware 19901

(302) 677-0061 (tel) | (302) 677-0065 (fax)

john@bmbde.com

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