SPECIAL COUNCIL MEETING
BUDGET REVIEW

A Special Council Meeting was held on May 27, 2015 at 6:30 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson (arrived at 6:32 p.m.), Mr. Sudler, Mr. Neil, Mr. Lewis, Mr. Cole, Mr. Hosfelt, Mr. Hare, and Mr. Hutchison.

Council staff members present were Mr. Koenig, Mrs. Mitchell, and Mrs. McDowell. Mayor Christiansen was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Sudler moved for approval of the agenda, seconded by Mr. Hutchison and unanimously carried.

Mr. Scott Koenig, City Manager, advised members that Agenda Item #4, Revenue Review, would be included with the discussion of Agenda Item #2, Summaries of Fund Revenue and Expenses.

INTRODUCTION AND PRESENTATION

Council President Slavin apologized to the five (5) new members of Council who were inheriting a very difficult budget. He noted that previous councils had done a stalwart job of addressing these issues; however, they had operated under the assumption that 10 years into the recession the City would be rebounding and the recovery at the State and local government levels had been much slower than anyone anticipated. Although there were some good signs to the economy, these signs were lagging for government revenues.

Mr. Slavin informed members that significant cuts to City operations had occurred over the past five (5) years. Although the City was more efficient, it was showing signs of stress, including increased crime, aging infrastructure, and other issues. He reiterated his understanding of the position of new members and expressed thanks to Councilmen Hutchison, Hare, and Anderson for their past efforts and for having made difficult decisions. Mr. Slavin also thanked Mr. Koenig, Mrs. Donna Mitchell, Controller/Treasurer, and all the department heads who had been building this budget over the course of the past six (6) or seven (7) months.

Mr. Koenig advised members that the FY16 budget, which would begin on July 1, 2015, had been very difficult to formulate. Even in a recession, he indicated that Dover is growing. He stated that a number of issues had been brought before Council, including capital projects, personnel expansion, other personnel issues, and infrastructure dedication requests.

Mr. Koenig introduced the FY 2015-2016 Draft Budget. Referring to Page 4, letter from the City Manager, dated May 15, 2015, RE: Fiscal Year 2015-2016 Proposed Budget, Mr. Koenig stated that the most controversial statement included was that the City was faced with a very steep tax increase to $0.42 per $100 of assessed value, or approximately 24.3% overall. Mr. Koenig stated that, under the City's vision statement (Page 6), there was an obligation to run an organization that sets up the framework for the quality of life of the citizens, business owners, and visitors of the capital city. He stated that the City of Dover is unique because it is a full-service City, has operations that run 24/7, and is being influenced by New Jersey, Pennsylvania, and Maryland from a retirement and a crime standpoint.

Referring to Page 7, Mr. Koenig stated that the organization chart displayed in the FY 2015-2016 Draft Budget was the chart as it existed last year, with the police chief reporting to the Mayor and the Council appointed positions still reporting directly to Council. He explained that this chart did not identify the changes voted into place by Council during the Regular Council Meeting held on March 23, 2015, noting that he did not believe those changes had been completely solidified.

Mr. Koenig reviewed a presentation entitled "City of Dover Fiscal Year 2016 Proposed Budget - Highlights of Overall Budget - May 2015" (Page 8). He advised members that when the budget discussion was started in October 2014, it was hoped to achieve an across-the-board cut of approximately 2% in operating expenses in the Materials and Supplies and Administrative Expenditures line items. He noted that it was always intended to maintain capital budgets and scrutinize personnel budgets, reducing personnel and combining jobs where possible, to provide the level of service expected in the City of Dover. Mr. Koenig stated that, during the last few years, in some cases there had been a degradation of service and in some of the City's infrastructure, and staff had struggled to meet some of the service levels that customers had come to expect.

Mr. Koenig advised members that in the middle of the budget season there had been an authorization to increase the police force from 92 to 102 officers. A revision subsequently reduced this to 101 officers; however, a civilian position was added to perform duties currently performed by police officers. Mr. Koenig stated that this request was in the budget and would be discussed. There were additional challenges that must be faced moving forward. On the positive side, he indicated that a number of revenues had been stable and this budget identified new revenues from the Calpine Garrison Energy Center expansion that was expected to come online in the next week or so.

Referring to Page 9, General Fund Services, Mr. Koenig reminded members that Dover is a full-service city with Police and Fire Departments, stating his belief that it is the only capital city served by a volunteer fire department. Although he recognized that the service of volunteer firefighters is a tremendous savings, Mr. Koenig stated that the City still contributes a significant amount of money to fire protection, and the Fire Department budget is approximately $1M, including the dispatch operations, payments for trucks, and support for the department. He noted that the City also runs the library, public works, and electric systems, and many other services to maintain and improve the quality of life of its residents. Additionally, the City runs a water and sewer utility, and Calpine will become its largest customer overnight when the Garrison Energy Center begins full production. The City has more than 40 wastewater pumping stations, a water treatment plant, and 200+ miles of underlying pipe in the water system.

Mr. Koenig stated that the electric utility is the most complicated operation that he had faced as City Manager, since the market changes and decisions made three (3) years ago in some cases do not seem as good as they used to. The decision to build generation versus taking a purchase power agreement had changed in the three (3) year planning horizon and challenges were expected moving forward. He stated that the City reaps a lot of benefit from having an electric utility, including a direct transfer of $10M from the utility this year and additional funds that help cover services. He noted that it was well worth the time and effort to have an electric utility, but it is an expensive endeavor.

In reference to Pages 11 and 12, Policy Compliance, Mr. Koenig assured members that the budget presented was policy compliant. He stated that the expected revenues in the General Fund were approximately $41.83M and expenses were approximately $41.825M, and this same format carried across the utilities. Mr. Koenig noted that the driving issue throughout his career with the City had been the health of the General Fund and how property tax value could be maintained and services provided. In reference to Page 13, Property Taxes, Mr. Koenig stated that the purpose of the recent revaluation was to ensure that properties were appropriately valued in accordance with current market conditions. He explained that making the property reevaluation revenue neutral would require an approximate 3.6% increase in the tax rate, from $0.3378 to $0.3499, although not everyone in the City would receive a tax increase as this was a broad number across the City.

Mr. Koenig stated that at some point in the budget process, a gap had emerged in the General Fund, and this had been the case in the four (4) plus years that he had served as City Manager. In the past, this gap had been closed by adjusting the trash fee, bringing revenue forward, and increasing the transfer from the Electric Fund from $8M to $10M. Mr. Koenig stated that there was a gap of approximately $2.138M in the proposed budget, which required an additional 5.4% of General Fund revenue. Major factors in this gap were public safety and a transfer of health care cost premiums from the State. In regard to health care, Mr. Koenig explained that the City is a rider on the State health care policy. At the time the budget was prepared, the expected increase in health care costs was 19.74% across the board; however, since that time this number had decreased slightly. Based on the information that staff had when preparing the budget, he reiterated that the proposed tax rate was $0.42 per $100 of assessed value, which related to an approximate increase of $0.08 per $100 of assessed value and 24.3% from the current rate.

In reference to Page 14 - Public Safety - 10 Year Forecast, Mr. Koenig noted that public safety was a large driver in the budget. Mrs. Mitchell explained that public safety includes fire, life safety, code enforcement, inspections, police administration, civilian law enforcement, extra duty, police pensions, and the City's appropriation to the Police Pension Fund. She noted that revenues, including a pension grant, offset some of the expenses. Mrs. Mitchell stated that revenues included 911 fees, inspection fees, code enforcement fees, grants for police pensions, extra duty revenue, grants for law enforcement, and property taxes.

In regard to Page 15 - City Revenue - Rates & Fees, Mr. Koenig stated that following the revaluation, an additional tax increase of $0.0701 in property taxes was proposed. Based on the revaluation, the Payment in Lieu of Taxes (PILOT) payment from the State would increase by approximately $30,000, assuming that the grant-in-aid bill at the State is passed as the City believes it should be; however, this would not be within the City's control and this amount was unknown.

Mr. Koenig stated that it was proposed to substantially increase the Water/Wastewater Fund transfer into the General Fund from a combined revenue transfer of $500,000 to $850,000 because of increased revenues associated with Calpine. There were no proposed changes for Planning and Inspection fees or planned increases for business license fees, permit fees, sanitation fees, or fines, and the sole focus with respect to the General Fund was on property taxes.

Mr. Hare questioned why there were no proposed increases for code enforcement fines. Responding, Mr. Koenig stated that revenue from fines is relatively small and even doubling the fines would not close the budget gap significantly; however, every penny would help.

Mr. Hare stated the need to address the PILOT program. He felt that the City should speak to its legislators, expressing his recollection that the State of Delaware had allotted $272,000 for PILOT next year but had approximately $300M of tax exempt property in Dover. He indicated that the State had just under $200M of tax exempt property in the City of Wilmington and gave Wilmington over $2.5M, and he had been told that these payments were based on Wilmington's population being more than 50,000 and Dover's population being less than 50,000. Mr. Hare stated that this was unfair, noting that there are many large institutions in Dover, including Wesley College, Delaware State University, Wilmington University, and Delaware Technical and Community College, some of which do not pay any PILOT, although the University of Delaware pays Newark just over $200,000 in PILOT funds. He reiterated his feeling that this must be addressed, whether through a PILOT program or public safety fee, because there is almost $1.5B in tax-free property in Dover for which no payment is made. Mr. Hare felt it unfair to make homeowners take all of the burden.

Mr. Koenig stated that he did not disagree; however, he felt that the City was not in the best negotiating position with the State since the State pays utility bills, including electric, water, and sewer. He expressed his feeling that the PILOT formula was weighted heavily to Wilmington's advantage and that this should be pursued with legislators; however, he noted that budget discussions at the State level were no better and expressed concern that the PILOT budget could be stripped from the State's budget. Mr. Koenig stated that municipal street aid represents approximately $600,000 in the City's proposed budget, the State had recommended cuts in this area, and if the Governor's proposed cuts go forward, this revenue would decrease by a couple hundred thousand dollars. For this reason, Mr. Koenig felt that negotiating with the State should be used strategically because, although they should be paying more, this would be difficult to accomplish.

Mr. Hare indicated that he was sure the State pays electric and water bills to the City of Wilmington and still provides them more than $2.5M.

Mayor Christiansen concurred with Mr. Hare's thoughts on PILOT but felt it was a battle to take up in the future. He questioned why there were no proposed changes in Planning and Inspections fees, in particular inspection fees. He indicated that the City deals repeatedly with the same properties and issues on an ongoing basis and felt the City should make it uncomfortable and inconvenient for repeat offenders and at least substantiate the expenses for the Inspections Department to go after these property owners over and over again. Mr. Koenig concurred; however, he felt it was not easy to adjust these fees during a budget hearing because the City gets sidetracked on talking about a $25 or a $50 fee. If those fees go into place and the property owners comply, the fees would not generate the numbers needed to balance the budget. He noted that a sustained revenue base is needed.

Mayor Christiansen questioned if the City did not have a big enough hammer to pursue frequent offenders with respect to inspections and abandoned buildings. Responding, Mr. Koenig stated that more aggressive action from the City would require more inspectors to handle the caseload, which would increase baseline costs.

Mayor Christiansen asked if inspection issues and abandoned houses throughout the City had lowered the residential assessments. Responding, Mr. Koenig felt they did not help assessments; however, he did not know the specific impact.

Mr. Koenig reviewed City Revenue - Rates and Fees for the Water/Wastewater and Electric Funds (Page 16). Mr. Koenig stated that no water or sewer fee increases or adjustments to impact fees were proposed. He indicated that the increase in the baseline transfer to the General Fund from $8M to $10M had put additional stress on the Electric Fund.

Referring to Page 17 - All Major Operating Funds - Personnel - FY 15 Original Budget vs. FY 16, Mr. Koenig stated that efforts were being made to control personnel costs. He advised that the proposed budget included pay increases in accordance with collective bargaining agreements, noting that agreements had been signed with the American Federation of State, County, and Municipal Employees (AFSCME) and the International Brotherhood of Electrical Workers (IBEW). Mr. Koenig stated that the budget included a proposal for a base pay increase of 3% for non-bargaining employees who make less than $85,000 per year, and non-bargaining employees who make more than $85,000 per year would receive a 2% increase plus a 1% salary bonus.

In response to Mr. Slavin, Mr. Mr. Koenig stated that there were approximately 43 employees not covered by a bargaining unit, and the total headcount in the budget was 361 full-time employees. He did not have the net aggregate on the proposed raises for non-bargaining employees at this time. Mr. Koenig stated that the proposal was to add 14 full-time and 15 part-time positions.

Noting that the budget was approximately $3M short and there was not money to meet expenses, Mr. Hare questioned the proposal to provide 3% pay raises and hire 29 people. Responding, Mr. Slavin noted that 10 of those 14 full-time employees had already been approved and Mr. Hare acknowledged that some had already been hired in FY 15. Mr. Koenig stated that there was not a net gain in staff in the Police Department because of retiring employees.

Mayor Christiansen asked if the proposed budget reflected a staff that would be able to maintain the level of service that the City was accustomed to and if this was a bare bones staffing level. Responding, Mr. Koenig indicated that the proposed staffing would maintain current standards and would not significantly improve service.

Mr. Sudler asked how the union representatives felt about this section of the budget. In response, Mr. Koenig stated that he did not speak for the union representatives, but they typically express their feeling that it is not enough.

Mr. Koenig advised members that the City was having trouble in regard to some of its technical positions. He stated that the City hired an Electric Director during the last year and was able to find this individual because he had retired from another utility and wanted to stay in the municipal electric business. Before this, candidates from the private sector were interviewed, but the desired wages were not in a range that the City could afford. Recently an offer was made in the mechanical engineering field to an individual coming right out of college with no experience but the City's salary offer was exceeded by over $10,000.

In regard to the proposed electric Generation Manager position, Mr. Hare questioned if it had been determined that the City wanted to be in the electric business in the future and to spend millions of dollars at McKee Run to keep a plant that the City was not allowed to run without permission. He felt that Council should decide this before spending this money. Responding, Mr. Koenig stated his understanding that this question was resolved when an evaluation of the electric system was done at a cost of approximately $200M and the City moved forward as if it were going to own this asset in the future. He stated that there had not been any additional discussion about selling the utility or having someone come in to operate it.

Mr. Hare stated that there had been related discussion and no one wanted to sell the electric utility. He advised that he had questioned why the City would pay $8M for someone to run its plant and suggested, if the City was going to be in the electric business, that it hire its own people to run the plant for much less than $8M. He felt that this should be discussed in light of where the City is with taxes. Mr. Hare stated that the plant was winding down, was on its last leg, and would require a lot of funds to make it usable. He indicated that it had been said that when Calpine came online, everyone else would be able to generate at a cheaper rate than the City.

Mr. Koenig did not feel that this was a fair statement to make, noting that the electric industry has many moving parts, including plants that are retired or offline. He stated that the expertise required to run this plant in-house would not fit the City's salary scale and believed it was in the City's best interest to hire the technical expertise needed to have the asset available to generate.

In response to Mayor Christiansen, Mr. Koenig confirmed that having a plant with the ability to generate keeps the City a player in the game. He stated his understanding that the current contract with those who are taking care of the plant would expire at the end of June and advised members that the City was negotiating with the current contractor.

Mayor Christiansen questioned if it was part of the current contract to negotiate exclusively with the current provider, and Mr. Koenig stated his recollection that this matter had gone before the Utility Committee approximately a year ago and that the contract would be renewed for approximately three (3) to five (5) years. *[City Clerk's Office Note: During their Regular Meeting of March 12, 2012, City Council considered a North American Energy Services (NAES) Agreement Extension, and approved staff's recommendation to authorize the City Manager to: 1) issue a letter advising NAES of the City's desire to review and renegotiate the terms of the Operations and Maintenance (O & M) Agreement; and 2) issue a letter to Mr. Kirk Betts, Utility Attorney, to commence contract negotiations, as recommended by the Utility Committee.]*

Mr. Sudler questioned if the City could look for another provider at a less expensive cost. In response, Mr. Koenig stated that the City was very close to a contract proposal that would go to Council and indicated that Council had given staff direction to negotiate that contract. It would be up to Council to approve or decline it. If Council declines that contract, staff would probably have to do a complete Request for Proposals (RFP), which would take six (6) to 12 months, with no guarantee that it would be cheaper. Mr. Koenig stated that he was unsure when the actual contract would be signed; however, Mr. Betts was now negotiating it and it was expected to be before Council soon.

In response to Mr. Hare, Mr. Koenig stated that approximately 29 people were currently working at the plant. He estimated the cost, including capital, at approximately $8M. Mr. Hare questioned if an evaluation had been done to see what the plant would cost if a three (3) to five (5) year contract were signed. Responding, Mr. Koenig stated that the Capital Plan identifies expected expenses in capital improvements over the next five (5) years, which is a budgeted expense included in the draft budget.

Mr. Slavin suggested that Mr. Koenig complete the introduction to the budget and that this issue be revisited during discussion of the electric portion of the budget, and Mr. Hare concurred.

Referring to Page 18, Medical & Pension - 3 Year Trend, Mr. Koenig stated that the cost of medical benefits had increased from $8.66M in FY 2014 to $10.06M in FY 2016. The percentage of the operating budget for medical and pension costs was increasing slowly, from 10.19% in FY 2014 to 10.8% in FY 2016, and Mr. Koenig felt that this was a nationwide trend.

Mr. Koenig reviewed the General Fund Revenues, Expenditures, Program Receipts and Expenditures, and Contributions from Utilities (Pages 19-23).

In reviewing Property Taxes (Page 24), Mr. Koenig stated that the total assessed value to be used as a base for tax collection was $3,050,321,691. He explained that at the current rate approximately $11,213,400 would be raised, and under the proposed rate approximately $13,351,700 would be raised. Mr. Koenig advised members that every penny on the tax rate raises approximately $305,000, stating his recollection that this number was approximately $316,000 per penny on the tax rate last year.

Mrs. Mitchell reviewed the Computation of Legal Debt Margin - General Obligation Bonds (Page 25). She advised members that the City's charter requires that certain debt limits not be exceeded and that the legal debt limits be disclosed in the budget document. Mrs. Mitchell explained that the City's debt limit is 5% of assessed value for total debt and new bonds without referendum cannot exceed 1/4 of 1% of taxable assessed value.

Referring to Page 26, Water/Wastewater Fund, Mr. Koenig advised members that the Calpine Garrison Energy Center coming online would result in a major increase in revenue, as fees were estimated at about $1.58M for water service. He indicated that one (1) of the major factors affecting expenses in the Water/Wastewater Fund was an increase in the transfer to the General Fund by

$350,000. There would also be an increase in Kent County wastewater treatment fees for additional wastewater created by Calpine. Capital project appropriations would increase by $300,000 in the Water Fund for pipe replacement, and there would be increased operating expenses at the Water Treatment Plant amounting to approximately $333,000 related to Calpine. Mr. Koenig stated that Water Department expenses would increase by approximately $189,900. He explained that Internal Service allocations would also increase; however, the Construction Division would officially be eliminated, resulting in a savings of approximately $253,000 in the Water/Wastewater Fund.

In reference to the Electric Fund (Pages 27-28), Mr. Koenig stated that load is a big concern, noting that projected customer kilowatt sales for FY 16 were decreased by almost 8M kWh versus FY 15 forecast for FY 16. He advised that a rate stabilization reserve transfer of $3M was planned to cover significant fluctuations in power supply bills, as had been experienced during the last two (2) winters, noting that power supply costs fluctuated over normal by several million dollars per month at times. Mr. Koenig stated that an average 3% rate increase was proposed to cover lower sales in all non-power supply increases over the five (5) year forecast. He informed members that a power cost adjustment was forecasted for FY 17, based on the projected cost of power supply.

Mr. Koenig advised that a revenue increase over the original FY 15 budget was projected, assuming a rate increase, and expenses would decrease by roughly $1.6M, or 2%, in the total fund.

Mr. Koenig stated that the Burns & McDonnell Cost of Service Analysis (Page 29) included the proposed electric rate changes and reviewed sample bills for various electric customers (Pages 30 - 40). He stated that staff believed increasing the customer charge was important because it would recover a fixed, specific amount of money on each customer's bill and stabilize the revenue.

In reference to the Rate & Fee Trends (Page 41), Mr. Koenig stated that in the General Fund between FY 2007 through FY 2011, there was a flat tax rate, a revaluation, and an additional tax added to that revaluation. That $0.3378 rate was maintained for four (4) fiscal years, and an identified increase was now being requested.

In response to Mr. Slavin, Mr. Koenig confirmed that the $0.33 property tax rate had been maintained since 2007. It was his belief that this rate was established in FY 2006; therefore, it had remained relatively flat for more than 10 years.

Mr. Hare questioned when assessments went from 60% to 100% of evaluation. Responding, Mr. Koenig estimated that this had occurred in approximately 2006.

Mr. Slavin noted that assessments must be revenue neutral.

Mrs. Mitchell stated that the rate had been rolled back at that time to make the assessment revenue neutral and the City did not make any additional increases. She recalled that the rate had gone from approximately $0.65 to a rate in the $0.30 to $0.39 range.

Mr. Slavin explained that the City cannot use a reassessment as an automatic revenue generator and the rate must be rolled back so that new revenue is not created from property. Raising tax rates must be a separate, deliberate act of Council.

Mr. Hare questioned why money is spent for a revaluation that does not generate revenue. He stated that in 2010, nearly $1M was spent for a revenue neutral reassessment. Responding, Mr. Slavin stated that the reason for this is fairness in taxation and to ensure that the property values being assessed against property owners are fair and accurate according to the market.

Mr. Hare stated that since 2010, his rate had changed but he had continued to pay the same amount in taxes. In response, Mr. Koenig stated that this matter had been discussed several times. He stated that there was an article in *The Wilmington News-Journal* today stating that New Castle County was going through lawsuits due to not reassessing properties.

Members were provided the FY 2016 Property Tax Proposed Increases ***(Exhibit #1***). Mrs. Mitchell stated that the effect of the tax rate would depend on the individual property and its assessed value. When the tax rate is rolled back, it affects property owners in different ways depending on whether their assessed value goes up or down. She noted that some owners would have decreases in their taxes because their values went down more than the tax adjustment.

Mr. Anderson questioned how the 15% limit on tax increases during reassessments applied. Responding, Mr. Koenig stated that his understanding is that it is Council's fiduciary responsibility to reset the rate to the rollback rate in association with the reassessment. Increasing the tax after that would be a separate action. Mr. Anderson requested that a legal opinion be obtained on this matter since it was his belief that this was a State law. *[City Clerk's Office Note: Subsequent to the meeting, a legal opinion was sought and received from Deputy City Solicitor William Pepper (as on file in the Office of the City Clerk).]*

Mr. Anderson felt that the City had benefitted from doing most of the reassessment in-house and cutting the cost to approximately $90,000, noting that this was partially due to some of the concerns that Mr. Hare had brought up, and Mr. Anderson felt that these valid concerns had saved the City a lot of money.

Mr. Neil indicated that the chart reflected a number of assessments that had decreased. He stated that some communities, such as his own, have an assessment on the house as well as the property since the property is rented. He questioned if the land value in his subdivision had increased or decreased, and whether this was a net gain or loss to the City. Responding, Mr. Koenig stated that staff would have to check on this.

By unanimous consent, the meeting recessed at 7:41 p.m. and reconvened at 7:48 p.m.

Mr. Slavin advised members that the Fire Department staff had a commitment and requested that their budget be reviewed at the beginning of the Budget Hearing scheduled for May 28, 2015.

SUMMARIES OF FUND REVENUE AND EXPENSES/REVENUE REVIEW

Mr. Koenig advised members that the All Funds Summary - Fiscal 2016 Proposed Budget (Page 43) listed the total of revenues/transfers in included in the proposed City budget as $137,071,200, approximately $44.7M in the General Fund, $19.27M in the Water/Wastewater Fund, and $89.25M in the Electric Fund.

Referring to the All Funds Summary, Mr. Hare noted that proposed expenditures were $137,970,200 but the revenues were $137,071,200, which would be $900,000 short and would equate to nearly $0.03 in taxes. Mr. Koenig indicated that the funds needed were in the capital project account.

Mrs. Mitchell stated that capital project budget balances carry over from prior projects and savings. The City would pull from those budget balances to complete next year's projects, some of which are two (2) year projects. She assured members that this was done only for capital projects.

In response to Mr. Hare's questions regarding the All Funds Summary, Mr. Koenig confirmed that the beginning balance for all funds and revenues was $52,574,800, expected revenue was $137,071,200, and expected expenditures were $137.9M, leaving a positive balance of $51,675,800. Mr. Koenig stated that City financial policies require a cash operating fund, reserves, and a budget balance, and the amount of approximately $52M was generally related to these policies.

Mr. Hare stated that the City was approximately $325,000 short, which would be a $0.01 property tax increase. Responding, Mrs. Mitchell stated that Mr. Hare was viewing this from the perspective of combining all funds, and the tax increase only affects the General Fund.

Mr. Hare expressed his view that all funds are City of Dover and citizens' money no matter where the funds come from. He stated that if $52M was required in reserve and the funds available were $51.6M, $0.01 would be needed to meet reserves, indicating that all funds were involved. He questioned whether all of the funds budgeted last year would be spent when the budget year ends on June 30, 2015. Responding, Mr. Koenig referred to Page 43 and explained, for example, that under Police Grants, $125,000 would be available at the beginning of the year and the balance at the end of the year would be $34,000. This would not be part of the City's approved financial policies but would be a change in the balance because grant funds were expended over that time frame. Similarly, Community Transportation Funds would begin with a balance of $144,000 and the ending balance would be $500. In response to Mr. Hare, Mr. Koenig stated that this would not be citizens' money but would be a combination of funds from rate payers, taxpayers, and grants, and is not fungible in the way that Mr. Hare was describing. He explained that the $52M is basically an insurance policy in case things go wrong, which happens frequently in government and business. Mr. Koenig advised that $10M of this amount was in the Future Capacity Reserve Fund and $10M was in the Depreciation Reserve Fund; therefore, $20M of the $50M is related to electric assets, which would easily cost a minimum of $1M and up to more than $100M to repair or replace, depending on which unit went bad. He stated that the beginning balance of $52,574,800 on the balance sheet did not represent cash that is available at the moment, noting that the cash balance changes every minute of the day depending on what is being debited and credited.

Mr. Hare questioned how much money there was in all the funds in the City. He felt City of Dover money should be together and the amount taxes would be raised would depend on the total of funds needed. It was his belief that this was all citizens' money and could be moved around wherever needed.

Mrs. Mitchell explained that the Electric Fund and the Water/Wastewater Funds are City of Dover utilities but not all of the funds involved are City of Dover money, stating that there are bond covenants that guarantee the bondholder that there will be revenues to meet or exceed expenses and make payments according to those covenants. Rates must be set to cover the expenses to make sure that reserve levels cover the covenants. Mrs. Mitchell noted that the Electric Operating Fund had a beginning balance of $6.1M and an ending balance of $9M, and that $3M would be transferred from the Rate Stabilization Reserve to bring the budget balance up, because $6M would provide less than 30 days of cash. Incoming electric bills from power suppliers must be paid before the City collects receivables; therefore, balances must be brought up because there is not sufficient revolving cash available when the bills come due and it is necessary to borrow a temporary advance from other funds to make those payments.

In response to Mr. Hare, Mr. Koenig confirmed that if the tax and rate increases included in the proposed budget were passed, the estimated revenue for FY 2016 would be $1,037,071,200 and the difference between this amount and the projected expenses of $137,907,200 would be covered by funds in the Capital Project account.

Responding to Mr. Hare, Mr. Koenig stated that staff had not yet estimated the amount of money that would be left at the end of the current fiscal year. He explained that the City's financial policies state that the current year revenue must match expenses, and the previous policy of pulling funds from the current fiscal year and putting them into the next fiscal year had been discontinued.

Mr. Slavin stated that Council had stopped doing this because budgets were being passed that spent more than was being raised in a year. There had been reliance on a false start at the beginning of the year with a balance forward of a couple of million dollars, which was causing a false positive.

Mr. Koenig stated that the current technique was designed to fiscally constrain the City with current year revenue and current year expense.

At Mr. Slavin's request, Mrs. Mitchell explained that policy changes were made so that when there is surplus over the minimum budget balance of 8%, these funds are put toward pension and Other Post-Employment Benefits (OPEB) unfunded liabilities.

Mr. Slavin stated that this is a very conservative and disciplined approach to addressing this liability.

Mrs. Mitchell noted that taking this action over the last few years had resulted in increasing the funded percentage of the liability from 40% to 60%.

Mr. Slavin advised members that the Ad Hoc Financial and Operational Advisory Committee had provided examples of other local governments that were failing and going bankrupt because of this liability; however, he stated that the Committee had missed this entire activity that had moved the City up to 60% of funding on a liability that was a mountain of debt 10 years ago when he started on Council.

Referring to Page 44 - General Fund, Cash Receipt Summary, Line 30 - Transfer Tax, Mr. Koenig advised members that it was proposed to increase the amount of transfer tax from $1.25M in the current year to $1.34M in FY 16. He advised members that transfer taxes had previously been as high as $3.4M and this reduction to $1.34M was one (1) of the driving factors in the gap in the General Fund, noting that the City's budget is much healthier when the City is adding new houses and businesses. Mr. Koenig noted that revenue for red light enforcement under Civil Traffic Penalties (Line 32) had been as high as $1M and was now struggling to achieve $450,000. He explained that the intent of traffic cameras was to change behavior and to reduce accidents, which had happened but had resulted in a reduction in revenue.

Mayor Christiansen questioned whether the reduction was the result of people behaving the way they are supposed to or from a lack of collection. Responding, Mr. Koenig stated that it was a combination. He indicated that there had been a change in the vendor and some mechanical problems with vendors; however, the number of violations was significantly reduced because people had changed their behavior.

In response to Mayor Christiansen regarding the actual percentage of collection rate on tickets that are written, Mr. Koenig stated that he would have to get this information from Police Chief Paul Bernat.

Referring to Page 45 - General Fund Expense Summary, Mr. Koenig advised members that this provided a summary of spending per department, noting that the departments with the greatest expenses in the General Fund were Grounds Maintenance, the Library, the Police Department, Sanitation, and Customer Service, which were all related to the provision of service.

Mrs. Mitchell explained that Line 55, Exceeds/(Remains) to Meet Requirement applied to questions previously asked by Mr. Hare and showed amounts over the minimum required budget balance. She noted that staff was following the policy that dictates that revenues must meet or exceed expenditures, and the City was over the minimum required balance by $636,000 for the proposed budget.

In response to Mr. Koenig, Mrs. Mitchell stated that budget balance requirement is 8% - 12% and $636,000 amounted to 9.5%.

Mr. Slavin asked what the effect would be if this percentage were reduced to 8%. Responding, Mrs. Mitchell stated that this would remove the $636,000 and the amount would be brought to the point of breaking even. She explained that the City would be spending more than it would be bringing in and would be relying on taking funds out of the amount projected for the carry-forward balance, which had been the City's approach previously.

In response to Mr. Koenig, Mrs. Mitchell confirmed that this reduction would carry through the five (5) year forecast as well and adjust the projected balance.

Referring to Page 48, General Fund Expenditures by Expenditure Category, Mr. Koenig stated that the City is a personnel driven organization and 65% of these expenditures were related to personnel costs. He noted that the graph on Page 49 depicted the Projected Cost Per Capita by Function and reflected that public safety spending drives a very large portion of the General Fund and a large portion of the gaps related to this Fund.

Mr. Hosfelt asked if the 14 positions proposed included 10 officers in the Police Department, and this was confirmed by Mr. Koenig.

PERSONNEL INFORMATION

Referring to Page 76 - Fiscal Year 2016 Proposed Budget - Personnel Table, Mr. Koenig explained that in FY 14, the City had 347 full-time positions and 69 part-time positions. When the FY 15 budget was approved, there was a last minute change involving a courier position at the warehouse, and the City ended FY 15 with 348 full-time positions. The number of part-time positions increased in FY 15 from 69 to 78.

Mr. Koenig advised members that the FY16 budget was drafted with 361 full-time personnel and 93 part-time personnel. No changes were proposed in full-time employees for the City Clerk's Office, City Manager's Office, Code Enforcement, Customer Services, Economic Development, Facilities, Finance, Fire Department, Fleet Maintenance, Grounds, Human Resources, Inspections, Library, or Life Safety areas. One (1) full-time position in the Information Technology (IT) Department would be replaced by a part-time position following a retirement. There was a proposal to add one (1) full-time planner in the Planning Department related to the City's Downtown Development District (DDD) designation and work that would be associated with downtown housing, code amendments, changes to ordinances, etc.

In regard to the Police Department, Mr. Koenig explained that there were 93 uniformed officers in the Police Department at the beginning of FY 15 and 31 civilians. Council authorized an increase to 94 officers related to a School Resource Officer at the Parkway Academy. During the same time frame, Council approved converting two (2) officer positions in the Sex Offender Unit to civilian employees, which reduced the number of authorized police officers from 94 to 92 and increased civilians from 31 to 33. In January 2015, Police Chief Paul Bernat requested increasing the number of officers from 92 to 102. A subsequent request was received to convert the Accreditation Manager position to a civilian Accreditation Manager and Crime Analyst position, which increased the civilian authorization from 34 to 35 and decreased the officer authorization from 102 to 101. Mr. Koenig reiterated that there was a net increase of 10 positions at the Police Department.

Mr. Koenig advised members that the additional employee in the Public Works Administration was the result of moving a position from Sanitation to Public Works Administration, for a net gain of zero (0). He stated that there was a proposed gain of 11 positions in the General Fund. He explained that a Generation Manager position was proposed under the Electric Administration, as well as a Meter Reader in Customer Service, since the City had fallen behind in the service cut list

due to downsizing several years ago. Mr. Koenig indicated that an employee in the Water/Sewer utility had been injured and was able to perform duties in Customer Service in the metering area, and this position was moved internally. There was a net increase of two (2) staff members in the Electric Fund. The Water Construction division was eliminated; two (2) of the three positions were added to Water Management and the third was eliminated. Two (2) Treatment Plant Operators were proposed for the plant, to address the demands of Calpine and the water utility to run the plant. Mr. Koenig stated that a total of 14 additional positions were proposed.

Mr. Sudler questioned the estimated cost of the additional full-time planner and whether there was a job description. Responding, Mr. Koenig stated that there was an approved job description for the position and estimated the cost at more than $40,000 and less than $50,000, plus benefits.

Mr. Sudler questioned whether in-house candidates are sought when jobs become available or whether candidates are solicited from the public. In response, Mr. Koenig stated that some unions, including the IBEW, require that certain positions be posted in-house first. Applications for many non-bargaining or supervisory positions are solicited from the public. Mr. Koenig stated that the City tries to seek internal talent if it can be found and goes to the market if it cannot.

Mr. Sudler questioned if additional education is provided when seeking internal talent and if the City is willing to solicit internal candidates at a decreased rate, noting that employees who have worked for the City for a while may be missing a component of the job description. In response, Mr. Koenig stated that the City has training opportunities for all staff and for members of Council. A college credit education program is available to employees and they are encouraged to take advantage of it. He felt that if an employee applied for a job and did not meet minimum qualifications, they would most likely not be put in a position to fail but would be encouraged to obtain the skills to potentially apply for the next opening.

Mr. Slavin asked if the proposed full-time positions were budgeted at 100% for the whole year. Responding, Mr. Koenig stated this was not the case and noted, for example, that the proposed police officers would attend the September 2015 police academy and were budgeted for approximately nine (9) or 10 months. He also noted that the Generation Manager was budgeted for six (6) months for expected hire in approximately December, and the Treatment Plant Operators were included for 10 months because it was desired to get hiring for them underway immediately.

Mr. Slavin stated his concern that the City does a good job of proposing these positions and paying them only for the time it is believed that they will work during the fiscal year; however, there is an automatic escalator built into the FY17 budget that indicates that the amount budgeted in the previous year is not enough. He requested Mr. Koenig to provide figures to show the impact these decisions have on out-year budgets. In response, Mrs. Mitchell stated that this would be discussed when the financial forecast is reviewed.

Mr. Koenig stated that the addition of four (4) part-time positions under the City Manager's Office was related to the hiring of employees to video City Council meetings, noting that Comcast no longer wanted to do the filming. These temporary employees had been hired until an alternative

solution is developed. In response to Mr. Slavin, Mr. Koenig estimated the cost at approximately $100 per person per meeting and advised members that Comcast reimburses the City for this expense.

Noting the addition of six (6) part-time positions for the library, Councilman Neil questioned if these positions were related to security, noting that there had been complaints of problems within the library. Responding, Mr. Koenig stated that he had received many complaints related to security at the library. He explained that approximately 60-65 hours had been budgeted for a security service for the library and the proposal was to release the security firm and use three (3) cadet positions for building security. Mr. Koenig advised that he library budget would fund three (3) additional cadets that the Police Department was currently recruiting. The other three (3) positions would be part-time employees who would work 0-20 hours per week and would fill gaps in weekend schedules.

Mr. Sudler questioned if three (3) of the six (6) cadets hired by the City would work at the library. Responding, Mr. Koenig stated that three (3) additional cadets would be hired, for a total of nine (9) cadets.

Mayor Christiansen stated that some cadets were already on duty. He advised Mr. Sudler that the cost of the three (3) cadets would be less than the previous uniformed security, and cadets would have the power to enforce City Codes. Mr. Koenig confirmed that once the City pays for the initial set up of the cadets, the cost would be cheaper.

Mr. Koenig informed members that three (3) additional part-time positions were proposed for the Customer Services Department, which had been struggling to maintain phones, the disconnect list, and service, noting that there was part-time staff in this department currently. He stated that two (2) part-time workers were filling in there now as there was an existing vacancy, and a third person would be starting soon as a part-time employee. This was in lieu of hiring full-time employees.

Mr. Koenig stated that there was a proposal to hire a 29-hour per week part-time administrative employee to help with budget preparations as well as internal audit issues, and a part-time position in the IT Department which had been converted from full-time to part-time. He explained that a reduction in five (5) people was shown under the Substance Abuse Grant; however, this was a function of the grant and the City Manager's Office had not reduced this number. Mr. Koenig noted that the six (6) additional cadets were indicated under the Police Cadet - Grant. The total request was for the addition of 29 employees, 14 full-time and 15 part-time.

In regard to Personnel Budget - Fiscal Year 2016 - Total City by Fund (Page 77), Mr. Koenig explained that it was proposed to spend approximately $35,047,000 for salary and benefits for the 361 proposed full-time employees, as well as the part-time workers. He indicated that this number should decrease slightly because there had been a reduction in health care rates, and this would be adjusted as the budget is finalized.

Mr. Koenig stated that Page 78 - Personnel Additions/Reductions - Five Year Cost Estimates illustrated the total impact of the proposed changes. He explained that the Police Cadet Program would initially be funded through a grant. If the City chooses to continue the program after the grant funding runs out, this would become a General Fund expenditure. Mr. Koenig estimated that approximately the first $90,000 of expenses would be charged to leftover grant funds, and it was his belief that this would cover the first six (6) to nine (9) months of expense.

Mr. Koenig explained that Page 80 - Overtime Comparison - Fiscal Year 2013 through 2016 provided a an overview of the overtime trend in the various departments.

In response to Mr. Anderson, Mr. Koenig stated that his belief that the increase projected for overtime may be related to fire. He indicated that other overtime had been mostly flat. With more police officers, it was expected that there would be a reduction in the amount of overtime; however, he explained that a certain number of hours is required as part of the schedule. He stated that the actual overtime for the Police Department had not reduced with the addition of 10 officers, as he had hoped, but Police Chief Bernat relayed that this was a component of scheduling patrol service.

Mr. Anderson expressed curiosity regarding why there were overtime increases, noting that Mr. Koenig was proposing to add part-time and other employees. Responding, Mr. Koenig stated that a large CAD project upgrade had driven some of the police civilian overtime in FY 15; however, overtime expenses proposed for FY 16 were generally based on historical trends.

DIVISION BUDGET REVIEWS

Referring to Page 217, Mr. Koenig reviewed a presentation entitled "Budget Review - Fiscal Year 2015-2016" (Page 217), noting that he would provide an overview of the budget for each City division. In Reference to "What You Need to Know," (Page 218), he advised members that health insurance rates were originally believed to increase by 19.7%; however, the actual increase would be 9.7%. *[City Clerk's Office Note: During the Special Council Meeting - Budget Review of June 3, 2015, Mr. Koenig advised members that updated information was received from the State and the final percentage of increase would equate to 15.7%.]*

Mr. Koenig reiterated that an increase of 3% was proposed for non-bargaining employees earning less than $85,000 and those earning greater than $85,000 had a proposed 2% increase with a 1% bonus.

In reviewing the City Council budget (Page 221), Mr Koenig noted that administrative expenditures were proposed to increase related to potential training, conference and travel, especially because there were a number of new Council members.

In response to Mr. Hare regarding the funds allocated for Council training, conference, and travel, Mr. Koenig stated that this included an allocation for the National League of Cities (NLC) Conference. Mr. Hare questioned the $26,000 amount that was allocated. Responding, Mayor Christiansen advised members that training, conference, and travel funds had been restored to Council's budget for FY 16. Mayor Christiansen felt this was vital training in view of the number

of new Council members, stating that he had been involved with the Delaware League of Local Governments (DLLG) since its inception and that this organization could lobby for such matters as municipal street aid. He thought it important for members of Council to network and take advantage of available training. Mayor Christiansen was not in favor of excessive travel; however, he felt there were reasons to go to the NLC Conference in Washington, D.C. in the spring, and for new members of Council to interact with other council members.

Mr. Hare felt that he did not have much in common with councilmen from large cities. Responding, Mayor Christiansen stated that there were things in common with other council members in Delaware. Mr. Hare noted that he could talk to these individuals without spending money, and does so.

Mayor Christiansen expressed his opinion that one can never have too much training or knowledge and that it would be up to the discretion of individual members whether to participate or not. He advised that he participates in lobbying and goes to DLLG events because if it were not for the City of Dover there would not be a DLLG. He stated that this allows municipalities to work together to lobby on issues such as municipal street aid and the State of Delaware PILOT payments discussed earlier in the meeting. Mayor Christiansen stated that the concept of impact fees was brought back to the City from a NLC conference, and these fees had helped to sustain and build Dover.

Mr. Sudler stated that he was in favor of as much training and visibility as possible.

Mr. Hutchison thought it important for all new members of Council to go to the DLLG meetings, noting that it is an excellent way to get involved, meet leaders Statewide, and get hands-on training. In addition, this would allow members to speak with real authority when lobbying and going to the General Assembly. He stressed the need to be very sensitive when spending money and noted that Council works with the Mayor as a team. He stated his hope that the City would take advantage of the opportunity to be part of the DLLG; however, he noted that the City had the luxury of having a full-time mayor and expressed confidence that the Mayor would represent the City and travel as needed.

Mayor Christiansen agreed but felt it might be to the City's detriment to forego the opportunity to participate locally.

Mr. Koenig advised members that the information provided was a draft budget and there were opportunities to make adjustments.

Council President Slavin reminded members that this was a proposed budget and advised members to flag their concerns so that when they perform the budget mark-up they could identify areas for additional discussion.

Mr. Koenig stated that the training, conference, and travel budget was up in the air because there were a number of new Council members. He noted that $5,000 was proposed for training expenses for the Dover Human Relations Commission (DHRC).

In response to Mr. Sudler, Mr. Koenig was unsure where the DHRC planned to receive training.

Mr. Lewis noted that he and Mr. Sudler had previously served on the DHRC and the budget at that time was not close to $5,000. He requested further information on this and questioned why this was allocated under the City Council budget. Responding, Mr. Koenig stated that Council had authorized the DHRC and this was the most appropriate place in the budget.

Mr. Koenig reviewed the City Manager's budget (Page 222), indicating administrative expenses increased due to a request for funds for a public safety study. He explained that this would allow for an outside, independent person to evaluate ways to improve efficiency, management, and response for the Police Department, Fire Department and other public safety divisions, and give some thought to emergency medical services moving into the future. Noting that Police Chief Bernat was not present, Mr. Koenig stated that this should be discussed when the he was available, as it related to a presentation that Chief Bernat saw at a conference.

Deputy Police Chief Marvin Mailey advised members that during the conference, Chief Bernat learned about cost savings that can be achieved by a police department by simply having a court liaison officer. This civilian would summon officers for court appearance when they are needed; therefore, it would eliminate the need to pay officers for unnecessary time at court. Deputy Chief Mailey expressed his opinion that the study might help the Police Department operate more efficiently and it was also hoped that the study would determine areas in the Department that may be overstaffed or understaffed and bring about cost savings.

Mr. Sudler mentioned that the Legislative, Finance, and Administration Committee had discussed the City audit and asked if this would provide counsel on cost savings.

In response to Mr. Slavin, Mr. Koenig confirmed that the City's audits are financial rather than performance audits.

Mr. Koenig explained that it was proposed that this public safety study would be conducted by the Center for Public Safety Management (CPSM), which is a spin-off, not-for-profit company from the International City/County Management Association (ICMA). He stated that it is a reputable company that provides seminars all over the country on ways to improve service delivery. Given the significant budget impact of 10 new police officers, it was Mr. Koenig's recommendation to fully evaluate if this study should be conducted and this was included in the budget under contractual services.

Mr. Koenig stated that replacement of the Emergency Management Coordinator vehicle was cut from the City Manager's budget last year and was included in the draft proposed budget for FY16. In response to Mr. Hare regarding the specifics of the current vehicle, Mr. Koenig stated that it is a 1994 Ford Explorer that was the Deputy Fire Chief's vehicle and was in deplorable condition.

Mr. Hare questioned if any police vehicles would be replaced this year. Responding, Mr. Koenig stated that the emergency management request was for a 4-wheel drive vehicle that could be used in all weather because of the emergency management functions, noting that a police Crown Victoria would not do the job.

In response to Mr. Sudler, Mr. Koenig stated that the total cost for the proposed public safety study was estimated at $100,000.

Mr. Koenig reviewed the City Clerk's Office budget (Page 223).

Mr. Sudler moved to recess, seconded by Mr. Lewis, and unanimously carried.

The meeting recessed at 8:59 p.m., to be reconvened at 6:00 p.m. on May 28, 2015.

THURSDAY, MAY 28, 2015 - 6:00 p.m. - 9:00 p.m.

The Special Council Meeting - Budget Review reconvened on Thursday, May 28, 2015 at 6:01 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson (arrived at 6:04 p.m.) Mr. Sudler (arrived at 6:35 p.m.), Mr. Neil, Mr. Cole, Mr. Hosfelt, Mr. Hare (arrived at 6:08 p.m., departed at 6:15 p.m, returned at 6:17 p.m., and departed at 8:30 p.m.), and Mr. Hutchison. Mr. Lewis was absent. Mayor Christiansen was also present (arrived at 6:51 p.m.).

Council staff members present were Police Chief Bernat, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, Fire Chief Hall (departed at 6:22 p.m), and Mrs. McDowell. Mayor Christiansen (arrived at 6:51 p.m.) was also present. City Solicitor Rodriguez was absent.

Mr. Neil moved to reconvene the meeting, seconded by Mr. Hosfelt and unanimously carried.

DIVISION BUDGET REVIEWS (Continued)

Mr. Slavin reminded members that the Fire Department had requested to be considered first and noted that although the division budget for the Fire Department referenced capital projects, these projects would be discussed during the Review of Capital Investment Plan (CIP).

Mr. Koenig reviewed the proposed FY 2016 Division Budget for the Fire Department (Page 227). He explained that personnel costs were estimated at $449,100 and the 3% increase was related to the positions in the Fire Division budget which were part of collective bargaining agreements. Mr. Koenig stated all of the employees are in the Dover Organization of Employees (DOE) union except one (1), who is in the American Federation of State, County and Municipal Employees (AFSCME) union. While materials and supplies would remain flat, administration expenditures were proposed to increase 19% and total expenditures for the Fire Department were proposed at $1,023,200.

Mr. Koenig explained that the personnel cost increase was related to contractual obligations under the collective bargaining agreements related to health care expenses, and increases in overtime expenses, which had been trending higher. He stated that the administrative expenditures included an additional $2,300 for employee training related to the dispatchers, as well as a $50,000 increase

for program expenses. Mr. Koenig advised that the Fire Department requested a $75,000 increase in their annual program expenses; however, the City Manager's budget proposed $50,000. He stated that capital expenses were proposed to decrease $827,300 from last year, explaining that self-contained breathing apparatus (SCBA) and radios were purchased last year.

Referring to Pages 263-264, Mr. Koenig reviewed the organizational chart and line item budget detail for the Dover Fire Department, noting that the Fire Department was different than other divisional budgets and he did not intend to review this information for each division budget. Referring to the budgeted personnel listed on the line item budget, he explained that the Fire Department has six (6) full-time positions, including five (5) dispatchers and one (1) Fire Chief's Assistant. Additionally, there are two (2) part-time relief dispatch positions, and these individuals are used only to fill in shifts. Mr. Koenig advised that the $449,100 of the Fire Department budget covered salaries and other employment expenses. He explained that the line item for security/safety materials related to shoe wear, which is included in the union contract. Mr. Koenig stated that administrative expenditures included training and contractual services. He advised that the City contributed $281,300 in Fiscal Years 2013 through 2015 for basic operational expenses related to providing fire service, which included maintenance of the equipment and the building.

Mr. Koenig reiterated that the Fire Chief requested an increase of $75,000, through a one (1) page letter; however, since there was not a lot of documentation to support the $75,000, the request in the proposed budget included an increase of approximately $50,000. Mr. Koenig noted that funding related to pension expenses for volunteer firemen was also included, as the City had agreed to cover those expenses in the past.

Referring to capital outlay, Mr. Koenig advised that the 40-31 account for Construction - Purchase was for the payments on fire trucks. He stated that staff and the Fire Department had engaged in ongoing discussions regarding when the next engine would be purchased. Mr. Koenig explained that the purchase of additional engines was delayed for FY 2016; however, the Department requested an increase in operating expenses for contractual services.

Mr. Neil indicated that he had spoken with Mr. Patrick Smith, former Fire Chief's Assistant, who indicated that the Department would like to have a grant writer. Mr. Neil asked whether there were grant writing specialists in other City departments who could be shared with the Fire Department, or if there was any intention to have a grant writer for the Fire Department. Responding, Mr. Koenig stated that there was not any request for personnel related to grant writing, and staff had not discussed utilizing staff from other departments to assist the Fire Department with this. He explained that the Police Department and other departments have employees who occasionally apply for grants; however, to his knowledge, no one had specifically written a fire service grant. Mr. Koenig stated that he was not aware of current grants available for fire service.

In response to Mr. Neil, Mr. Koenig stated that staff could explore the possibility of fire service grants if the Fire Department were to ask.

Responding to Mr. Neil, Fire Chief Mark Hall explained that the Fire Department had outsourced grants using Department budget money from the fund drive and Vickers Consulting Services, which deals in grant writing. He stated that the Department was awarded a grant in the amount of $120,000 for new gear for the upcoming year.

Referring to his $75,000 request, Chief Hall stated that the request was primarily for the costs associated with maintaining the fleet of engines, ladder trucks and the rescue. He advised that, earlier in the day, Engine 7, a 1997 Pierce, was taken out of service. Chief Hall estimated that it would cost between $15,000 and $20,000 to repair it, and the Department would have to determine whether to fix it or wait to get a new engine. He stated that the costs for the repairs would come out of the $281,300. Chief Hall advised that Engine 3, a 2003 Pierce, was back-lined and did not run first to fires. It was his understanding that between $30,000 and $40,000 was spent in repairs last year. He explained that for these two (2) engines, repairs would amount to approximately $50,000 out of $281,300. Chief Hall advised that the Department also pays bills to the City out of the $281,300, which does not leave them a lot to work with. He felt that the $75,000 request was reasonable since he was willing to push the engine back another year. Chief Hall stated that the CIP indicated that the next replacement would be in 18 years; however, he explained that if they were going to adhere to an 18-year schedule, both Engine 7 and Rescue 1 would be replaced immediately because they reached 18 years in 2015. Chief Hall also noted that there was no apparatus listed in the CIP for upcoming years.

In response to Mr. Hosfelt, Chief Hall stated that the cost to replace an engine was approximately $585,000, which is spread over five (5) to seven (7) years. He advised that the cost of the engine did not include equipment and that the Department pays for the equipment.

Responding to Mr. Slavin, Chief Hall confirmed that the arrangement was for the equipment to be paid for through the resale of the replaced engine. He stated that the Department also uses funds from a new truck account. It was Chief Hall's belief that the new truck account was through a bank that the Department regularly uses to gain interest on the amount.

Mr. Hosfelt questioned how many trucks the Department was down, using the 18-year planning schedule. In response, Chief Hall stated that they were down one (1) engine and one (1) heavy rescue. He explained that the heavy rescue would not be replaced with another heavy rescue because firefighting had changed. It was Chief Hall's belief that it would be replaced with an engine rescue similar to Engine 2 at Station 2, which is a dual-purpose fire truck. He stated that this would also cost $585,000, since it is basically an engine with rescue equipment.

Mr. Hare questioned the percentages of the Department's fund drive donations that come from businesses and citizens. Responding, Chief Hall stated that Mrs. Mitchell had asked him to look into it; however, he had not had an opportunity to do so. He indicated that a lot of larger businesses do not contribute or do not contribute as much as the Department would like them to, stating that they may contribute between $50 and $100. The Department did receive an e-mail earlier in the day indicating that C.F. Schwartz would be donating $500.

Mr. Hutchison questioned how much the City of Dover donates or gives to the Fire Department every year. Responding, Mrs. Mitchell stated that the Fire Department budget is $1,023,000, including the City's personnel, the annual appropriation, and the payment on the trucks.

Referring to Page 126, Mrs. Mitchell stated that the CIP for the Annual Contribution to Robbins Hose listed the appropriations for the trucks and did indicate an increase in FY 2017, from $238,500 to $319,200, which showed the anticipated purchase of another truck. Responding to Mr. Slavin, Mrs. Mitchell confirmed that the increased amount reflected payment for a truck for one (1) year.

Mrs. Mitchell stated that the CIP also included an increase to $409,200 in FY 2019, which indicates the anticipation that the City would begin paying on another truck; therefore, there were two (2) trucks in the five (5) year plan. She stated that FY 2020 should also reflect $409,200, explaining that she included it in the forecast model and had corrected the CIP, but the sheet in the budget book had not been updated.

Referring to Chief Hall's comments regarding the amount of donations received through the fund drive, Mr. Hutchison stated that large corporations may not be giving directly to the Fire Department; however, the amount that the City makes in donations to the volunteer fire service comes from those people paying the big bills.

Chief Hall agreed with Mr. Hutchison; however, he expressed his opinion that people get confused because the Fire Department is volunteer. He stated that they also have employees which account for $449,000 of the $1M budget. Chief Hall advised that the Fire Department budgets for $281,300 from the City because that is all they have to work with.

In response to Mr. Cole, Chief Hall stated that he was unsure of the exact amount that the Fire Department received from the State of Delaware. He advised that the money received from the State goes into the Department's operating budget. Chief Hall stated that Department's budget has two (2) sides: the volunteer Fire Department side and the City side. He explained, for example, that office supplies for the administrative assistant would come out of the City portion of the budget; however, office supplies for the Chief's office would come out of the fire side. Chief Hall stated that funds for the fire side of the budget come from the fund drive and any other funds the Department accrues.

Mr. Slavin questioned the percentage of breakdown between what the City contributes and all other funding sources. Chief Hall stated that he did not have this information.

Mr. Cole requested a breakdown of these percentages over the next meeting or two (2).

Mr. Slavin stated the information needed was the total resources raised during the year, whether from public or private funding, and how they break out on the expense side as well in general categories.

Mr. Hosfelt stated that, as former City of Dover Chief of Police, he had considered himself very fortunate that he did not have to compete with the Fire Department for funds. He felt that competition for funds between police and fire departments occurs in many major cities and probably every other state capital, and he could not imagine what the City's budget would be if there were a paid fire department. He felt that the City was fortunate to have volunteers.

Mr. Hare requested information on whether the Fire Department receives donations from some of the larger tax exempt entities in the City, such as Delaware State University, Wesley College, and Bayhealth Medical Center.

Chief Hall indicated that some members had expressed concern regarding the proposed property tax increase and that it had been said that public safety was a big part of this. Chief Hall stated that those in the Fire Department did not feel that the Fire Department played a big part in this, considering the amount of funds that they are given.

Referring to Page 224, Mr. Koenig reviewed the Customer Services Division budget. He advised members that personnel costs were up, and much of this was due to proposed temporary part-time help. He reminded members that staff had struggled to maintain service levels and there had been long waits on phone calls and long customer lines.

Mr. Anderson questioned what fund the Customer Service budget comes from. Responding, Mrs. Mitchell indicated that 63% was charged to the Electric Fund, 19% to Water/Wastewater, and 18% to the General Fund.

Mr. Koenig reviewed the Finance Department budget (Page 225), noting that there were small increases in materials and supplies and administrative expenses for contractual services. He advised that $7,500 was included for a plan consultant review of the City's 401/457 plans to make sure that the City was not being overcharged for fees and that its plans were competitive versus the industry.

Mr. Anderson questioned the General Fund portion of the Finance Department. Responding, Mrs. Mitchell explained that 46% of the Department is funded through the Electric Fund, 14% by Waste/Wastewater, and 40% by the General Fund.

Mr. Slavin expressed his belief that Councilman Anderson was suggesting that if Council was looking for areas to cut, care would have to be taken since it would not be a dollar for dollar cut from the General Fund and cuts would be shared across funds.

In response to Mr. Hare, Mrs. Mitchell confirmed that each individual employee determines where their money is invested in the 401 plan.

Mr. Koenig stated that the City's plans have two (2) providers, Nationwide Retirement Solutions and ICMA.

Mr. Hare questioned if the City would be spending money to see where employees invest their money. Responding, Mrs. Mitchell noted that approximately half of the workforce was now in the City's 401 plan and expressed concerns regarding their retirement. She advised members that the City pays for professional advice for the defined benefit pension plans, but not for employees in the 401 plan. Mrs. Mitchell stated that she wanted to work with a consultant to see if the 401 plan fees were proper with the market and review the plans themselves. She questioned if a committee or advisor was needed to help these employees. Mrs. Mitchell felt that the City would have fiduciary responsibilities at some point and that the employees in the deferred plan should be protected as those in the defined plan are protected and should be given the tools they need to make educated decisions. She stated that this could possibly come out of the budget and she could perhaps do some leg work herself this year and bring this back to Council.

Noting that these employees contribute to their 401K, and the City also contributes, Mr. Hare questioned if the City wanted to tell the employees where to put the money. Mrs. Mitchell stated that the employees would still make these decisions, but would have a professional to help them. She did not believe that Nationwide currently sends a plan representative to the City. She stated that ICMA does have a representative come, but that representative is not a licensed vendor. Mrs. Mitchell explained that it may just be a matter of her meeting with the vendors and telling them what the City wants.

Mr. Hare suggested contacting the two (2) providers, or having 10 different companies come who would like to do business with employees and would have quarterly meetings with them. He felt that money would not have to be paid for this.

Mr. Koenig stated that the general concern was that the City had switched to the 401 plan and employees were not keeping pace with it. They were not maxing out their contributions or the City match. He indicated that the City had a responsibility as an employer to encourage them, teach them, and give them the tools to be successful. Mr. Koenig stated that this item could be cut from the budget; however, it was something to be conscious of going forward. Since, other than police officers, all employees would eventually be in this plan, as an employer, the City must be conscious of how this benefit performs over the long term.

Mr. Hare did not see how the City could move forward with this. He felt it was not the City's responsibility to do this, it is that of the company that the City invests with to keep their customers informed and updated.

Mrs. Mitchell stated that the City's pension costs decreased this year because there were more people in the deferred benefit plan and fewer in the defined benefit plan. She suggested that some of the savings caused by the switch in plans could be set aside to help with this if help was needed. She requested that members allow her to do the leg work and come back to discuss this.

Mr. Anderson stated that he was a big fan of defined contribution plans that give people control of their own destiny and he thought it was a good idea for people to have information regarding their financial future. He questioned if this would be a one (1) time or annual item. Mrs. Mitchell stated that, without having the background information, she was unsure. She indicated that she would like to see what the City could get from the firms currently being used.

In response to Mr. Anderson, Mrs. Mitchell confirmed that if this were approved as a budgeted expense and later found that she was able to have it covered, this item could go back into the budget.

Mr. Anderson asked if approving this amount as a budgeted expense would provide Mrs. Mitchell flexibility to move forward. Responding, Mrs. Mitchell stated that she had a proposal from a consultant for $7,500 and could send it to Council to show what would be provided for this amount, if desired.

Mr. Anderson stated his concern that the City puts a lot of responsibility on people who have no financial background or higher education in that area. He thought that the idea of providing resources may be a good idea and should be discussed.

Mr. Cole advised members that the organization where he works, the Delaware State Education Association (DSEA) works with different people, such as custodians, secretaries, etc. He stated that the DSEA reaches out to have licensed financial analysts go out to the schools. Mr. Cole indicated that perhaps the legwork should be done first and Council could see where that leads.

Mr. Hutchison stated that he felt that if the City was going to offer a 401 stock option, this was a wonderful opportunity, but there was also an absolute need to have people with a financial investment background and expertise to guide individuals.

Mr. Koenig reviewed the budget for Procurement and Inventory on (Page 226), noting that this is the City's warehousing operation.

In response to Mr. Hare, Mr. Koenig stated that postage included utility mailings, tax mailings, and all other City mailings that go through the postage meter at the warehouse.

Mrs. Mitchell explained that the amount budgeted for postage had been reduced too aggressively when the City did away with blue letters, or late notices, a year ago and the amount of savings projected was not realized.

In response to Mr. Hutchison as to whether the City had a large supply of transformers and if partnerships with other vendors were being sought, Mr. Koenig stated he was unsure what the inventory was; however, Mrs. Mitchell had been working with Mr. Harry Maloney, Electric Director, and the Public Works Department to reduce levels where possible. Mr. Koenig felt that the number had been reduced since that last time this was discussed but that the City was not to the bare bones level at this point.

Responding to Mr. Hutchison, Mrs. Mitchell stated that the City was not pursuing options on this, at this time. She advised that staff had reviewed the inventory and there was a potential need for everything on the list they provided. She explained that some items would not be reordered but would be put to use until gone.

Mr. Koenig reviewed the budgets for the Human Resources (Page 228) and Information Technology (IT) (Page 229) Departments. In regard to the IT Department, Mr. Koenig stated that the City was about to migrate to Office 365, a cloud-based Microsoft application. This would create savings in future hardware expenses, but an increase in contractual maintenance costs. Mr. Koenig stated that in the long run the City would probably migrate more platforms to a cloud-based system, as that seemed to be the wave of the future.

In regard to the budget for the Library (Page 230), Mr. Anderson questioned the reason for the $17,000 increase in the in the cost of electricity. Responding, Mr. Koenig stated that the electricity had run lower during the first couple of years; however, the trend for FY 2015 resulted in an increase. He indicated that this increase was unique to the library rather than being true across the City, noting that the City was still in the early stages of managing this building and getting a feel for how systems work. Mr. Koenig stated that part of the issue was that the final balancing of the system by contractors did not occur until last fall.

In reference to the Parks and Recreation budget (Page 231), Mr. Koenig noted that the this department's budget would decrease by 14% if Council were to adopt the FY 16 budget.

Mr. Sudler questioned whether any future income was submitted toward a possible project to build or rebuild a facility at Dover Park, and asked for a status update regarding the Recreational Needs Assessment.

Responding, Mrs. Ann Marie Townshend, Director of Planning and Community Development, stated that all information was in hand and different pieces of the Recreation Needs Assessment were in various states of draft. She indicated that staff planned to bring this item to the Parks, Recreation, and Community Enhancement Committee in July.

Responding to Mr. Sudler's inquiry regarding funding for the Dover Park, Mr. Koenig stated that $80,000 was put aside in the current budget for future improvements related to the assessment. It was Mr. Koenig's recollection that Councilman Anderson had previously made a motion to set aside an additional $100,000 during the budget hearings last year, and this $100,000 was deducted from the street program; therefore, $180,000 was either in the capital budget or in the reserve account and had been set aside by Council for future improvement related to the Recreation Needs Assessment. It was Mr. Koenig's belief that the motion stated the expectation that $180,000 would be spent on the east side of the City for a project. It was not specific to a building or playground but was specific to recommendations coming directly out of the assessment.

Mr. Anderson questioned how much was in the Parkland Reserve Budget including the $25,000 from earlier this year. Responding, Mrs. Mitchell stated that the Governmental Capital Projects Fund Summary (Page 50) showed a proposed balance of approximately $321,000 for Parkland/Recreation FY 16, which included additional monies that were put in.

Mr. Anderson indicated that funds had been set aside in the past five (5) budget years for projects, such as a splash pad, and questioned why related engineering studies and groundwork had not been started, noting that the money was already there.

In response to Mr. Anderson, Mrs. Townshend stated that money for a playground at Mallard Pond Park was included in the current year's capital budget. A workshop was held and a conceptual plan was developed and went through the Parks, Recreation, and Community Enhancement Committee. The pre-application for the grant was submitted to the Department of Natural Resources and Environmental Control (DNREC) in the fall, the City was told that funds would not be available until next fiscal year, so this project was moved to the next fiscal year. Mrs. Townshend stated that the splash pad had been budgeted at one point; however, it was decided to hold off on this project until the results of Recreation Needs Assessment could ensure that it would be placed in the right location. She explained that the original plan was to locate the splash pad at Schutte Park; however, there were many who did not believe that was the right location, noting that Silver Lake and Dover Park were the two (2) places where people seemed to have the most interest.

Mrs. Townshend advised members that, coming out of the Recreation Needs Assessment, two (2) park master plans would be needed, one (1) for Schutte Park and one for (1) Dover Park. She stated that land had been donated by Stover Homes for a Schutte Park project and in-house engineering staff would be used. A grant was received for the survey and this was done last fiscal year. Mrs. Townshend stated that the Dover Park project would use $80,000 that was put in the current year's capital plan for the east side of Dover. She explained that all of these projects must be wrapped into the Recreation Needs Assessment and would be pushed this year, reiterating that one (1) had been held back for the Recreation Needs Assessment and the other due to funding from DNREC.

Noting that money was being put in reserve and had been building up over the years for these projects, Mr. Anderson questioned if there would be supplemental funding during the year for them. Responding, Mr. Koenig stated that if there are projects coming out of the Recreation Needs Assessment, funds would be transferred from the reserve account and a CIP project would be created at that point. Referring to Page 125, FY 2016 Capital Plan Investment Plan - FY 16 thru FY 20 - Projects by Department, Mr. Koenig stated that no new projects were identified under the Parks and Recreation Department; however, there were FY 17, 18, 19, and 20 projects. He explained that a number of those projects were things that had been talked about, including splash pads and a skate park, and these were programmed in the out years, waiting on final recommendations of the assessment. Mr. Koenig stated that available funds would be taken from there to start projects, out year projects would be shuffled if it was recommended to move them forward, and funding plans would be created.

Mr. Koenig reviewed the Police Department Budget (Page 232).

Noting that personnel were being added to the Police Department, Mr. Anderson questioned the decrease in capital outlay. Responding, Mr. Koenig stated that the FY 15 budget included a large purchase of radios, cars, and, to his recollection, one (1) SUV; however, spending was decreased

overall from last year dollar for dollar. It was his belief that there was an unbudgeted expense originally last year. The issue of radios came up at the last minute, in both the Police and Fire Departments. They were purchased and a loan was being paid back over time, but the value of the equipment was expensive enough that it was listed in the capital plan. Mr. Koenig stated that officers were added and he indicated that approximately 12 vehicles would be purchased for the Police Department, and this would be discussed under vehicle purchases.

In response to Mr. Sudler, Mr. Koenig explained that capital outlays include items over $5,000 in value.

Responding to Mr. Cole regarding whether all options on grants had been exhausted, Chief Bernat stated that the Police Department had done everything possible and was continuing to do so. He stated that they are always monitoring federal and State grants.

In response to Mr. Anderson regarding the approximate amount of total grants that the Police Department has, Mrs. Mitchell referred to Page 275, Police Administration, stating that the amount was $334,400.

Mr. Koenig reviewed the Planning/Inspections & Community Development Department budget (Page 235). He noted that personnel costs in Planning were up by $105,000 related to the addition of a planner position, as well as benefit increases. There were also charges related to the Community Development Block Grant (CDBG) program and the repositioning of those funds related to salary.

Mr. Slavin indicated that members were told during the meeting held the previous evening that the planner's starting salary would be in the range of $45,000, with Other Employment Costs (OEC's) at approximately 32%.

Members were provided a spreadsheet of Personnel Additions/Reductions - 5 Year Cost Estimate ***(Exhibit #2)***. Mrs. Mitchell explained that this information had been updated to include an extra column containing annualized salaries. She stated that the total annualized wages and benefits for the proposed planner position would be $67,600.

Mr. Hare asked for an explanation regarding the statement that the current year charges to the CDBG program were reduced by $14,000, covering $34,800 of the position's salary and benefits, resulting in an increase of personnel costs. Responding, Mrs. Mitchell stated that this is allocated to the CDBG fund and credited back to the Planning Department for the CDBG work that the staff does. She explained that 100% of vacation, sick leave, and holiday pay was formerly being charged to the CDBG grant; however, this had to be allocated based on federal guidelines and prorated on the hours spent working on CDBG. This was the reason for the reduction.

In response to Mr. Hare regarding what the rest of the time was spent on if it was not 100% CDBG activities, Mr. Koenig stated that this employee's position title was Planner I and the employee's time is split between the Community Development Block Grant and planning-related activities. He indicated that staff was requesting to hire an additional Planner I.

Responding to Mr. Sudler, Mr. Koenig explained that the salary provided during the previous budget meeting was approximately $40,000 and that the $67,000 amount represented all of the salary and benefits, including health care and pension.

In response to Mayor Christiansen regarding the skill level that would be sought for the Planner I position, Mrs. Townshend stated that the position would require a master's degree. Based on what the City typically is able to offer as salary, the Department had almost always hired individuals directly out of graduate school without much experience, but who have had experience in internships or entry-level positions elsewhere.

Responding to Mayor Christiansen, Mrs. Townshend confirmed that a Planner I salary level was appropriate, noting that there is a career ladder for planner positions. She anticipated that the existing Planner I would likely move to a Planner II next year, once he gets his certification, as this had occurred previously in the department.

In response to Mr. Hare, Mrs. Townshend stated that the CDBG employee who is a Planner I does not have a master's degree. She reminded members that, several years ago, changes were made in how the CDBG program is administered. A planner position was eliminated, and there was not enough CDBG administrative money to pay the Community Development Manager's full salary. The Community Development Manager's position was reclassified to a Planner I position and the Community Development Manager was put in that position. Mrs. Townshend estimated that approximately 60% of this employee's responsibilities are related to housing and community development. She indicated that this employee also does conditional use, Board of Adjustment reviews, and residential building permit reviews, as well as higher-level planning related to CDBG and more entry-level work on applications that are not CDBG related. Although this employee does not have a master's degree, this administrative change was brought forward to Council because this was a way to maximize the efficiency of an existing position. Mrs. Townshend stated that the City was able to get some General Fund benefit since some of the employee's salary had to be paid from the General Fund.

Mrs. Townshend expressed concern as to whether it was appropriate to discuss an employee's qualifications for their position in open session. Responding, Mr. Slavin stated that Council may want to explore this further in executive session.

Responding to Mr. Sudler, Mrs. Townshend stated that there were no in-house employees who were eligible for the Planner I position.

In response to Mr. Anderson, Mrs. Townshend stated that not all City planners are certified, noting that there were currently two (2) certified planners on staff, her and a Principal Planner. The previous Planner II was certified; however, when she left, a Planner I was hired who did not have certification. Mrs. Townshend explained that the principal difference between the Planner I and Planner II position is that the Planner II position requires certification and additional experience.

Responding to Mr. Anderson, Mrs. Townshend confirmed that a planner must obtain certification in order to receive the promotion and career path. When a Planner I is brought in, a professional development plan is provided because it is desired that they move to the next level. She stated that it is to the City's benefit that the employee work more independently and on the more complex projects, but it is also good for them professionally.

Noting that a planning position had been eliminated and covered with half of a planning position in the consolidation, Mr. Anderson questioned why a full position was being added rather than a half planning position. Mrs. Townshend explained that her initial request was for a part-time planner; however, there were a number of things that existing staff could not get to because they were processing permits and plan applications. She reminded members of the receipt of the Downtown Development District (DDD) designation, the Restoring Central Dover plan, a large amount of ordinance revision that needed to take place to implement the influx of applications as a result of the economy coming back, a number of areas of the zoning ordinance that were significantly out of date, as well as the need for an entire rewrite of the subdivision regulations. Mrs. Townshend indicated that there were two (2) reasons that it would be difficult to make do with a part-time planner: 1) the DDD increases the workload significantly, and 2) with the credentials needed for a professional planner, she felt it would be almost impossible to get a qualified applicant who wanted to do this on a part-time basis.

Mr. Hare questioned what the problem would be with hiring a full-time planner and having a part-time CDBG person. Responding, Mrs. Townshend stated that this would involve taking a bargaining unit position that is currently full time and changing it to a part-time job, and this would be a significant discussion.

Referring to Page 236, Mr. Koenig reviewed the Inspections and Permitting budget.

Mayor Christiansen questioned what percentage of demolition fees the City was recouping to cover costs to tear down dangerous buildings. Responding, Mr. Koenig stated that, in general, the City recovers less than its costs in demolitions. However, he stated that if these buildings are not demolished, they are a risk for the Police and Fire Departments and people in the community. He estimated that approximately 50% of demolition expenses are collected.

Mayor Christiansen questioned if collections were lagging because people do not bother to pay, the City does not have a trail to get them, or if the Mayor and Council needed to give staff a bigger hammer to go after them. In response, Mr. Koenig stated that collection lags because there is a process. He explained that when a building is declared dangerous, a time frame between 30 days and six (6) months is given and the work is then typically bid out. If Council grants 30 days and staff is ready to go on day 30, it is usually another 60 to 90 days before a building is demolished and the property owner is billed. Mr. Koenig stated his belief that the owner has 30 days to pay the bill, at some point after that it is converted to a lien, and it then goes on the tax bill the following year. The lag time in some cases for the City to be paid, especially if it goes to a tax sale, could be 2½ to three (3) years. In some cases the City may buy the property at tax sale and transfer it later.

Mayor Christiansen questioned if a different tool or avenue was needed so that the City could go after personal assets when owners refuse to pay the fines and taxes on these properties and the City has to demolition buildings to prevent them from dragging down property values in the communities. He felt that taxpayers should not have to pick up this tab and there must be another mechanism to go after the owners to make the Planning and Inspections Department and City Manager's jobs easier and to recoup monies that the City outlays for these properties.

In response to Mayor Christiansen, Mr. Koenig stated that there may be more aggressive remedies. It was his belief that once the expenses go on a tax bill, State law requires two (2) years before it is delinquent. He assured members that even compressing the time requires personnel expenses on the City side, noting that staff must write letters, prepare the demolition expenses, etc. Mr. Koenig indicated that there had been a few demolitions from which the City made a few dollars from the sale of the property; however, if every penny were calculated, there would be a net loss.

Mayor Christiansen expressed his belief that the Mayor and Council should come up with a mechanism to do a value added for services put into those properties to locate these people and collect these monies. He suggested asking the State legislature to help the City recoup the money that must be outlaid to go after those who do not seem to care about what Dover looks like.

Mr. Koenig stated that a number of property owners are willing to walk away from their property.

Mr. Slavin stated that there is a negative value associated with a lot of these properties and when they reach a point of no value, there is no reason for the property owner to act. He explained that the liens placed against the properties, especially if there is asbestos associated with the demolition, far exceed the value and owners walk away from their property. If the government takes the property, there is no long-term remedy or damage to the person.

Mr. Sudler questioned how much the City had received by actually purchasing properties. Responding, Mr. Koenig stated that he would have to get this information and questioned the time period sought. He noted that staff had been very aggressive with demolitions since 2006 and estimated that approximately 40-50 houses had been demolished. Mr. Sudler requested the information for the last two (2) years.

Mr. Sudler asked about the percentage of the amount sent to tax collection and how much is received when the amount owed in debt is transferred to the owner's taxes. Responding, Mr. Koenig stated that the taxes owed on a typical house in the area are usually less than $2,000. When the demolition lien is added, this becomes $14,000 - $18,000. Some properties go to tax sale because they do not pay their property taxes for two (2) years. They may owe $1,500 to $3,000 in City taxes going to tax sale. Mr. Koenig estimated that the amount collected by the City was in the 35% - 50% range.

Mrs. Mitchell stated that in the past, when there was a demolition expense, it was expensed and came out of the budget balance. The prior City Manager asked to have it billed, so staff recorded it as revenue when it was billed and they did the demolition, which offset the expense. There was no change in the budget balance because there was a revenue item. When staff started recording the

revenue, the receivables were up due to uncollected demolitions. The auditors expressed concern because the collections for those receivables were not coming in. The City had to take up its collectible reserve by a little more than $100,000 to cover that money.

Mrs. Mitchell explained that if the City was going to bill this and not collect it, the reserve would need to go up again. It was her recollection that receivables were approximately $400,000. She asked staff to analyze this to see how it compared to the collectible reserve to determine if it would be necessary to bring forth another adjustment to Council to increase the reserve. Mrs. Mitchell advised members that there is a spreadsheet for every demolition that indicates the cost on the property, and Mrs. Townshend helps the Finance Department maintain this information and checks it for accuracy. The Finance Department was currently working on this analysis.

Mr. Hare questioned if the City approaches property owners and if owners then just sign properties over to the City. Responding, Mr. Koenig stated that the process is not typically that simple. He indicated that the City puts a lien on a property, the property owner often does not respond to correspondence from the City, and the City ends up buying the property at a sheriff's sale.

Mr. Hare asked if it would be possible to approach the Central Delaware Habitat for Humanity to determine whether they are interested in a house instead of demolishing it. Responding, Mr. Koenig stated that this is not possible because when a building is declared dangerous, it is owned by somebody else and the City, as the government, takes control of the property to demolish the structure and incurs a bill. The City pays the bill, which is placed against the property. The City steps away from the property for a number of months and years and then may acquire the property at a sheriff's sale because the bill was not paid. Once the City owns a property, the City Manager can try to transfer it to Habitat for Humanity or another entity.

For example, Mr. Koenig stated that the City may have a $12,000 demolition lien against a property. When it goes to sheriff's sale, a non-profit may say they will buy the property for $10,000, but the City has to release the lien. It is in the City's best interest to release the lien and allow the property to be sold for $10,000 because if the City buys the property, the grass must be cut, and the City must find a way to get out of the property. He indicated that there are a handful of handful of transactions that can happen once a property is demolished. Mr. Koenig stated that he could recall only one (1) such transaction where the City made money.

Mr. Neil advised members that the State legislature was considering legislation to help community owners who have homes on leased land. When a home is abandoned, instead of waiting for a year or more, property could be taken over in a faster manner, such as 30 days. He asked if anything could be done to speed up the process of legal action so the property would not be on the books as long and could be put back into production if someone like Habitat for Humanity bought it.

Mr. Koenig stated that he would have to talk to Mr. William Pepper, Deputy City Solicitor, noting that there may be some legal remedies. He cautioned members that this would incur legal costs. Mr. Koenig stated that 30 days is certainly not enough time to declare a property abandoned, because a number of these properties may be owned outright, so there is no mortgage, although the

owner may not have paid their taxes. If taxes have been paid, the structure can be abandoned for an extended period of time if they are registering it as a vacant building. He indicated that the this country leans heavily toward property rights, and it is not easy for the City to command a property, declare it abandoned, tear it down, and sell it or take it over since the system is not designed that way.

Mayor Christiansen questioned if third-party billing had been considered, which would involve turning over delinquent accounts to someone outside the City and offering them a fee to collect a certain percentage of the money. The Mayor found it appalling that someone could pay a fee to keep their building vacant when it drags down the rest of the neighborhood. In response, Mr. Koenig stated that it was difficult to get monies from those who may be short on funds and that if someone was not paying the City, they probably would not pay a third-party, and the City would then be out a collection fee.

Mayor Christiansen stated that there might be an option for wage attachment, etc. In response, Mr. Koenig stated that he was not aware of this option; however, he would have to ask Mr. Pepper. He explained that there were many different entities owning these types of properties. Since some are owned by LLC's, there would be no wage associated with them. Mr. Koenig felt it unfortunate that this ends up being a system burden on the government. He explained that the City did not want these buildings to remain dangerous and vacant because they cause a decline in the assessments and affect police, fire, and code enforcement responses; therefore, the $15,000 - $20,000 cost to the government to demolish these buildings is money well spent.

In response to Mr. Hare regarding the amount of vacant building fees, Mrs. Townshend stated that there was previously one (1) fee regardless of the type of building. It had since been changed so that there is one (1) fee for buildings larger than 10,000 sq. ft. and one (1) for residential and non-residential buildings less than 10,000 sq. ft. She advised that the fee for residential and non-residential buildings less than 10,000 sq. ft starts at $250, the second year registration fee is $500, the third year is $1,000, and fourth year registration was $2,000.

Mr. Hare stated that he was familiar with a property that had been vacant for 10 years and although the owner cuts the grass, that is about it. He questioned if this owner would be paying $2,500 per year plus their taxes. Responding, Mrs. Townshend stated that she was unsure what amount this particular owner was actually paying. She noted that if the registration fee is not paid, it is put on the tax bill.

Mr. Hare requested an update on this property, noting that he had been receiving calls about it.

Mr. Sudler commented that allowing the owner to pay vacant building fees of $250 to $2,500 did not address safety, police, and fire marshal issues. Responding, Mr. Koenig stated that a proposal would have to be brought back regarding this matter. He stated that he had no problems tearing buildings down and sending a bill; however, the prescriptive process is not short for a good reason. He indicated that staff could bring back suggestions on improving and condensing the process and tearing more houses down; however, a larger budget would be needed to demolish more houses.

Mr. Sudler reiterated his concerns with safety and the community in regard to vacant buildings and felt that Council should be able to do something about this.

Mr. Slavin stated that the City had changed its policy regarding dangerous buildings and became very aggressive, in response to what the community asked Council to do. He explained that there was an existing process, which had been used, and the City was now doing exponentially more work in this area. Mr. Slavin indicated that the process may just not be holding up and the City may want to look at it again.

Mr. Neil expressed his opinion that if the City was trying to be aggressive in this area, there should be an accompanying program to start rebuilding these houses so there are not so many vacant lots.

Mr. Sudler moved to recess, seconded by Mr. Cole and unanimously carried.

The meeting recessed at 7:37 p.m.

Mr. Anderson moved to reconvene the meeting, seconded by Mr. Cole and unanimously carried.

The meeting reconvened at 7:53 p.m.

Council President Slavin noted that there were a number of members of the public present and invited them to come forward to speak.

Mr. Alan Gaddis, 448 North State Street, stated that a recent *Delaware State News* article indicated that a 24% tax increase was proposed. He noted that this would be an increase of $0.0822 per 100% of assessed value based upon the current 33.78 cent rate. He felt that many tax payers may feel anxious or frightened at such a high percentage increase; however, he explained that he and his wife were looking at this increase differently. Mr. Gaddis stated that their home on North State Street was assessed at $252,000 and the increase would mean that they would pay an additional $207 per year, which is $0.57 per day. Noting that he and his wife were on fixed incomes and did not foresee their income increasing in the future, Mr. Gaddis still believed that they and most others could afford this increase, as it would cost less than a daily candy bar or one-third of a cup of vending machine coffee. Mr. Gaddis expressed appreciation for the services provided by the City of Dover and anticipated improved safety as additional police begin their service in the City. He was also pleased with the positive effect that the police cadets were having. Mr. Gaddis felt that the City needs the more secure income provided by property taxes, since relying on increased fees or fines is uncertain at best. Mr. Gaddis stated that the citizens are responsible for paying for the services they ask for and enjoy.

Ms. Sarah Herbert, 223 North Bradford Street, stated her opinion that the first line of the *Delaware State News* article was unfair to the Council, Mayor, Mr. Koenig, and City Departments. She expressed her feeling that there were people who looked at the 24% figure and nearly died. She stated that she had also calculated how much her increase would be by adding 24% to the amount

of taxes she paid last year. Ms. Herbert advised members that she lives in the City for $1.87 per day and receives fire, water, garbage, police, and infrastructure. She stated that she really supported this increase, noting that it was reasonable and expressing her wish that it had not been presented in the paper this way. Ms. Herbert stated that she was not wild about salary changes, although she would not be against them. She felt that $85,000 is a high income and stated that she could see a 2% increase because she has a son-in-law who works for the State of Delaware and has not had a raise in five (5) or six (6) years. She recognized that the City had to figured out a way to pay a little more each year in health costs, etc. Ms. Herbert stated that Mr. Koenig had indicated that he wanted something stable that could be depended on for the City's income; however, she felt that income could be found from things that come and go and that a special fund should be created to put that money into so that it would be there when needed in an emergency. She stated that she absolutely supported the proposed increase and had no problem with it.

Mr. Anderson thanked members of the public for taking the time to attend the meeting.

Referring to the City of Dover FY 2016 Draft Budget Property Tax Proposed Increase previously provided to members *(Exhibit #1)*, Mr. Koenig explained that the top of the table included 10 sample properties with the 2010 assessed value, the current property tax rate, the current property tax, the 2015 assessed value, the neutral or roll-back rate to make the property tax roll-back revenue neutral, the proposed rate based on the draft budget, and how much of an increase or a decrease there would be for specific properties. Referring to the "Sample Developments," Mr. Koenig explained that he had provided a number of developments across the City to the Tax Assessor's Office and assessment staff picked a property in each of the developments that was not identified to them and ran the calculation for each of those sample developments. He stated that, on the second page, sample commercial properties were identified, as well as their assessed values, and the overall increases and decreases. Mr. Koenig indicated that this was a good guide to see how the 24.3% overall increase would affect individual neighborhoods. The individual sample residential properties represented the properties of individual Council members, although these were not identified. Mr. Koenig advised members that, as stated by Ms. Herbert and Mr. Gaddis, for a number of people the property tax would be less than $1 per day to maintain service across the growing City. He stated that the numbers become more significant on commercial properties. Across the City, residential properties tended to go down and commercial properties tended to go up, in some cases significantly.

In response to Mr. Neil's question during the budget meeting held the prior evening related to the land values in Wild Meadows, Mr. Koenig stated that Ms. Cheryl Bundek, Tax Assessor, had advised him that the Wild Meadows land value had decreased from approximately $6.53M to $6.204M, and the clubhouse decreased from $591,800 to $510,900.

In response to Mr. Anderson's request for a legal opinion, Mr. Koenig stated that the City must roll back the tax to make it revenue-neutral and Council must vote on that. Council is then free by law to increase the tax however much they choose, as long as there is an affirmative vote to do that.

Mr. Koenig reviewed the budget for Code Enforcement (Page 237).

Mr. Sudler asked if feedback is received from the community in regard to how they feel code enforcement officers are treating them, or if there was a complaint form. Responding, Mr. Koenig stated that, to his knowledge, there was not a complaint form. Complaints or comments are received in writing or by phone and go to the department head, and if something needs to be acted upon it is discussed with employees.

In response to Mr. Sudler as to whether the number of concerns for this division is looked at annually or at all, Mr. Koenig stated that there was no statistical information.

Mr. Neil stated that there are a number of leased land communities, such as his own, throughout the area. He stated that a real estate agent who rents a property would typically have an inspector come around on a regular basis and a fee would be charged each year; however, there is no fee charged for each of the homes on a leased land property and these properties do not appear to fall under the code inspectors in this way. He stated that it is very obvious that without code inspectors coming to the property, damages are done that are against City code and State law and are not uncovered and resolved. Mr. Neil expressed concern about the quality of the homes on owner-leased land, stating that there is a significant number of communities that are not well maintained. He indicated that this may not be in Council's jurisdiction; however, he felt that code inspection on a regular basis, subject to a fee for each of the homes, would provide a better quality of affordable housing in the City.

In response to Mr. Hutchison, Mrs. Townshend explained that vacant buildings are the primary responsibility of one (1) employee, Mr. Ron Coburn, Inspector II. Mr. Coburn identifies the buildings from complaints or monthly reports from Customer Service indicating that utility service was disconnected. He documents vacancies and follows up with property owners, banks, and property managers to try to get them to pay the vacant building fee voluntarily. If it is not paid voluntarily, it is transferred to Customer Service, where it is billed and ultimately placed on a tax bill. Mrs. Townshend stated that Mr. Coburn also inspects all registered vacant buildings at least monthly, noting that he inspects some of the more vulnerable areas more frequently. He is also called in to help when they become dangerous buildings and helps with training new inspectors.

Noting that he had provided Mrs. Townshend paperwork regarding land banks, Mr. Hutchison asked if she was able to find out related details. Responding, Mrs. Townshend indicated that she had spoken with the Attorney General's office and was advised that there is a requirement to document a 3% housing vacancy rate. She indicated that she needed to work with the code enforcement module to look at how vacant buildings are classified, because currently there is no differentiation between residential or commercial properties.

In response to Mr. Slavin, Mrs. Townshend provided a background on land banks. She stated that the Attorney General's office, with some of the legislators from northern Delaware, had introduced a land bank bill for local governments that meet certain criteria. The principal criteria would be a housing vacancy rate of over 3% for houses that are vacant for more than a six (6) month period. She stated that the bill would allow local governments to create a land bank, which is a quasi-governmental agency that could assume control of these properties. Mrs. Townshend

explained that the legislation was intended for Wilmington; however, when the Attorney General's office was drafting the legislation, they called the City of Dover because they wanted to ensure that it could suit Dover's purposes as well. Mrs. Townshend indicated that the City of Dover would have to change the ways that data is collected in order to document the 3% vacancy rate and she believed that this could be done.

Mr. Hutchison urged staff to reach out to the City of Wilmington to find out what they were doing. He indicated his desire to work with the Mayor to ensure that the City of Dover does not miss this opportunity.

Mrs. Townshend stated her understanding that the Attorney General's office, rather than the City of Wilmington, was the lead on this and that they were doing this for Wilmington.

Referring to Page 238, Mr. Koenig reviewed the Life Safety budget.

Noting that telephone expenses had decreased across all departments, Mr. Anderson questioned if there had been changes to the telephone system or a change in providers. Responding, Mr. Koenig stated that he was unaware of any change in the system or providers; however, a number of departments were no longer providing cell phones and there were probably less long-distance charges on regular phones because people use personal cell phones now.

In response to Mr. Hosfelt, Mr. Koenig stated that life safety pertains to the Fire Marshal's office, which includes the Fire Marshal and two (2) Deputy Fire Marshals. He explained that Emergency Management includes the Public Affairs and Emergency Management Coordinator in the City Manager's Office and is not included in the Life Safety budget. Mr. Koenig stated that the City's ambulance contract was included in the Life Safety budget and estimated that $240,000 or $245,000 of the $255,000 allocated for administrative expenses related to this contract.

Noting that the Dover Code includes regulations for code enforcement officers for conduct and building inspections, Mr. Sudler questioned why there was no information in the Code for the fire marshals. Responding, Mr. Koenig stated that there are a few local codes for fire marshals; however, much of this is national standard code from the National Fire Protection Association (NFPA), which is accessible to the public online.

Mayor Christiansen stated that the Fire Marshal's Office operates under NFPA-13, NFPA-25, and NFPA-72 and their subsections, and offered to assist Mr. Sudler in accessing this information on the internet.

Mr. Anderson questioned which two (2) vehicles were included in capital outlays and where they were in their life cycles. Responding, Mr. Koenig stated that a 2003 and a 2005 Ford Expedition were proposed for replacement in the capital plan and would be replaced with some type of car. He explained that these were both transfer vehicles from the Fire Department years ago, when they replaced their command vehicles.

Mr. Hare questioned if either of these vehicles could be used for emergency management. Responding, Mr. Koenig stated that he was unsure since he did not have the evaluations of those vehicles; however, typically vehicles that are being exited out were in poor shape.

Mrs. Townshend stated that she did not have the evaluations; however, they were rated as very poor. She indicated that staff had a number of concerns with both vehicles getting through the end of this fiscal year, since they stall when the brakes are used and it is necessary to slam on the brakes at the last minute to prevent stalling at intersections. Mrs. Townshend stated that she would not recommend transferring them to anybody.

Mr. Koenig reviewed the Community Development/CDBG budget (Page 239).

Responding to Mr. Sudler's request for a definition of community development as it pertains to the City of Dover, Mr. Koenig explained that the Community Development Block Grant (CDBG) is a federal grant received from the U.S. Department of Housing and Urban Development (HUD) because Dover is an entitlement community. Specific partners, who are approved by the Parks, Recreation, and Community Enhancement Committee, perform work for the City, and this is how the grant is expended on an annual basis.

Mr. Koenig reviewed the Economic Development Office budget (Page 240). He indicated that the management fee paid to Kent County Tourism for the Dover Days Festival represented $18,500 of the administrative expenditures.

Referring to Page 241, Mr. Koenig reviewed the Public Works budget.

Mr. Anderson requested that staff identify the fund(s) associated with the various department budgets. Responding, Mrs. Mitchell explained that Public Works Administration was split at 57.5% Water/Wastewater and 42.5% General Fund. Economic Development was 22% General Fund, 16% Water/Wastewater Fund, and 62% Electric Fund.

Mayor Christiansen noted that quite of bit of personnel costs were related to health care. He asked if this was because the City piggybacks with the State of Delaware and whether cost savings could be realized by looking at health care alternatives. Responding, Mr. Koenig advised members that the City was a rider on the State's policy and several years ago it was determined that equal coverage could not be obtained a cheaper cost. He indicated that a number of the collective bargaining agreements reference the State contract or the State health care system. Mr. Koenig stated that obtaining a cheaper rate was not a strong possibility and there would be a huge risk to the City by leaving the State umbrella.

Mayor Christiansen asked if much of the cost for health care was due to the Affordable Care Act and if expenses are passed on to the groups that have a lot of population. In response, Mr. Koenig stated that people were saying that this was being driven by the Affordable Care Act. He explained that the budget was built on a 19.74% increase; 9.74% was related to premium increases, and 10% was related to a risk pool increase. Mr. Koenig indicated that additional information had been received

earlier in the day and he believed that the 19.4% rate would decrease to approximately 15% or 16%, if averaged over the whole year. He stated that this would result in a slight decrease in the gap in the bottom line of the budget.

In regard to the risk pool, Mayor Christiansen asked if the City has a greater incidence of people having to take advantage of their health care than any other particular group. In response, Mr. Koenig stated that the State applies a risk fee because the City is a rider on its policy. He noted that although he refers to this as a risk fee, he was unsure if that was the legal, technical name for it.

Mr. Sudler asked if any of the new part- or full-time jobs were for the Public Works Department. Responding, Mr. Koenig stated that of the total new jobs being discussed, two (2) were in the Public Works Department at the water treatment plant.

Mr. Sudler questioned if in-house applicants had been approved or, if not approved, had been put on a list to send for training for the next job availability, as discussed during the meeting held the previous evening. In response, Mr. Koenig stated that the City offers training opportunities to all the divisions in the City. A number of years ago, training budgets were cut, and he stated that, as City Manager, it was not in the City's best interest to do so over the long term. He explained that the City had worked over the last few years to restore the training budgets. Mr. Koenig stated that he had been very direct with the department heads that if he was to argue for $2,500 or $3,000 worth of training, he expected that they will have spent that budget on training by the end of the year, and the departments had been good about doing so. In the Public Works Department, he stated that there is training related to snow plowing because there were a number of new employees.

Mr. Koenig stated that the City tries to promote in-house when the people are qualified, but over the last few years, a lot of new hires had come from the outside, and they had brought a number of good ideas from the private sector or other governmental entities. He advised members that the City looks everywhere and tries to hire the best candidate. Mr. Koenig stated that the City has internal supervisory training and brings people in for training. If departments ask for a program, it is evaluated and, if affordable, the City will offer it. He expressed the need to spend more on training over the long term. He felt that, as an organization, the City had not spent enough money on training, especially at the managerial level, since good supervisors were needed, not just to focus on the task at hand but on the task that is three (3) steps down the road.

Responding to Mr. Hare regarding whether the City had looked at the possibility of being self-insured, Mr. Koenig stated that the City was self-insured many years ago for health care, and was almost bankrupted at that point. Mr. Hare stated that the City did not have the proper stop loss insurance in place. Mr. Koenig felt that the City would not want to go that route because of the risk, especially with the unknowns of the Affordable Care Act.

Noting that the City was spending approximately $1,000 a month per employee for health insurance based on budget numbers, Mr. Hare asked if the City had investigated what it would cost for an insurance program for the City of Dover. Mr. Koenig stated that this had not been done because last

year's increase was relatively small at 0.37%, and the City went through three (3) years of negotiation with respect to health care cost sharing. He felt it would be difficult to go back to those unions and communicate that the City was going to change health care plans.

Mr. Hare stated that it would change their cost sharing and might decrease what they and the City have to pay. Responding, Mr. Koenig stated that this was possible and that it may also change coverage. He explained that these were all unknowns, and he could not answer this tonight.

Responding to Mr. Hare regarding outsourcing for snow removal, Mr. Koenig explained that some snow removal was outsourced during the past year, so there was a combination of City workers and contractors who performed this work.

Mr. Hare stated that some contractors use pick-up trucks and do a very good job.

Responding to Mr. Anderson, Mr. Koenig stated that he was not prepared to discuss who provides health care for Kent County and how that compares to the City's system. Mr. Anderson stated that this would be a discussion for the future.

Mr. Koenig reviewed the budget for Facilities Management (Page 243). Mrs. Mitchell advised members that the breakdown for this division was 66.8% General Fund, 5.6% Water/Wastewater Fund, and 27.6% Electric Fund.

In response to Mr. Neil, Mr. Koenig stated that none of the janitorial services were outsourced specifically to disabled groups. A bid was put out for these services, and it was his recollection that the low bid was awarded.

Mr. Koenig reviewed the Fleet Maintenance budget (Page 244). Mrs. Mitchell stated that this division was 48.4% General Fund, 21.6% Water/Wastewater, and 30.1% Electric Fund.

Mayor Christiansen asked if the two (2) vehicles included in capital outlay would be equipped to push snow. In response, Mr. Koenig stated that they would be oversized pick-up type vehicles that could perform tasks such as pushing snow in the yard at the warehouse.

Mr. Koenig reviewed the Grounds budget (Page 245). Mrs. Mitchell noted that this division was 82% General Fund, 4% Water/Wastewater, and 14% Electric Fund.

Mr. Koenig advised members that the Ground budget was one (1) area where the City had experienced difficulty maintaining service levels because of past budget cuts. He stated that the City had received complaints over the last few years for service levels. Mr. Koenig explained that this division had not been fully staffed; however, a new grounds superintendent would soon be on board, which would help the work to be accomplished in a more timely fashion.

In response to Mr. Sudler regarding the procedure for vehicle replacements, Mr. Koenig explained that typically the Fleet Maintenance Division evaluates the vehicle, which must be in poor condition before replacement. Staff preferred to buy using the State contract because it is typically the lowest

cost. Mr. Koenig stated that the radio system and any reusable items are stripped from the old vehicle. The vehicle is then signed off by the department and transferred to the warehouse, where it is typically sold on government deals or another website. He noted that the actual transaction for sale happens in a third-party department that does not own the vehicle.

Mr. Anderson noted that a labor position was being eliminated from this budget and questioned the reason for the increase in personnel. Responding, Mr. Koenig stated that this was a 29-hour temporary labor position that was paid straight wages. He indicated that a temporary City employee was not hired and was unsure how this ended up in the budget, stating his belief that this was a mistake that carried over. Mr. Koenig stated that contracted temporary labor from a company was used for supplemental help in mowing.

In response to Mr. Anderson regarding whether revenue is collected to offset mowing for non-City owned properties, Mr. Koenig stated that typically a third-party contractor is hired to perform mowing for these properties. This contractor bills the City and the bill is processed through the code enforcement budget. He stated that if the City acquires a property at a sheriff's sale, the City may cut the grass or hire a contractor to cut it, depending on staff availability. In regard to whether the City is collecting the majority of the revenue for cutting grass on non-City owned properties, Mr. Koenig stated that the City was collecting a fair amount of the revenue but was unsure if it was a majority. He stated that sooner or later the revenue is collected, but it is not a timely collection. He explained that when dangerous buildings come before Council, they may have code and grass violations that carry forward a number of years before they are paid.

Mr. Koenig reviewed the Sanitation budget (Page 246).

In response to Mayor Christiansen regarding whether a possible tipping fee increase from the Delaware Solid Waste Authority (DSWA) was reflected in the budget, Mr. Koenig stated that DSWA is a completely stand-alone authority that sets its own rates and is not dependent upon the State budget. He indicated that the DSWA had been very good about holding public hearings and performing notification of increases, and it was his belief that the City's contract stipulates what the increases will be. It was his recollection that there had been an increase of $2.00 in the tipping fee annually in each of the last three (3) years. Mr. Koenig advised that the DSWA had announced their fee increase for July 1 and this was incorporated in the budget. He stated that, assuming the tonnage remains relatively steady, the budgeted amount would be enough to cover the fee.

Mrs. Mitchell advised members that 100% of Sanitation was funded through the General Fund.

Mr. Koenig stated that a majority of the expenses related to this Division were covered by the trash fee itemized on the customer's bill.

Mr. Koenig reviewed the Streets Division budget (Page 247), noting that this is 100% a General Fund Expense. He stated that capital outlay was decreased for FY16, noting that the FY15 budget included street expenses at the Garrison Oak Technical Park.

Mr. Sudler questioned the process for repaving or paving streets in response to constituent concerns. Responding, Mr. Koenig stated that on most paved roads a pavement condition rating is performed. There is a spreadsheet and scoring system that rates all of the pavements that the City owns and has in its inventory. The scoring system is used as a guide to prioritize which areas should be paved first. Mr. Koenig explained that the Public Works Department maintains this spreadsheet and there are a number of other influences that affect it, for example, if there is a water or sewer project that will require work on the road. He indicated that legislators also ask for quotes for various roads to use their Community Transportation Funds (CTF) and, in some cases, those roads would receive a high prioritization. In accordance with the City Charter, a road that is not currently paved, would require a public hearing. The cost to pave that road would be identified and property owners would potentially be charged for the upgraded road. Mr. Koenig explained that Spruance Road had two (2) dead ends that the City connected using CTF and City funds, and this did not result in an assessment. He stated that there were a number of ways that roads could be paved.

Mr. Sudler stated that he was considering Conwell Street, off State College Road. Responding, Mr. Koenig stated that, to his knowledge, the City had never received a written request to pave it and the first step would be to receive a request so that an evaluation could be performed.

Councilman Anderson noted that some of the roads in Lincoln Park were old and deteriorating. He stated that they had been on the list before and questioned if they were pulled to be handled under CTF funds. Responding, Mr. Koenig stated that the last two (2) winters had been very difficult on roads, especially those that had problems prior to winter. He indicated that a reassessment of roads was done in 2008 and presented to Council. It was estimated that the City should spend approximately $1.5M a year in 2008 dollars to maintain the road systems at the scoring level presented at that time; however, since 2008, the City had never reached an annual funding amount of $1.5M and had progressively gotten behind. Mr. Koenig recalled that there was one (1) year when approximately $1.6M was dedicated through a combination of City loan money and CTF funds. He stated that approximately two (2) budget cycles previously, Mr. Slavin had expressed significant frustration that the City was not keeping up with its infrastructure even at $1M. The street program was proposed for funding at $1M in last year's budget and the final budget included approximately $900,000. Mr. Koenig advised that some of that funding had to be moved because the City bought a number of cameras for the downtown camera network. He explained that this funding was taken out of the street program with a promise that it would be back-filled through CTF money. Mr. Koenig stated that some CTF money was received; however, in some cases it was for a speed monitoring sign or items other than road paving. There was no guarantee that the back-fill of CTF funds would equal road paving or concrete work.

Mr. Koenig stated that staff proposed to bring the street program back up to $1M in the draft budget to make some progress on the roads. He indicated that Lincoln Park was a good example, but Towne Point was a better example of where the roads were failing, and there were other infrastructure issues there. Mr. Koenig stated that Council authorized a contractor to replace the sanitary sewer on Buck Drive. He explained that the project was completed and the road had a cross hatch pattern of patch and old material but was still in better shape than some other roads out there. Before those roads could be paved, sewer line work was needed, so staff was trying to match up multiple infrastructure plans to get a final product, and this was expensive.

In response to Mr. Sudler's request for a definition of City infrastructure, Mr. Koenig stated that this includes approximately 110 miles of City streets and alleys, a number of which have sidewalks on both sides, which is also infrastructure that the City owns. There is also storm sewer pipe that runs under those roads and catch basins. Mr. Koenig indicated that the City has roughly 220 miles of water pipe and approximately 150 to 170 miles of sanitary sewer pipe. There is also more than 500 miles of wire in the electric system, as well as electric substations, a power plant, a water treatment plant, and City buildings.

In response to Mayor Christiansen regarding why the water valve replacement on Silver Lake Dam was included in the Streets budget, Mr. Koenig stated that it was more appropriate to place it in the Streets Division because otherwise it would be included in Parks and Recreation.

Mayor Christiansen asked if 100% of CTF funds that might be available to the City were reflected in the draft budget. Responding, Mr. Koenig stated his belief that the $1M in the street program was $1M of City cash. If $200,000 of CTF funds were received, $1.2M worth of work would be done. He indicated that CTF funds were part of the grant budget.

Mr. Koenig reviewed the Public Works - Engineering budget (Page 248).

In response to Mr. Anderson, Mr. Koenig confirmed that this budget contained only personnel costs for three (3) positions and that contracts were included in capital projects. He stated that this budget was 100% General Fund.

Mr. Anderson questioned if there was a plan for the area near State Street and Kent General Hospital that keeps flooding. Mr. Koenig stated that he would address that during the capital projects section.

Mr. Hosfelt asked how funding is broken out for different programs and if a formula is used. Responding, Mrs. Mitchell explained that there are different formulas for the various divisions. For example, she stated that the Human Resources Department is broken out based on head count by fund and personnel budgets by fund, while the Finance Department is allocated based upon payroll, personnel by fund, and assets by fund. She noted that some divisions have a combination of three (3) different calculations. The City Manager, the Mayor, and Finance have the City's assets as the total revenues by fund and the personnel by fund. Mrs. Mitchell explained that the ratios are averaged to come up with an allocation by fund. Facilities uses the square footage in each building and in the warehouses and the inventory by fund. The measurements used to allocate the costs depend on the division.

Mr. Slavin expressed appreciation to members of the public and for Mr. Koenig, Mrs. Mitchell, and staff members who had been available for questions. He thanked fellow Council members for the professional and polite discourse. Mr. Slavin stated that an additional meeting may need to be scheduled during the following week to get through the budget.

Mr. Neil moved to recess the meeting, seconded by Mr. Sudler and unanimously carried.

Meeting recessed at 8:58 p.m., to be reconvened at 6:00 p.m. on June 1, 2015.

MONDAY, JUNE 1, 2015 - 6:00 p.m. - 9:00 p.m.

The Special Council Meeting - Budget Review reconvened on Monday, June 1, 2015 at 6:01 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson (arrived at 6:10 p.m.), Mr. Sudler, Mr. Neil, Mr. Lewis, Mr. Cole, Mr. Hosfelt, Mr. Hare, and Mr. Hutchison.

Council staff members present were Deputy Chief Mailey, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, and Mrs. McDowell. Fire Chief Hall, Mr. Rodriguez, and Mayor Christiansen were absent.

Mr. Sudler moved to reconvene the meeting, seconded by Mr. Hutchison and unanimously carried.

AGENDA ADDITIONS/DELETIONS

Mr. Hutchison moved for approval of the agenda, seconded by Mr. Hare and unanimously carried.

TRIBUTE NO. 2015-01 - JOSEPH R. "BEAU" BIDEN III

The City Clerk read the following tribute into the record:

A TRIBUTE EXPRESSING SYMPATHY AND CONDOLENCES UPON THE PASSING OF JOSEPH R. "BEAU" BIDEN III

WHEREAS, the Mayor and Council of the City of Dover have been greatly saddened by the death of former Attorney General Beau Biden, who passed away on May 30, 2015 after waging a valiant battle with brain cancer; and

WHEREAS, Beau Biden was elected Attorney General, the highest law enforcement position in the State of Delaware, in 2006, and served in that office with passion and dedication until January 2015. During his tenure as attorney general, Beau Biden vigorously pursued measures against perpetrators of child sex crimes, achieving 180 convictions, and litigated against banks and mortgage lenders who perpetrated unethical loans; and

WHEREAS, Beau Biden's entire life exemplified service to others. He worked as a young lawyer to establish the rule of law in embattled Kosovo. Beau Biden demonstrated his commitment to his country through his service in the Delaware National Guard, beginning in 2003, and serving as a major in the Judge Advocate General's Corps. He was deployed to Iraq in 2008 as a member of the 261st Signal Brigade and was a recipient of the Bronze Star; and

WHEREAS, Beau Biden chose to serve something greater than self by upholding our nation's ideals of democracy and equal justice and will be remembered for making Delaware's communities better, keeping our families safe, and setting an extremely high bar for his fellow public servants. His legacy will resonate in Delaware's history.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council extend their deepest sympathy and condolences to the family and friends of Beau Biden, and hope that they will be consoled by the memories of his exemplary life and commendable achievements.

ADOPTED: JUNE 1, 2015

Mr. Hare moved for adoption of Tribute No. 2015-01, seconded by Mr. Hutchison and unanimously carried.

DIVISION BUDGET REVIEWS (Continued)

Members were provided the General Fund Allocated Divisions - FY 2016 Proposed ***(Exhibit #3)***, which Council President Slavin stated contained the allocation breakdown of the budgets that had been previously requested, and FY 2016 Draft Budget Recommended Changes ***(Exhibit #4)***, which Mr. Slavin stated contained some of his own ideas resulting from conversations with Mr. Koenig and Mrs. Mitchell.

During the Budget Review meeting of May 28, 2015, members discussed the City Council budget (Page 221), including a request from the Dover Human Relations Commission (DHRC) for $5,000 for training. Members were provided a DHRC Budget Request ***(Exhibit #5)***, and Council President Slavin advised members that Ms. S. Renee Smith, the newly elected Chair of the DHRC, was present to discuss the request.

Ms. Smith advised members that Mr. Cecil Wilson, former Chair of the DHRC, had requested $5,000 for training. She indicated that the DHRC was looking at building its presence and relationships within the community through social media and other marketing forums and performing research on City government in terms of how employees are hired and treated and its diversity. Since all of the DHRC members did not have credentials to do this, Ms. Smith stated that they may need to hire professionals to support that effort, as well as provide members with training in conflict resolution. Ms. Smith stated she strongly felt the need for an increase in the budget but would not request this now, expressing her hope that the $5,000 would be approved so that the DHRC could do what they were called to do.

Mr. Sudler questioned if training had been scheduled for this year or if they had made contacts in this regard. Responding, Ms. Smith indicated that dates had not been set; however, they had discussed partnering with a college or university to provide training, perhaps as an honorarium.

In response to Mr. Hare, Ms. Smith stated that the DHRC would not be helping people to get hired, but part of their role, as stated in Chapter 58 - Human Relations Commission, Article II - Human Relations Commission, Sec. 58-36. - Powers and duties, was to review City programs, activities, functions and ordinances, and make recommendations to the City Council for new, amended, or changed programs, functions, activities or ordinances which would support inclusiveness and civility among City residents and enhance communication and understanding among residents of the City. Ms. Smith advised that the DHRC had started researching how the City government hires, how employees feel about diversity, and where the City is in terms of fair practices. Once that research

is done, surveys will need to be developed and interpreted. Since none of the DHRC members are experts in collecting data, she indicated that there may be a need to hire someone to support that effort, and they may contact a local university to try to get a graduate student or professor to help.

Mr. Hare suggested that the DHRC could do the research and City staff could review and help interpret reports, which would not cost additional money. In response, Ms. Smith noted that this was a collaborative effort and the DHRC was working with the City Manager, who provided several people to be a part of this process. She stated the importance of bringing all the stakeholders to the table.

In response to Mr. Hare regarding the logic used to develop the budget and if the State had a similar budget, Ms. Smith responded that the budget was requested the day after she was elected Chair, and she had only three (3) hours to put it together. For this reason, she used the $5,000 amount that had been recommended for training.

Mr. Neil expressed sympathy for Ms. Smith's need and questioned if the $5,000, if allocated, would be considered to be a line of credit that would be used if necessary, rather than an absolute amount of money to be spent. Ms. Smith stressed that she understood the importance of spending money properly and getting results; however, she stated that the charge of the DHRC cannot be done for free. She indicated the importance of members having the skill sets needed to review programs and activities, to understand conflict resolution, and promote developing programs for the City. Ms. Smith stated that it would take money to increase the presence of the DHRC and convince those in the City that the DHRC is here to serve them. In response to Mr. Neil's question, Ms. Smith stated that the DHRC would spend every dime that was needed and no funds that were not needed.

Mr. Lewis suggested hiring a college intern for professional assistance and utilizing the City's website and Facebook account. He stated his belief that the State Office of Management and Budget provides conflict resolution at a reasonable cost.

Ms. Smith advised members that the current webpage for the DHRC is not updated, noting that it takes money to create a website that captures an organization's identity. She questioned if Council was willing to invest the dollars and resources to be successful in getting the job done and entrust the DHRC with the funds.

In response to Mr. Sudler regarding how the DHRC planned to build a presence and relationship in the community, Ms. Smith expressed her plan to review the past history regarding the DHRC for the last year in order to evaluate where the Commission is. She stated the desire to understand the community's perception of the DHRC, who their target audience is, and how to go about reaching this audience. Assuming the budget was approved, she expressed her willingness to return with a plan after it is established.

Mr. Neil stated that, being new members, the majority of Council had not seen the by-laws or participated in the creation of the DHRC. He felt that the DHRC needed time to develop what they need and advise Council of what they are trying to do and come with an accurate budget. Mr. Neil expressed discomfort with the $5,000 requested because the DHRC had not had time to plan and Council had not had time to review the by-laws to provide advice on achieving DHRC goals.

Ms. Smith advised members that the by-laws were available on the City's website. She requested, if members felt that $5,000 was not available through budgeting, that this be used as a placeholder so that the DHRC could move forward. Ms. Smith stated that DHRC members were committed to doing what Council had asked them to do and had demonstrated this by being willing to meet once per month, although they were required only to meet five (5) times per year. She felt the question was whether the DHRC had the support of the people who had charged them to do the work.

Mr. Neil commended Ms. Smith for her comments and applauded the efforts of the DHRC.

Mr. Slavin advised members that City Council had revamped the DHRC, effectively re-chartering the organization, and by doing that, made the statement that it is a critically important function for the City. He indicated that the DHRC was beginning anew, and the request was to simply provide some baseline training for new members.

Mr. Hare felt that the DHRC by-laws should be given out to everyone and more time should be allowed to look at this matter. In regard to social media, he felt that the City's website should be updated so the DHRC could be accessed through the City of Dover. He suggested it be determined if the State Human Relations Commission (SHRC) provides training and what their budget is. Mr. Hare felt the DHRC could get professional assistance from the City, which would save money. He believed that additional information was needed for both new and longer-term members of Council, and this matter should be brought back.

Mr. Slavin advised that the by-laws were rescinded by the DHRC and this information had been included in the City's Code, so that there was no separate document.

Mr. Sudler stated that SHRC does provide training and suggested that Ms. Smith contact Ms. Ramona Fullman, Executive Director, State of Delaware Office of Human Relations, or Mr. Calvin Christopher, Chair, SHRC.

Mr. Hutchison expressed the importance and the value of the DHRC, stating that all members have a responsibility to take a look at this during the budget process. He did not know if there had ever been a time in the City's history when the DHRC was more important than now. He thanked Ms. Smith for taking the leadership role and looked forward to working with her.

Mr. Cole stated that the organization where he works has a human relations commission for 12,000 educators and their important work is valued. He felt, as part of City Council's budget, that Council could give up a little bit for this very important charge and stated his support for the Commission.

Noting that Ms. Smith had mentioned minority recruitment, Mr. Hosfelt asked if the DHRC would be able to identify logical steps to help the City do a better job with minority recruitment, working in concert with the City's Human Resources staff. Ms. Smith stated her belief that this was the intention, but stated the possible need for outside professional resources to provide an objective point of view.

Mr. Koenig continued his review of division budgets, beginning with the Water/Wastewater Fund Budget Review - FY 2015-2016 on Page 293. In regard to Water Management (Page 296), he explained that capital outlay was increased due to increases in the capital plan related to the water treatment plant process improvements, technology upgrades, meter replacements, wellhead re-development, future well construction, fencing at Bayard Avenue, and water quality improvements.

In regard to capital outlay, Mr. Anderson asked if this included current dollars or if anything was bonded in this area. Responding, Mr. Koenig stated his belief that there were no new bond issues related to this. He stated that no water or wastewater fee changes were proposed and almost all of the increase in revenue was related to the Garrison Energy Center coming online and adjustments made to meet its demand. No new debt was proposed under Water Management.

Mr. Slavin questioned if additional money made from the sale of water to the Calpine plant would be dedicated back into water infrastructure. Responding, Mr. Koenig stated that the City borrowed money to install the improvements at the Garrison Oak Technical Park. Some of the revenue coming from Calpine would go to debt service that was issued previously, some to operating costs, and some to the increased transfer from the water/wastewater utility to the General Fund. In the FY 16 budget, this revenue had also allowed an increase in the funds going to water quality improvements, which was pipe replacement; therefore, the additional revenue would be distributed to a number of different areas in the budget.

Mr. Slavin indicated that he would like to see this tracked, because there had been promises heard for the last two (2) years that the City would see an additional amount of revenue. He appreciated that it would be used for things like pipe replacement.

Mr. Koenig noted that approximately $281,000 in additional pipe replacement funds would come from Calpine revenue. The City had seen an increase in revenue in the current year; however, the plant was not up and running completely yet. The City was given a target for FY 16, and Mr. Koenig stated that staff was cautious about that target; therefore, the $281,000 allocated for pipe replacement would not be spent on July 1 because it would be necessary to wait to see that the revenues matched the forecast.

Mr. Sudler asked if there was a target area for pipe replacement and if an outside agency had done water quality testing in those areas. In response, Mr. Koenig, advised that outside agency research, which involves coupon sampling of the water system, is very expensive and had not been done; however, approximately eight (8) to 10 years ago, a complete inventory of the City's pipes was done and GPS and GIS mapped the system. A pipe material table was developed that showed the type of pipe and the estimated or actual year of construction. A hydraulic model was also being run to determine if there are bottlenecks in the system, undersized pipes, or areas of the system where there are more complaints. Mr. Koenig explained that engineering decisions regarding which pipes should be replaced next are made using this data. Other things happening in the system are also considered, such as if there is a rotating or Inflow & Infiltration (I & I) project, which might shuffle the priorities, and the goal is to maximize the amount of pipe that gets replaced for the dollars that are available. Mr. Koenig explained that I & I falls under the wastewater side and is a measurement

of how inefficient the sewer system is, noting that there are areas of the sanitary sewer system that are more than 80 years old, with old terra cotta clay pipe, separated joints, roots intruding, or collapsed pipe. When the ground water comes up, those joints leak and all that water goes into the system, creating a system burden that is labeled on the bill as groundwater flow I & I. It was previously $1.05 per 1,000 gallons in FY 14 and $1.50 in FY 15. Mr. Koenig stated that this revenue goes back into pipe replacement to create a more efficient total system over time; however, relining or replacement of the pipe is extremely expensive. He noted that one (1) such recent project on Buck Drive cost more than $500,000; however, the pipe would last 75 to 80 years.

In response to Mr. Sudler, Mr. Koenig stated that most of the sanitary sewer pipe is from eight (8) to 36 inches in size, depending on the location in the City.

Mr. Koenig reviewed the Wastewater Management and Water Treatment budgets (Page 297-298).

In regard to materials and supplies for the Water Treatment Division, Mr. Koenig advised that this line item was increased because, as the City produces additional water, there are additional costs for chemicals that are required for buffering of the system. Noting a large increase for electricity under administrative expenditures, Mr. Koenig explained that the plant was undergoing an engineering review by a third-party consultant to determine if improvements would be needed beyond FY 16. He indicated that ozone is currently used as the primary disinfectant and chlorine as a secondary disinfectant. If major improvements were needed as a result of the engineering study, they would be required to be bonded because they would likely be significant capital upgrades.

Responding to Mr. Sudler regarding the chemicals used at the water treatment plant, Mr. Koenig explained that ozone, which is essentially excited electricity, is added to deactivate or kill any bacteria in the system. Chlorine is added so that there is a disinfection residual present in the system at any City water outlet. Mr. Koenig stated that the addition of fluoride was a State mandate in approximately 2000-2001 that the City had to accommodate. The deep wells in Piney Point have an adequate natural fluoride level; however, the Long Point Road and Cheswold aquifers have fluoride added.

In response to Mr. Hare regarding the two (2) new computers proposed under Water Treatment, Mr. Koenig advised that these were desktop units to replace existing computers at the treatment plant and were not specifically designated for the two (2) new proposed employees.

Mr. Hosfelt questioned the total amount of funds spent to make the Calpine project happen. Responding, Mr. Koenig stated that the total investment for the Garrison Oak Technical Park was approximately $13M.

Mr. Koenig reviewed the Electric Fund Budget Review - Fiscal Year 2015-2016 (Page 306). He reminded members that an approximate 3% rate increase was proposed to cover additional expenses associated with the Electric Fund. Mr. Koenig stated that personnel costs were increased due to the proposed addition of an Assistant Generation Superintendent to provide a technical individual to oversee the contract associated with the McKee Run generating station, as well as the Van Sant station, because significant capital improvements are included in the capital plan each year to

maintain the City's generation. Mr. Koenig reminded members that the City was potentially determining whether to obtain a long-term purchase power agreement (PPA) to replace generating Units 1 and 2 in Power Year 18 or to build additional generation. He indicated that the City was also under constant pressure from the State to develop additional renewable energy sources, such as the solar field at the Garrison Oak Technical Park or wind projects. He noted that battery storage projects were starting to be discussed. Mr. Koenig stated that this is an evolving market, and generation represents a large revenue stream. Staff felt it appropriate to add this position to maximize the use of the City's generation and provide for succession planning in the utility.

In response to Mr. Sudler regarding Mr. Koenig's opinion on solar energy or alternative sources of energy, Mr. Koenig expressed his opinion that solar energy is expensive and inconsistent; however, the City was required by State mandate to have a certain amount of solar in its portfolio due to Renewable Energy Portfolio Standards. He noted that the product probably gets better each year and that a new solar field may cost less now and the total power cost may be better than it was when the field was built in Dover approximately four (4) or five (5) years ago.

In response to Mr. Cole, Mr. Koenig stated that the Assistant Generation Superintendent is a proposed new position that would be full-time. The position was not budgeted until December because it would be necessary to recruit for it.

Responding to Mr. Hare, Mr. Koenig estimated the cost of the solar deal at the Garrison Oak Technical Park at $1.9M per year, noting that this was a 10-year deal and estimating that the City was in year four (4) or five (5). He reiterated that the City is required to create or own renewable energy and the City could purchase renewable energy credits. In regard to what other municipalities were doing, Mr. Koenig stated his belief that Milford, Middletown, Smyrna, and Newark were getting into the solar energy business.

Mr. Hare questioned if there were projections of what it would cost to update the nearly 60-year-old power plant to make it more efficient. Responding, Mr. Koenig stated that the McKee Run plant would never be as efficient as a new plant unless generating Unit 3 were replaced; however, the City still receives capacity credit for having that plant available and was doing everything possible to maintain the life of this asset, noting that a major inspection was just done and some improvements were made. He advised that GE anticipated that Units 1 and 2 would have at least a 50-year life, and the City could continue to maintain those assets; however, the question was whether this was economical. Mr. Koenig stated that staff felt it was still economically favorable to maintain Unit 3, keep it in the system, keep spending money on it, and keep it in service because it has a positive return on the City's investment.

Mr. Hare questioned how long these returns would continue after Calpine and the new plant in Elkton come online full time. He indicated that electric companies were mothballing plants much younger than Dover's due to inefficiency. In response, Mr. Koenig stated that there was a long list of generation coming online and being taken offline, especially with coal generation; however, the foreseeable future for at least five (5) years seemed to indicate that the City would be in the generation business and would be paid for capacity. He explained that PJM is a very large network,

but there are always times of high demand and unplanned outages of generating stations. As long as it remained economical and the City had a trending positive return on the investment, the City would keep it in service and keep making money off it.

In regard to increased administrative expenditures related to Electric Administration (Page 307), Mr. Koenig indicated that some of this related to the Ward Transformer lawsuit. Mrs. Mitchell explained that legal fees related to Purchase Power Agreements and contract negotiations related to energy were moved from a fund expense to a division expense.

Mr. Slavin indicated that new Council members should be briefed on the Ward Transformer lawsuit in executive session.

Mr. Neil noted that there was a gap in the energy needs for the City and that this would presumably be a factor when the City has a supply agreement with Calpine. He questioned if staff had an idea of when this agreement may be finalized. Responding, Mr. Koenig stated that this was in a holding pattern due to legal issues being worked out with respect to the PJM grid and the allocation of costs. He stated that the City did not have a firm price yet from Calpine and there was a wait for some of the market conditions to firm up before Calpine would provide a price that would be brought before Council. It was hoped that something would be coming soon.

In response to Mr. Hare as to whether the City had a contract with PJM that would make this a profitable system, Mr. Koenig stated that there is an auction that happens on a year-to-year basis, but the auction relates to future pricing. The City knows what it will be paid for next year's capacity; however, there are out years that are still uncertain because firm prices are set year to year.

Mr. Koenig reviewed the Electric Transmission and Distribution (T&D) (Page 308) budget. He indicated that there was a slight increase in personnel costs due to labor agreements and health care costs.

Responding to Mr. Sudler about the City's relationship in regard to the union involved, Mr. Koenig explained that the City had a signed union contract for the IBEW.

Mr. Koenig reviewed the Electric Engineering budget (Page 309). He explained that increased capital outlay related to a roof at Weyandt Hall and various other projects in this division.

Referring to the personnel costs in the Meter Reading Division (Page 310), Mr. Koenig stated that these costs increased because an injured employee from Public Works was moved into this area and was helping to catch up on the City's meter reading and cut off, which had lagged behind. He indicated that this Division reads approximately 23,000 electric meters and 14,000 water and sewer meters, and is responsible for all the connections and disconnections. This area had been downsized during the recession, and the City was suffering from not being able to get through the cut list with two (2) employees. He advised that the backlog was decreasing significantly with the additional employee.

In response to Mr. Hare, Mr. Koenig stated that these positions were called Field Representative II and there were three (3) representatives and a supervisor. He stated that the expense for these employees averaged approximately $80,000 per employee, including benefits.

In response to Mr. Hare's and Mr. Slavin's request for the details regarding the cost of salary and benefits for these employees, Mrs. Mitchell stated that with overtime, on-call and shift differential, the base wages totaled $192,300. She explained that the lowest paid of these employees earned approximately $42,700 base, the highest earned $48,300, and benefits totaled $133,100. Mrs. Mitchell stated that two (2) of the employees were in the defined benefit pension plan and two (2) in the 401 plan. She indicated that the pension portion of payroll, because of the unfunded liability, was approximately 60% for electric and a couple of these employees had a $45,000 - $47,000 benefit expense because of the unfunded pension liability. She stated that the health care expense was a total of $32,300.

Mr. Slavin noted that the unfunded liability was not money that was directed to the employee but goes to the Pension and Other Post-Employment Benefit (OPEB) fund. Mrs. Mitchell explained that the pension costs for the Meter Reading Division were $66,100.

Mr. Koenig reviewed the System Operations budget (Page 311), stating that this is the 24/7 utility dispatch for electric, water, and sewer.

Responding to Mr. Hare, Mr. Koenig stated that there were five (5) employees in this division who take phone calls related to outages, inquiries, and complaints, and do electronic switching associated with closing and opening breakers. He explained that these employees have direct responsibility in restoring outages, they monitor the system 24/7, and read the incoming feeds from the Cartanza substation. Mr. Koenig stated that these employees are not engineers but are utility dispatchers and most had worked their way up from the field. He explained that they are typically hired from within the utility because they have experience in the City's system and want to work a rotating shift.

Responding to Mr. Sudler, Mr. Koenig stated that there is no national certification for these positions but City system training is provided.

In response to Mr. Cole, Mr. Koenig stated that all five (5) of these positions were in the bargaining unit.

Mr. Koenig reviewed the budget for Power Plant Operations (Page 312), noting that this was reflective of the budget being discussed with NAES. He indicated that these were not City of Dover employees, explaining that these budgeted personnel costs were for the reimbursement of costs associated with the City's contractual obligations with NAES.

In response to Mr. Anderson, Mr. Koenig indicated that the 9% increase in personnel costs was not related to additional employees but due to contractual prices, including bonuses and incentives. He explained that there is a negotiated collective bargaining agreement that covers their benefit packages, which are passed through the contractor.

At the request of Mr. Hare, Mrs. Mitchell explained information regarding the Net Electric Generation Benefit (Page 112). She advised members that this included the plant operations, capacity credits that the City receives for being able to run the plant, the PJM spot market energy costs for the City to buy off the PJM grid, and the PJM credits that are deducted from the City's invoice. Mrs. Mitchell stated that this informed showed the net generation cost of operating the plant, the capital cost, and the net generation cash flow.

Mrs. Mitchell explained that, after taking out the capital cost, there is a net credit for being able to run the plant and support the load. She explained that the capacity charges reflect what PJM charges the City for its load. If the City did not have the plant, it would not receive this credit. Mrs. Mitchell stated that, for FY 16 the capacity credit is projected to bring the City down to a net generation credit of $3.2M, which goes toward capacity charges. If the City did not have its own load, the City would only have the capacity charges from PJM. She advised that the capacity credits are there to offset the plant operations.

In response to Mr. Hare, Mr. Koenig stated that the $3.2M would represent cash that could be used in the utility.

Mrs. Mitchell explained that the net credit for generation would help with capacity charges. She indicated that if there were net positives all the way across for net generation, the City should then decide whether nor not to keep the plant.

Responding to Mr. Hare, Mr. Koenig confirmed that the net generation - cash flow was projected at approximately $288,000 in FY 17, at a loss in FY 18, and a $3M positive cash flow in FY 19.

Mr. Hare stated his assumption that the net generation - cash flow amount would continue to decline after FY 20. Responding, Mr. Koenig stated his belief that it appeared to be more cyclical, rather than going back down.

In response to Mr. Hosfelt, Mr. Koenig confirmed that NAES supplies the workers and tools because of their expertise. Mr. Hosfelt questioned if the personnel costs were negotiated over the long term or annually with NAES. In response, Mr. Koenig stated his belief that this was a long-term contract with escalators each year. He explained that the City does not dictate to NAES the salaries and benefits of NAES employees but does discuss contractual obligations in terms of their employees and does try to control the total number of employees. He stated his belief that the number of personnel in the plant's contract had decreased from 32 employees in the 2011 contract to the current level of 29. As part of the next round of contracts, the City was trying to determine through negotiation what impact the retirements of Units 1 and 2 would have on the administrative cost.

Mr. Hare stated that this would go hand in hand with whether the City would continue in the power business and invest in the plants. He referred to Mr. Koenig's previous comment that the City was not able to hire qualified people to run those plants cheaper than NAES. In response, Mr. Koenig stated that it would be difficult for the City to hire people and guarantee the operation of the plant at a cheaper cost than a third-party contractor. He explained that the City of Dover made a

conscious decision 20 plus years ago to privatize the operation of the plant. At that time, there were a number of Environmental Protection Agency (EPA) compliance, and personnel issues, so there was a conscious decision made to contract with Duke Energy to operate the plant. Duke decided that they wanted to get out of that business, and another contractor was engaged. Mr. Koenig advised members that there are certain operations where it is in the best interest of the utility to contract out, and this was one (1) of those areas because there are specialties related to operation. Mr. Koenig believed that the City would not be able to recruit at its current pay scale to run the plant, noting that the Delaware Municipal Electric Corporation (DEMEC) owns a generating unit and runs it through a third-party contractor who comes when the plant is scheduled to run because this is more effective and efficient. He indicated that it may not be dollar for dollar cheaper, but the reliability and the guarantee that someone is going to show up is included in that contract cost. If the City had a power contract and lost two (2) operators for some reason, this might restrict the City's ability to run the plant. If NAES loses two (2) operators, they have a contractual obligation to the City to bring people in from other parts of the country or hire another contractor to run this plant. Mr. Koenig stated that there is a cost to this; however, these are old plants without current technology, so special expertise is required and this is a third-party contract because it is complicated and the risks are significant. He advised that if the City does not perform when called on by PJM, it would be significantly penalized. For approximately the last 20 years, this had been privatized and he felt that the City had benefitted from the privatization.

In response to Mr. Hare regarding the role of Duke Energy, Mr. Koenig stated that Duke had been responsible for the operation of the McKee Run and Van Sant generating stations but had no responsibility for the operation of the transmission and distribution system, substations, or dispatch operations.

In response to Mr. Hare's request to see a projection of what the plant would cost the City over the next five (5) years, Mr. Koenig stated that this was in the capital plan.

Mr. Hare requested this information be provided for the next 10 years, noting that NAES's cost goes up every year in the five (5) year plan.

Mr. Slavin requested that this item be put on the agenda for the Utility Committee to consider.

In regard to Power Supply (Page 313), Mr. Slavin questioned why the City buys power from the grid versus running its own plants. Responding, Mr. Koenig stated that the power coming from the grid was cheaper than the City could produce and rates would be significantly higher if the City produced it.

Mr. Neil moved to recess, seconded by Mr. Sudler and unanimously carried.

The meeting recessed at 7:42 p.m.

Mr. Hare moved to reconvene the meeting, seconded by Mr. Cole and unanimously carried.

The meeting reconvened at 7:54 p.m.

Council President Slavin proposed amending the agenda for the Special Council Meeting - Budget Review scheduled for the following night, June 2, 2015 to delete the ending time of 9:00 p.m. in hopes of completing the review, stating that Council could reconvene on the evening of Wednesday, June 3, 2015 if this did not occur.

Mr. Hare asked if any executive sessions would be included.

Mr. Slavin asked Mr. Hare to discuss the subject matter with the City Clerk to determine whether it would meet the definition of an executive session by law.

Mr. Anderson stated that it had been said that at least two (2) issues brought up during the budget hearings would be better handled in executive session.

REVIEW OF CAPITAL INVESTMENT PLAN (CIP)

Council President Slavin expressed his opinion that the Capital Investment Plan (CIP) is the horizon that Council must keep its eye on in order to assess the out year impact of not funding long-term improvements. He stated that the City was now in need of a major tax increase because so many improvements had been put off, and Mr. Koenig concurred.

Mr. Koenig reviewed the FY2016 Capital Investment Plan FY 16 thru FY 20 - Funding Source Summary (Page 121), stating that $13.023M was proposed for capital spending across all funds in FY 16. He noted that a department summary for these funds was included on Page 122. Beginning on Page 123, Mr. Koenig reviewed the proposed spending related to the CIP in the General Fund. Referring to Page 125 - Projects by Department - FY 16 thru FY 20, he indicated that the annual contribution included for Robbins Hose Company was related to trucks. Mr. Koenig noted that FY 20 was missing from this page and there was an error in truck payments, so this number would decrease.

Responding to Mr. Slavin, Mr. Koenig confirmed that this annual contribution for trucks for Robbins Hose Company was in the capital outlay area and was over and above the departmental budget that was reviewed during the budget meeting held the previous evening.

Mr. Slavin commented that the Fire Department budget was approximately $500,000, with half of it being related to personnel.

Mr. Hare stated his understanding that the City provides the Fire Department money to purchase fire trucks, but when the trucks are sold, the Fire Department keeps this money. Mr. Koenig confirmed this, stating that the Fire Department keeps this money to outfit new fire trucks with hoses and equipment. Mr. Koenig was unsure of the cost to outfit a fire truck but stated that the Fire Department would say that it costs every bit as much as it costs to sell the fire truck.

Mr. Hare stated his understanding that the City's Fire Department sells its old trucks to Annapolis, who continues to use them, and he did not understand why the Dover Fire Department could not continue to use them. Mr. Hare indicated that the Fire Department wanted to purchase new vehicles for the Chief and Assistant Chief, and when the City asked to take one (1) of these used vehicles for its needs, the Fire Department indicated that these were their vehicles, they had paid for them, and they planned to sell them to Camden. Mr. Hare questioned why the City was providing money for new vehicles.

In response to Mr. Hare, Mr. Koenig stated that he had not participated in this discussion. He advised members that a proposed increase in contractual services was discussed because the Fire Department felt that their maintenance costs increased due to the deferral of new equipment purchases. He advised members that the Fire Department had asked for their annual operating appropriation to increase by $75,000, and Mr. Koenig's recommendation was for $50,000. Mr. Koenig did not believe there had been a discussion as to what the additional funds would be used for, but thought it could potentially be related to what Mr. Hare was referring to.

Mr. Hare indicated that, according to their report, the Fire Department had close to $1M in the bank.

Mr. Slavin requested that Chief Hall be asked to attend the Special Council Meeting - Budget Review scheduled for the subsequent evening to answer these questions.

Mr. Koenig indicated that the $238,500 annual capital contribution listed for Robbins Hose Company would decrease by approximately $93,000, because one (1) of the trucks had been paid off.

Mr. Koenig reviewed the remaining CIP projects for the General Fund on Page 125. He indicated that the FY 16 figure listed for the Old PW2 Site Improvements had been reduced, as of today, to approximately $330,000. This would cover the final component of design related to the abandonment of the Old PW2 site at the end of Water Street, as well as design related to moving some facilities to the back portion of Schutte Park so that the Old PW2 site could be abandoned and refurbished for stormwater management.

Mr. Cole questioned whether the Old PW2 Site Improvements and Replacement of Valve at Silver Lake Dam projects had been bid or if these figures were just estimates. Responding, Mr. Koenig stated that these were estimates for consultation and other services related to these projects.

Responding to Mr. Cole regarding the cost per mile for paving, Mr. Koenig stated that a number of factors are involved, such as how bad the section of road is and whether concrete or storm water work is involved. He explained that the downtown streets, because of the older infrastructure, have a much higher cost than some of the more suburban residential streets and some projects in the downtown area had cost approximately $250,000.

Mr. Slavin pointed out that, when looking at the CIP, Council's focus would be FY 16, and no actions taken would obligate any future Council in FY 17, 18, 19, or 20. The information for out years was provided for planning purposes.

Mr. Anderson questioned if some work that had been dropped from the PW2 project would affect the out years. Responding, Mr. Koenig stated that he considered the $2M budgeted in the out years to be a placeholder. Although this was included in the five (5) year forecast, Mr. Koenig stated that these were construction estimates that would be firmed up when the design needs are finalized. Mr. Koenig explained that the reduction in the design cost was because architectural studies were not needed for construction related to a warehouse building or a truck barn since there was an existing standard.

Mr. Koenig indicated that the $1M allocated for the Street Program was a firm number in FY 16 and in the out years, since the City needed to be expending at least $1M per year on its street network.

Beginning on Page 136, Mr. Koenig reviewed the CIP projects included in the Water/Wastewater Fund. In reviewing the Projects by Department (Page 138) and referencing the Delaware Avenue Sanitary Sewer Extension under Wastewater Management, Mr. Koenig stated that a portion of Delaware Avenue owned by the Elizabeth W. Murphey School had remained undeveloped because there was no sanitary sewer service to it. He indicated that, before paving and replacing payment on Delaware Avenue, it would be important to extend sanitary sewer service to this area first so that the pavement would not have to be dug up in the future for that improvement.

In response to Mr. Sudler, Mr. Koenig stated that the Murphey School had not requested this project, so this would be a function of the utility that the City would pay for. If they choose to connect to it in the future, they would pay the City impact fees based on that expansion.

In response to Mr. Slavin, Mr. Koenig stated that the Murphey School would potentially pay for the lateral connection, depending on whether the lateral ends up out in the road or if the last manhole ends up on the edge of the property.

Responding to Mr. Hutchison, Mr. Koenig stated that this had been an engineering discussion; therefore, he had not had personal conversation with representatives of the Murphey School regarding this matter.

Mr. Hutchison advised members that he serves on the board of directors for the Murphey School and thought that there should be an effort to meet with the executive director regarding this project.

Mr. Koenig stated that these conversations would typically occur during the project design so that the lateral would not be put in the worst possible location. This would be consistent with some of the other extensions that the City had done. He indicated that there had been downtown area lots that had never had service where laterals had been extended when the City was ready to pave and costs were recovered at a later date.

Mr. Anderson questioned if pumping stations are rated on their condition, need for repair, and likelihood of failure. In response, Mr. Koenig stated that a number of factors are considered, such as the deterioration of the equipment, flows coming into the station, available capacity, pump size, the SCADA system, and the need for backup emergency generation, and all of this plays a part in the cost and schedule of the replacement.

Responding to Mr. Anderson in regard to taking care of those pumps most likely to fail, Mr. Koenig stated it had taken a number of years to build the internal capacity to move these projects from design to construction. He assured members that over the last five (5) years, staff had developed a rhythm in getting design costs done in the first year, setting the construction budget in the second year, and progressing through construction. He stated that he was proud of what had been done in this regard, noting that the City had been behind on a number of projects but this gap had closed substantially over the last three (3) years.

Mr. Koenig reviewed the Water Management projects in the CIP (Page 138). Under Future Well Installation, he noted that if Calpine opted to build an additional generating unit, the City would have to develop additional water resources, so the City was in the planning phases of how that might happen. He indicated that the $1M budgeted for Water Quality Improvements related to expenses for pipe replacement in the water system.

Mr. Hutchison asked if this budget included finding a way to address the unfunded liability in the City. Responding, Mr. Koenig stated that this was not included in the budget for capital projects.

Mrs. Mitchell explained that Other Post-Employment Benefit (OPEB) liability amortization and pension costs were included in personnel costs; however, the cost of the City's Police Pension Plan was included in the fund expenses, since the City no longer has an active retirement plan for the police. Mrs. Mitchell advised members that when the Government Accounting Standards Board (GASB) standards were implemented, the City was required to set aside medical liabilities in a trust, since this was a commitment made into the future. The City opted for a 10-year phase-in to avoid a major impact on the budget at one (1) time. Since the Electric Fund had funding available, the City did not follow the phase-in for this fund, and this expense had been fully funded as a fund expense in the last few years in the Electric Fund.

Mr. Hutchison asked if the City was obligated to continue to fund the unfunded liability every year. Responding, Mrs. Mitchell stated that the City is obligated to fund the unfunded liability and that she felt it was a good practice to do so every year, but if it is not funded, it is required that the expense be booked and that an offset in liability also be booked because it was not funded. Mrs. Mitchell noted that a deficit fund balance in the General Fund appears in the City's Comprehensive Annual Financial Report (CAFR) since the City is so far away from funding that liability. The City funds an annual required contribution (ARC), and surplus carry-forward balances related to personnel are also put toward those liabilities.

In response to Mr. Anderson regarding the timeline for the Walker Woods Pump Station Replacement, Mr. Koenig stated that the redesign would happen in FY 19 and the proposed reconstruction would happen in FY 20. He estimated that the pump station was nearly 30 years old.

Responding to Mr. Sudler regarding the average life span for a pump station, Mr. Koenig estimated the life span for the Walker Woods Pump Station at 25 - 40 years.

Referring to Page 157, Mr. Koenig reviewed the CIP projects included in the Electric Fund.

In reference to the Projects by Department (Page 159), Mr. Sudler asked about the $2.5M budgeted under Electric T & D for New Developments in out years FY 17 - 20. In response, Mr. Koenig explained that these are target placeholders for new projects. When the draft budget for the specific year is developed, for example FY 17, costs will be finalized, specific projects will be named, and their cost will be deducted from the $2.5M.

Responding to Mr. Sudler as to what happens if the $2.5M is not spent, Mr. Koenig explained that there is revenue associated with a lot of the new developments; however, if only $1.5M of revenue is available, only $1.5M worth of work will be done. Additional contributions may also come into these projects; for example, the developer may pay $35,000 toward the cost of a $50,000 transformer and the City may contribute $15,000.

For clarification, Mrs. Mitchell informed members that this line item had been $600,000 in the past; however, Mr. Harry Maloney, Electric Director, had advised that the City was having to pull funds from other projects to cover costs for new developments that staff had not planned on, so it was agreed to put in this placeholder for $2.5M. Mrs. Mitchell explained that under the Funding Source Summary (Page 158), the revenue of $1.9M should have been carried across all five (5) years, noting that the difference between the $2.5M on Page 159 under New Developments and the $1.9M on Page 158 reflected the $600,000 that was usually included for projects that the City is not reimbursed for. The City was anticipating being reimbursed for $1.9M, and if this did not occur, the project would not move forward. These funds would not carry over each year but would typically begin with $2.5M each year.

Mr. Sudler asked what would happen if the funds were not spent. Mrs. Mitchell responded that it would be reimbursed. If the expense is present, the City should have revenue to offset it.

Referring to Projects by Department - Power Plant (Page 159), Mr. Koenig advised members that this section addressed some of the questions previously raised by Mr. Hare. He noted that the menu of projects related to capital maintenance or capital improvements was associated with the City's generating units, and details of the projects were included in subsequent pages in the budget document. Referring to Page 160, Mr. Koenig stated that approximately $1.655M worth of projects was proposed for FY 16, and that number carried through FY 17 at $1.537M. Proposed five (5) year capital expenditures related to McKee Run and/or Van Sant totaled an estimated $7.6M. He anticipated that all of the projects shown for the power plant would be completed.

Mr. Anderson questioned why a major overhaul was included for the Van Sant generating unit, stating his understanding that the City would be decommissioning that particular unit. In response, Mr. Koenig explained that there are three (3) units at McKee Run; Units 1 and 2 are small, 17 MW units and would be decommissioned over the capital plan. Unit 3 is roughly 103 MW and will stay in service. The Van Sant station, located at Schutte Park, was recently rated at 39 MW, and Mr. Koenig advised that the City recently went through a capital upgrade to expand its capacity to 46 MW through a process called wet compression. He stated that several years from now when Units 1 and 2 are decommissioned, the City will still have McKee Run Unit 3 and the Van Sant station, which would hopefully be rated at approximately 46 MW at that point. Mr. Koenig informed members that this would make up for about one-half of one (1) of the units being decommissioned, noting that the question will be whether to build/partner for additional capacity or to obtain a purchase power agreement.

Beginning on Page 200, Mr. Koenig reviewed the Vehicle and Equipment Replacement section of the CIP. As reflected on Page 201, Funding Source Summary, he noted that approximately $5.749M was proposed for this purpose under the General Fund over a five (5) year period.

Referring to Pages 202, Mr. Koenig reviewed the details of the vehicle purchases proposed for FY 16. He advised members that the total request from the Police Department was for 14 vehicles, with a cost of $341,000.

Mr. Sudler questioned the reason for 13 cars and 1 motorcycle for the Police Department and if there was a shortage of vehicles for their manpower. Responding, Mr. Koenig stated that the Police Department would have to provide the details; however, it was his understanding that the purchase of vehicles had been deferred in prior years and had rolled over into FY 16. He advised members that the cost of the new motorcycle would be offset by a trade-in of three (3) old motorcycles.

Mr. Sudler questioned if the vehicles were outdated, non-operable, or not compatible with the technology that needed to be implemented in them, noting that a 10-year old car may be sufficient to do the job. Responding, Mr. Koenig noted that some of the vehicles dated back as far as 2004.

In response to Mr. Slavin, Councilman Hosfelt, who formerly served as the City of Dover Chief of Police, stated his belief that these vehicles had anywhere from 85,000 to 90,000 miles on them and are typically driven 24 hours a day. He indicated that in the past, the maintenance cost had reached a point where it is not worth keeping the vehicle. Mr. Hosfelt felt that some of these vehicles could possibly be used in other parts of the City.

Mr. Slavin stated that passing vehicles to other departments had been done very actively through a program that was in place when Mr. Ed Baker served as the head of the Central Services Department.

For clarification, Mr. Hosfelt stated that these used vehicles were not practical for police work because of the way they are driven and the need for officers to respond. He advised members that it is not usually the case that equipment becomes outdated on vehicles, and equipment can usually be found to go with them.

In response to Mr. Hare, Maj. Mailey, Deputy Chief of Police, stated that the 2004 Honda Accord listed was a high mileage, undercover vehicle used by the Drug, Vice, and Organized Crime Unit.

Noting that there were several 2010 vehicles listed for the Police Department, Mr. Hare suggested moving them into other departments, such as Planning and Inspections, and keeping them until they are six (6) or seven (7) years old. Responding, Maj. Mailey stated that he did not see why this could not occur, noting that the Police Department had given some of its older salvage vehicles to other departments. He indicated that years ago these vehicles were auctioned off.

Council President Slavin requested Maj. Mailey to discuss this proposal with Chief Bernat to determine the impact.

In response to Mr. Lewis regarding the protocol for taking vehicles out of commission, Mr. Koenig stated that these vehicles are typically auctioned off. There would be a receipt for whatever fund the vehicle came out of, so funds for police vehicles would go into the General Fund and electric vehicles into the Electric Fund.

Responding to Mr. Hare, Mr. Koenig confirmed that all police vehicles are purchased on State contract; other vehicles may or may not be.

Mr. Koenig advised members that although it may be possible to save money on the replacement of police vehicles, there were not many vehicles being requested that a Crown Victoria could be substituted for, noting that a Crown Victoria could not be used in Fleet Maintenance for road service. He stated that an argument could possibly be made to substitute a Crown Victoria for an emergency management vehicle, although he indicated that there was another proposal that would be discussed in this regard. Mr. Koenig indicated that substitution would not be a possibility for Life Safety under the fire marshals because of the need for reliability. He expressed the need to look at the reliability and wear and tear associated with the vehicles to determine if this would be a good substitution for the City, stating that he did not have this answer tonight.

Mr. Anderson asked why some vehicles had the maintenance/replacement priority listed and others did not. Responding, Mr. Koenig stated that he was unsure why some vehicles had ratings and others did not. All of the vehicles proposed for replacement in FY 16 had a poor condition rating by Fleet Maintenance except the police cars, which are rated by the Police Department.

In response to Mr. Sudler regarding the instrument used to rate the reliability of a vehicle, Mr. Koenig indicated that this was dependent on the ramifications of the vehicle's reliability. Vehicles that are needed on the road every day, such as those driven by inspectors, must be more reliable than those that are driven less often. The first criteria is reliability and the second criteria would be historic working condition, including expenses spent on the vehicle. The age and condition of the various parts of the vehicle are also considered. It was Mr. Koenig's opinion that there were some well-maintained but older vehicles that do not look very good driving around the City because they have been heavily used, and in some cases damaged, so those vehicles need to be replaced. He explained that the Fleet Maintenance maintains evaluations on all vehicles, other than those in the Police Department.

In response to Mr. Hare, Mr. Koenig stated that dents are repaired in vehicles with high quality engines that are running well.

Responding to Mr. Cole regarding the Peterbilt Automated Trash Truck listed under Public Works - Sanitation, Mr. Koenig stated that there are different vendors for these vehicles, but almost all of the automated fleet is Peterbilt since the City has tried to standardize to reduce maintenance costs associated with trying to learn four (4) or five (5) different vehicles. When staff finds a setup that works well and has a good maintenance record, they try and gravitate towards that. He did not feel that any of the brands were necessarily better than another. Mr. Koenig explained that the chassis is married up with the Heil packing system, and sometimes the electronics work better on different trucks for this type of setup.

Mr. Koenig reviewed the equipment purchases for the Water/Wastewater Funds (Page 206) and the Electric Department (Page 209).

Council President Slavin reminded members that another Special Council Meeting - Budget Review would be held on the following evening.

Noting that it had been said that the actuary had indicated that the City was better off maintaining its current health insurance, Mr. Hare requested copies of the actuary's report or recommendation, as well as the census. Responding, Mrs. Mitchell stated that she was unsure about the census, but would be able to provide information from the actuary. She noted that this work was done when the ad hoc Health Benefits Committee had considered this matter several years ago.

In response to Mr. Koenig, Mr. Hare stated that an actuary cannot make a report without an employee census, which is used to determine the cost of health insurance, and this was part of the information he was requesting.

Mrs. Mitchell stated that information regarding the number of employees and their gender, date of birth, marital/family status is entered into the State system and she would try to obtain this.

Mr. Slavin asked members to call or email the City Manager or City Clerk with any questions. He explained that the purpose of the budget markup session would be: 1) to adopt a budget with or without revisions, and 2) to bring forth possible motions related to program or policy issues to be considered for change. This would feed the committee work for the coming year and also set the tone for the FY 17 budget.

Mr. Neil moved to recess the meeting, seconded by Mr. Sudler and unanimously carried.

The meeting recessed at 8:59 p.m., to be reconvened at 6:00 p.m. on June 2, 2015.

TUESDAY, JUNE 2, 2015 - 6:00 P.M.

The Special Council Meeting - Budget Review reconvened on Tuesday, June 2, 2015 at 6:01 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson (arrived at 6:32 p.m.) Mr. Sudler (arrived at 6:34 p.m.), Mr. Neil, Mr. Lewis (departed at 10:02 p.m.), Mr. Cole, Mr. Hosfelt, Mr. Hare, and Mr. Hutchison.

Council staff members present were Police Capt. Stump (departed at 7:19 p.m. and returned at 7:30 p.m.), Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, Fire Chief Hall (arrived at 7:57 p.m.), and Mrs. McDowell. Mr. Rodriguez and Mayor Christiansen were absent.

Mr. Neil moved to reconvene the meeting, seconded by Mr. Hutchison and unanimously carried.

AGENDA ADDITIONS/DELETIONS

By unanimous consent, the agenda was approved.

FINANCIAL FORECAST BY FUND

Members were provided a spreadsheet regarding the City of Dover Electric Revenue Fund - FY15 - White Oak Solar Park Incremental Cost through April 2015 ***(Exhibit #6)***, and information regarding the infrastructure built at the Garrison Oak Technology Park ***(Exhibit #7)***. Mrs. Mitchell advised members that this information was provided in response to previous questions from members.

Responding to Mr. Hare, Mrs. Mitchell stated that she did not believe that the City would make money from the Solar Park in the future.

Mr. Hare commented that the City was losing approximately $1.5M every month from the Solar Park. Responding, Mr. Koenig explained that there was a State mandate several years ago to diversify power generation portfolios to include renewable energy sources. It was Mr. Koenig's recollection that there was a goal that roughly 20% to 25% of total generation would come from renewable energy sources. He indicated that the Solar Park now represented about 3% of the City's total demand. In response to Mr. Hare's question about profitability, Mr. Koenig noted that when the polar vortex occurred in 2014 and when there was extremely cold weather in February 2015, the actual cost of power coming from the solar field was cheaper than the power the City was buying off the grid; therefore, solar energy is profitable occasionally. Referring to the FY 15 - White Oak Solar Park Incremental Cost, he noted that from July 2014 through April 2015, the City paid an additional $679,000 for electricity above what would have paid had the City bought it on the market. Mr. Koenig acknowledged that the City may be paying more for the foreseeable future for solar power than is paid for fossil fuel power, but there may be a point in the future when solar power is cheaper than other alternative generation models.

In response to Mr. Hare, Mr. Koenig stated that if Mr. Hare was trying to equate the cost of all customers inside and outside the City to the tax rate, it would generate an equivalent tax rate of $0.02.

Mr. Hare questioned how much the penalties would be if the City were to discontinue this. In response, Mr. Koenig stated that it would not be realistic to do so, because ultimately, the State would step in and take away the City's generation and air permits related the McKee Run generating station, which would eliminate the capacity credits. Mr. Koenig indicated that the State could withhold other revenues from the City to force compliance. He emphasized that the City was not in a position to negotiate with the State on this mandate but in a position to comply.

General Fund

Referring to the Public Safety - 10 Year Forecast (Page 14), Mrs. Mitchell stated that this graph depicted FY 2016 proposed public safety outlays of approximately $20M, and receipts, including property taxes, of approximately $17M, explaining that there was a $3M gap for public safety. In FY 2025, that gap would increase to $6M. In the five (5) year forecast from FY 2016 to FY 2020, the gap was $4.3M. Mrs. Mitchell advised members that unless there is a great improvement in revenues, the property tax increase being discussed for FY 16 would not sustain the City over five (5) years.

Members were provided a spreadsheet regarding Public Safety Revenues - Historical Trend ***(Exhibit #8)***. Mrs. Mitchell explained that the forecast model for the General Fund had a history dating back to 2000, and trends from that model were pulled to determine what the assumptions should be in the forecast going forward, and to get an idea of what kind of percentage increases would be seen. All of the individual line items for public safety revenues were included in those numbers and the property taxes. Mrs. Mitchell advised members that the Total Public Safety Revenues listed the average percentage of change over the last three (3), five (5) and 10 years, and the same information was provided for Total Property Tax Revenues. She stated that this provided the total revenue picture over the last 10 years. Mrs. Mitchell advised that these figures were provided to show the impact of raising fees, for example, for building permits, noting that this type of increase may not address the gap.

In response to Mr. Slavin, Mrs. Mitchell stated that public safety includes code enforcement, fire, police, inspections, life safety, etc.

Mr. Slavin stated that this chart illustrated that 100% of the amount generated in property tax does not come close to paying the cost of public safety. He advised members that Council had passed a reform indicating that they would like to see that gap closed in 20 years; however, the 10-year forecast showed that this gap would grow unless there were an adjustment made to revenue streams, not just property tax.

Mr. Hosfelt questioned what size tax increase would be required to cover the cost of public safety through the tax base. Responding, Mrs. Mitchell stated that each penny on the tax currently equates to approximately $305,000.

Mr. Koenig stated that the City was currently raising approximately $11M in taxes, so to get to $17M, it would take approximately a 50% increase in the tax rate.

Mr. Hare suggested breaking out the tax bill to indicate a property tax fee and a public safety fee. He noted that approximately 30% of the City is property tax free and does not pay anything to the Fire Department. He suggested implementing a public safety fee that would also apply to non-taxed entities, which would decrease the taxes of homeowners, estimating that this could generate close to $1M in revenue.

Mrs. Mitchell reviewed the General Fund Financial Projections 2016 - 2020 (Page 83). Referring to the Revenues, Expenditures & Fund Balance (Page 85), she noted that the Fund Balance-Ending in FY 2015 - FY 2020 was positive; however, the percentage of revenues and sources by policy is required to be a minimum of 8%. The projections showed that in FY 2018, the City would fall out of compliance at 7.9%, and this would continue in FY 2019 and FY 2020.

In response to Mr. Slavin, Mrs. Mitchell confirmed that the proposed FY 2016 rate was included in subsequent years and indicated that she included a conservative growth rate of 1% per year.

Referring to Capital Projects - Use of Funds (Page 89), Mrs. Mitchell stated that this listed the CIP projects by department, noting that the Police and Fire Departments included radios and Self-Contained Breathing Apparatus (SCBA) equipment that was purchased in 2015 and would drop off the forecast next year.

In response to Mr. Slavin regarding the life expectancy of the radios, Mrs. Mitchell stated her understanding that the current radios were over 18 years old and expected the same time frame for the new equipment.

Mrs. Mitchell reviewed the General Fund Projected Debt Service (Page 90), stating that the 2012 debt issue was for the Dover Public Library and the Street Program, the 2014 Series was for the Garrison Oak Technology Park, the radios and SCBAs, and also included a refund of the City's 2003 bonds. She explained that a Green Energy Fund fee is included on electric bills and supplies grant funds through the Delaware Municipal Energy Corporation (DEMEC) for those who want to do green projects, noting the Dover Public Library was one of these projects, so the City pulls from that fund to help pay this debt service each year.

Water/Wastewater Fund

Mrs. Mitchell reviewed the Water and Wastewater Fund Financial Projections - 2016 - 2020 (Page 92). She explained that the General Fund, Water/Wastewater Fund, and Electric Fund are all City funds; however, the two (2) utilities are considered enterprise funds. When the enterprise funds are forecasted, they are based on income, just as a business would have a profit and loss statement. However, the General Fund is a governmental fund with just a fund balance, and there are no long-term assets and liabilities in that fund, only current assets and liabilities. Mrs. Mitchell advised members that the enterprise funds do have long-term assets and liabilities. When providing for rate covenants for bond holders, she indicated that it is necessary to plan depreciation, prepare an income statement, use the accrual basis of accounting, and report this differently than a governmental fund. She stated that this is done to make sure that all needs are covered with rates and revenues and that depreciation costs are also covered. Financial projections are then developed for these funds and taken to the rating agencies so that bonds can be issued.

Noting that Mrs. Mitchell had said that in the out years there would be a requirement to adjust the water/wastewater fees $0.29 over four (4) years for an 11% increase, Mr. Anderson questioned if this would be broken up over these four (4) years or would occur all at once.

Responding, Mrs. Mitchell explained that the net margins for water and wastewater were separated out to ensure that each utility was self-supporting. Referring to Page 96 - Net Margins - Water, she stated that the Water Utility had a net positive in cash for FY 2016 of $16,500. The projection for FY 2020 was for a negative $65,900, but water increases were not provided since this projection was five (5) years out, based on assumptions, and did not appear sufficient to incorporate a water increase in the model. However, in reviewing the Net Margins - Wastewater (Page 96), Mrs. Mitchell stated that a $0.29, 11%, rate increase was included in 2017 and would be carried out through four (4) years. This was required to keep the cash flow positive in the model.

Mrs. Mitchell reviewed the Revenues and Expenses for the Water/Wastewater Fund (Pages 98-99), noting that the proposed $0.29 rate increase for Wastewater was included.

Members were provided information reflecting Kent County Treatment Fees - Trend of Fees Billed and Charges Paid ***(Exhibit #9)***. Mrs. Mitchell explained that Kent County passes on to the City the cost of treatment at the County plant, and the City passes this cost on to customers at the rate provided by the County. She advised members that the annual charges shown in red reflected that the amount paid for treatment far exceeded what was collected from the customer, and this was the result of the Inflow and Infiltration (I&I) problem that Mr. Koenig had discussed during the Budget Review meeting held the previous evening. Mrs. Mitchell stated that this illustrated the need to fix the City's water/sewer infrastructure since this is a drain on the water/wastewater utility. She indicated that water quality is also a top priority because people do not like to see brown water. Mrs. Mitchell advised members that the customer does not see these treatment fees being paid by the City.

Responding to Mr. Slavin regarding residential metering, Mr. Koenig indicated that the City meters the water side of the house, not the wastewater side. He confirmed that Kent County charges the City for what they treat, there is a big difference between what they treat and what the City is metering, and this is the infiltration coming from problems in the water system infrastructure.

In response to Mr. Slavin, Mr. Koenig confirmed that some of the water that is treated by Kent County is rainwater, which does not need to be treated.

Mrs. Mitchell stated that, due to the I & I problem, in 2005 the City implemented a rate increase to help pay down the deficit being carried. In 2006, another $0.20 was implemented, and in 2011 a $1.05 per 1,000 gallons groundwater adjustment fee was implemented to help cover this differential, with the hope that any leftover funds could be used to fix the pipes. She advised that this $1.05 was increased to $1.50 in 2015.

Mr. Sudler questioned the cost of treating the water by the County that did not require treatment. Responding, Mrs. Mitchell stated that the County measures all water going into their system through meters and the City does not know how much of this is rainwater versus other types of water.

Mr. Slavin explained that the only measurement is the difference between what the City bills customers and what the County bills the City. Mrs. Mitchell stated that she did not have this information with her but could provide it to members.

Mr. Hare expressed his opinion that the City should raise rates, perhaps to $1.75, not because of anything the City was doing but because of County charges, and this could be decreased the following year if there was a significant amount of money left over.

Mrs. Mitchell explained that treatment fees are higher in wet years and money then has to be used for these fees rather than for projects or debt service on projects.

Mr. Neil questioned if the actual bill could be paid directly from the consumer to Kent County rather than going through the City. In response, Mr. Koenig indicated that if the City turned over the collecting of the bill to the County, the City would have increased carrying costs. In addition, he stated that this was not possible since the City has a contract agreement with Kent County and this is not how contract users operate.

Mrs. Mitchell reviewed the Capital Improvement Plan (Page 100), explaining that the table included revised information for FY 2015, which was not included in the Capital Investment Plan sections of the draft budget.

Mrs. Mitchell reviewed the Water/Wastewater Fund Projected Debt Service (Page 102). Members were provided the FY 10 Capital Project - Debt Financing Requirements, as of June 30, 2013 - Schedules for the State of Delaware - Delaware Water Pollution Control ***(Exhibit #10)***, which Mrs. Mitchell stated were related to projects from 2009, 2010, and 2011 that were undertaken to try to fix water quality and I & I problems and funded through State revolving fund loans. She indicated that these schedules were provided for informational purposes.

Members were provided a City of Dover Bonded Indebtedness - History of Credit Ratings ***(Exhibit #11)***. Mrs. Mitchell explained that in 1999, the City's Water/Wastewater Revenue Bonds were downgraded to Baa1, which was mostly attributed to I & I issues and not setting the rates to correct them. In addition, the County changed its billing procedure from quarterly to monthly, resulting in a greater cost to the City in that year. She stated that in 2013 the Water/Wastewater Revenue Bonds were upgraded to a Aa3. Mrs. Mitchell noted that this had a lot to do with Council and the City's financial policies; however, she stated that she takes a lot of pride in how the City's credit ratings have gone up.

Mrs. Mitchell reviewed the Reserve Account Projections (Page 103).

In response to Mr. Sudler, Mrs. Mitchell explained that the amounts highlighted in blue reflected the reserve policy.

Electric Fund

Mrs. Mitchell reviewed the City of Dover Electric Revenue Fund Financial Projections - 2016 - 2020 (Page 105).

Responding to Mr. Slavin, Mrs. Mitchell advised members that it was projected that $13M would be brought into the FY 2016 budget through property taxes, and $10M would be transferred from the electric utility to the General Fund.

Mr. Slavin noted that this would equate to approximately $0.30 on the tax rate, which showed the value of the electric utility in keeping the property tax rate down.

Mr. Hare stated that the electric utility was built back in 1960 as an income source to keep property taxes low, and it had been a source of income for the last 50 - 60 years. He explained that this was why the City's rates had been so low. Mr. Hare noted that if the City did not have the utility, the $10M would not be available, but the City would not have the electric utility expense either.

Mr. Slavin noted that property taxes are assessed only on property owners, noting that rate payers is a larger universe that includes people who live outside the City.

Mrs. Mitchell reviewed the Net Income for the Electric Fund (Page 108).

Responding to Mr. Hare, Mrs. Mitchell explained that the Depreciation Expense listed included depreciation of all assets in the electric system, including the transmission and distribution system, substations, and power plants. In response to when the 56-year-old power plant would be depreciated out, Mrs. Mitchell stated that she was unsure; however, capital improvements being made to the plant in the CIP had been put into the assets and were being depreciated also; therefore, the depreciation starts over at 40 years on those improvements. She felt that the original plant had probably been fully depreciated.

In response to Mr. Hare, Mrs. Mitchell stated that $2.2M of net income was projected in FY 2016.

Mrs. Mitchell reviewed the Purchased Power Expense (Page 111), indicating that, in answer to Mr. Hare's previous question regarding the cost of energy for the Dover Sun Park, this cost was reflected at $2,002,700 for FY 2015 and was projected to be $2,639,700 in FY 2020. The amount paid to the Sun Park for the Solar Renewable Energy Credit (SREC) program, based on State mandate, was also included.

In response to Mr. Hare as to whether the City gets anything back for this, Mr. Koenig stated that the City purchases SRECs because a certain number of them are needed for the City's portfolio. There are not enough SRECs generating off the Solar Park to meet the requirements, so the City has to purchase them from other parties.

Mr. Harry Maloney, Electric Director, explained that the City benefits from getting kWh from the Solar Park and is also able to cut its demand charge. He stated that the Solar Park does give back to the City at a certain level, but he was unsure of the exact amount.

In response to Mr. Hosfelt regarding the State's mandate, Mr. Koenig explained that the State mandates that there be a quota in the portfolio for the amount of MW used. In a typical month, the Solar Park generates approximately 3%, although amounts may range from 1% to 4% depending

on the total demand in the system. Mr. Koenig stated that on a hot summer day, the generation inside the City through the Solar Park reduces the amount of power that the City has to buy off the PJM grid, and this price changes by the hour. He explained that it would be a very detailed calculation to arrive at a number, but there is a value. For example, on a very hot day, instead of having to buy 160 MW off the grid, the City may only have to purchase 152 MW because it has the Solar Park.

In response to Mr. Hosfelt, Mr. Koenig stated his recollection that the Solar Park went into operation in the Summer of 2011, and the State mandate began in 2009 or 2010. He stated that the White Oak Solar Park was the first commercial solar field in the State.

Responding to Mr. Hutchison, Mr. Koenig stated that the City's hedge program goes out five (5) years; therefore, the City purchases some power five (5) years in advance. There is a declining schedule, so in the fifth year approximately 20% of the City's total power will be hedged.

Mrs. Mitchell advised Councilman Hutchison that the City's current hedge percentage was detailed in the Electric Revenue Fund Financial Projections 2016 - 2020, Purchase Power Expense (Page 111).

At the request of Mr. Slavin, Mrs. Mitchell explained the purpose of hedging is to purchase power from future markets. The City enters purchase contracts with companies that sell power, such as Exelon and Constellation. She stated that these supply purchases are laddered to fill out the City's portfolio for what is needed each month of the year, for example, the City may purchase 15 MW peak in the summer month of August 2016, or 25 MW off peak in June 2017. Mrs. Mitchell advised members that the City contracts with The Energy Authority (TEA) to work with power supply companies in the market to build up the City's portfolio. TEA bids the City's need into the market, one (1) of these companies bid on it, and the lowest bid is picked for the power supply.

Responding to Mr. Hare regarding DEMEC's role in this, Mr. Koenig stated that DEMEC was set up years ago to do the same thing that the City is doing through a third-party purchaser. DEMEC currently buys power for eight (8) municipalities, including the Lewes Board of Public Works, Milford, Smyrna, Middletown, Newark, New Castle Power and Light, and Seaford. Mr. Koenig indicated that Dover is a partial requirements member of DEMEC since it has its own power generation and hedge program. He stated that DEMEC hires a company similar to TEA to do their purchasing on the market. Mr. Koenig noted that the purpose of the hedge program is to provide the City some certainty as to what will be paid for power progressing through the power year. It reduces the City's exposure to the market, and when really good hedge purchases are made, the City locks in power at below the market rate, which is the objective.

Mr. Hare questioned if DEMEC purchased solar energy for the other municipalities and what the cost was. Responding, Mr. Koenig stated that he did not know specifically; however, the cost of some of their more recent solar projects was cheaper because the cost of construction of new units had decreased. He advised members that DEMEC is part of American Municipal Power (AMP), who was buying into projects such as a wind farm and looking into inline hydropower in some rivers

across the Midwest. Mr. Koenig stated that the City was partnering with DEMEC so that the City would not have to build its own renewable sources, such as wind, but could buy a share of other projects that may be located Delaware or across the PJM regions, which would help defer costs for the City.

Responding to Mr. Sudler regarding the purpose of the hedge program, Mr. Koenig explained that it is for the City to know its cost of power. Referring to Page 111, Mr. Koenig stated that the Current Hedge Percentage in 2015 is 79%; therefore, the City knows the exact cost of 79% of its power. He explained that approximately 20% would be at risk in the market, so the City would be buying daily purchases subject to the market, without knowing the exact price for this portion of the energy. Mr. Koenig stated that the City had already bought 65% of the projected load for 2016 and, as FY 16 gets closer, this would increase from 65% to approximately 80% hedged. He noted that some places hedge 100% of power but they cannot take advantage of market downturns and, in some cases, pay above the market. Mr. Koenig stated that there is risk involved in hedging.

Mrs. Mitchell explained that one (1) of the reasons that the City has the Rate Stabilization Reserve is so, if there is volatility, the City can pull from this fund rather than having to pass an automatic increase on to its customers right away, and this provides time to plan and prepare.

Referring to Page 108, Net Income, Councilman Hare noted the net projected income of $2.2M in FY 2016 and asked if the Net Generation - Cash Flow of $3.283M (Page 112) was factored into the net income. In response, Mrs. Mitchell stated that the $3.283M was imbedded in the Power Supply and Production line item on the net income statement.

Referring to Projected Operating Revenues (Page 113), Mrs. Mitchell noted that the slide had some errors that would be corrected.

Mr. Anderson questioned what the City rates would have to be if the City did not have generating capacity. Responding, Mrs. Mitchell stated that if the City did not have generating capacity, the figures listed on the top of Page 112 - Net Generation Benefit would not be present, and the City would have to pay $10M in capacity charges. Mr. Koenig explained that if the City did not have generating capacity, the electric rates would have to cover an additional $10M of expense.

Mr. Anderson asked if the $10M of expense would equate to approximately 9%. In response, Mr. Koenig referred to the Net Income for FY 16 (Page 108), stating that the total revenue from electric rates is approximately $75M and this additional cost would have to be added. Mrs. Mitchell expressed her opinion that this would require a total 4% - 5% rate increase, versus the proposed 3%.

In response to Mr. Anderson, Mrs. Mitchell confirmed that this amount would subtract the cost that the City spends to keep the plant up and upgrade it, and that the benefit that the City gets would still be favorable by approximately three (3) percentage points.

Responding to Mr. Hare, Mr. Koenig advised that there are other cities who buy energy from the grid and do not have plants, and if the City of Dover did so, this would result in the impact described in answer to Mr. Anderson's previous questions. Mr. Koenig stated that the City would still have to reserve capacity in the system and a payment would be levied against demand for capacity. The City would still have the $10M charge, but not the $6.5M charge or the $1.6M charge. Mr. Koenig stated that he had been advised by Mr. Maloney that the City would then be completely at the mercy of the market and unable to participate in the capacity auctions, etc. The City would be at the market rate all the time.

Mr. Hare asked if being able to run 2% of the time currently keeps the City from being at the market rate. Responding, Mr. Koenig confirmed this, noting that the fact that the City has the ability to generate acts as a physical hedge for the City in the market. If the cost of power is $250 - $300 per MW on the grid, it is to the City's advantage to run at that point and the City makes money. If it is down to $50 - $70 per MW, the City does not run.

Responding to Mr. Hare regarding the cost if the City did not have generation, Mr. Maloney stated that when it is known an entity has no backup, the entity will be taken for maximum profit. Since the City can run on gas in the summertime at $0.04, energy would be sold to the City at $0.05, $0.06, or higher, based on competition. He indicated this value was an intangible that would be difficult to calculate.

Mr. Hare asked what the result would be if the City did not have this ability but had an agreement with Calpine or another provider to buy power. Mr. Maloney stated that a specific unit price was included the City's original land lease with Calpine for a specific unit price, but that was waived. He noted that Calpine's unit has a high efficiency with its combined cycle, and with the right gas price and the right agreement, it probably would have been a good deal; however, this was no longer in the books.

Mr. Hare questioned if it was out of the books, and Mr. Maloney responded that this would be hard to get hold of at this point. Mr. Maloney reiterated that there are intangibles related to the value of the City's generation, explaining that this type of participation helps keep the marketers honest, and DEMEC knows this value.

Referring to the Capital Investment Plan 2015 - 2019 (Page 116), Mrs. Mitchell explained that the 2015 figures were from the revised budget, noting that some projects had changed and been brought to Council for approval. She stated that the roof replacement for Weyandt Hall was missing from this schedule, since the model was sent to an engineer to calculate the rates and this had not been completed; however, it was included in the CIP presentation given by Mr. Koenig during the previous Budget Review meeting.

In response to Mr. Hare, Mrs. Mitchell stated that the roof project had not been bid out yet, but price estimates had been obtained.

Responding to Mr. Hare regarding these estimates, Mr. Koenig stated that staff developed estimates after contacting contractors for general estimates for roof replacement.

In response to Mr. Hare as to whether the estimates were accurate, Mr. Maloney indicated that the estimate he had put together was based on a 2011 report regarding the roof. He felt that the roof would not be that expensive; however, he explained that there may be some asbestos and the roof material was in poor condition. He advised that the biggest problem would be the cupola that has copper flashing that leaks, especially in the wintertime, and there were many associated unknowns.

Responding to Mr. Hare as to whether the cupola was needed or only aesthetic, Mr. Maloney stated it that appeared there was a desire to have colonial buildings in town, but this was a unique choice.

Mr. Hare felt, depending on the tax rate, that the citizens may have to decide if the colonial look is desired.

In response to Mr. Sudler, Mr. Koenig stated that he was unsure what type of roof system the building had, but he thought it was either a membrane or asphalt roof.

Responding to Mr. Sudler, Mr. Koenig stated that Mr. Maloney assessed the roof and provided the estimate.

Mr. Sudler asked whether Mr. Maloney was ever a contractor. In response, Mr. Maloney explained that he had experience working on power plant and service building roofs, noting that he had also contacted local contractors to obtain a quick price to see what it would take to remove the roof and put a certain type on.

Mr. Sudler asked if sheathing damage had been assessed and if it needed to be torn off. Responding, Mr. Maloney stated that this was an asphalt built-up roof that was sitting on a concrete deck, noting that the deck looked pretty good.

In response to Mr. Sudler regarding the number of estimates received, Mr. Maloney stated that there was one (1) from 2011, which he escalated, and an additional estimate.

Mr. Sudler suggested obtaining three (3) current estimates from specialists so that there would be a mid-grade, low-grade, and high-grade cost, noting that the cost of materials goes up every day.

Mr. Maloney stated that he was looking to hire an architect/engineer to write detailed specifications for the project, which could include getting some more detailed pricing. They would take samples of the old roof and do an investigation and environmental assessment.

Mr. Hare expressed appreciation for Mr. Maloney's efforts and suggested obtaining estimates with and without the cupola.

Mrs. Mitchell reviewed the Projected Debt Service (Page 118) and FY 16 - FY20 Reserve Account Projections (Page 119).

Mr. Hutchison moved to recess, seconded by Mr. Neil and unanimously carried.

The meeting recessed at 7:44 p.m.

Mr. Hosfelt moved to reconvene the meeting, seconded by Mr. Anderson and unanimously carried.

The meeting reconvened at 7:57 p.m.

CITY POLICIES AND PROCEDURES

Financial Policy

Mrs. Mitchell, referring to Page 62 of the FY 2015-2016 Draft Budget, reviewed Section 44 - Annual budget, of the City Charter. She explained that this section provides guidelines for the City Manager regarding the preparation and presentation of the annual budget and the items that it should include, noting that the last paragraph pertains to Council's responsibility in regard to the budget.

Mrs. Mitchell, referring to the City of Dover Financial Policies beginning on Page 63, noted that financial reforms that came out of budget discussions last year had been approved by Council and were included in the City's Financial Policies as Revenue Policy #11, and Expenditure Policies #2 and #5. She stated that all of the policies, including the reforms, were fulfilled in the FY 2015-2016 Draft Budget.

Members were provided a Committee Action Form (CAF) dated December 2, 2014, regarding Capital Improvement Project (CIP) Cost Estimating/Bid Process Guidelines ***(Exhibit #12)***. Mrs. Mitchell stated that this CAF was not a policy but was a guideline issued by the City Manager to provide guidance on how projects were to be estimated in the future and specific expectations that would be put on department heads.

Budget Amendment Procedure

The City of Dover Budget Administration - Policy for Operating Department, dated September 8, 2014, was provided on Page 72 of the FY 2015-2016 Draft Budget.

QUESTIONS, ANSWERS, AND OPEN DISCUSSION

During the Special Council Meeting - Budget Review of June 1, 2015, questions were raised pertaining to the Fire Department, and Council President Slavin requested that Fire Chief Mark Hall be asked to attend this evening's meeting to answer these questions.

Mr. Hare stated that his questions had pertained to two (2) new vehicles. He asked if the Fire Department had purchased the vehicles that were currently in service. Responding, Chief Hall indicated that the Fire Department had purchased the current vehicles out of their budget and also planned to purchase one (1) of the new vehicles out of their budget.

Mr. Hare asked if the other two (2) vehicles would be sold to Camden. Responding, Chief Hall stated that the Fire Department must abide by its bylaws. He explained that the sale of the vehicles was currently open for a 30-day sealed bid to any fire department, with a minimum bid price of $12,500 per unit.

Mr. Hare questioned if these vehicles could be sold to the City so that one (1) of them could become the Emergency Management Coordinator's vehicle. Responding, Chief Hall stated that four (4) motions were made on this matter during the Fire Department's meeting the previous evening, and it was possible that the motion currently on the meeting room floor could be amended. He indicated that the sale of both vehicles and purchase of two (2) new vehicles had been discussed since March. Chief Hall indicated that the Fire Department would not purchase two (2) vehicles out of City appropriations. The Department's goal was to use the appropriations increase for maintenance of the apparatus, engines, and ladders; however, they had run into a major issue with two (2) engines and were now running into a major issue with their building, which may need a new roof. Chief Hall explained that the Department was looking at ways to utilize the extra appropriations money, if the budget were approved, in order to purchase a second command unit. This was the current motion on the floor, which had passed without opposition.

Mr. Hare questioned if the Department could get by with one (1) new unit, keeping one (1) vehicle for another year, and selling the other one (1) planned for replacement to the City. Responding, Chief Hall explained that, as Chief, he could not override a motion passed on the meeting room floor and the current motion was to sell both vehicles.

Mr. Hare suggested that the Fire Department could buy two (2) vehicles using the $1M that they have in the bank. Responding, Chief Hall stated that he was unaware of $1M in the bank. Mr. Hare stated that the end of year financial statements for the Department for 2014 showed a balance of $914,000.

Chief Hall stated that he did not know about the money since he is not treasurer of the Department. He stated that he tries to save as much money as possible throughout the year, and he felt the easiest way to do that was with the sale of both vehicles in the hope that the Department could recoup some of the money spent. Chief Hall indicated that if both vehicles were given to the City, the Department stood to lose the approximately $75,000 - $80,000 spent when they were purchased in 2007 and 2008. He explained that the Department was trying to recoup at least a third of that money, $25,000, to help with the purchase of the vehicle out of the Department's funds. Chief Hall stated that the Department now had to take on the cost of maintaining the engines because they had pushed back the purchase of a new engine another year. He noted that the Department would have four (4) pieces of fire apparatus that were due to be replaced.

In response to Mr. Hare, Chief Hall stated that the two (2) vehicles in question were functioning at this time, although the command vehicle recently had three (3) solenoids replaced and the Chief's vehicle sometimes does not go in reverse. Chief Hall stated that the command vehicle runs 24/7, 365 days a year, as does the Chief's vehicle, and these vehicles eliminate approximately 200 to 300

general fire alarms a year, which allows the volunteer membership to come in and get on the fire trucks. He indicated that without these two (2) vehicles, there would be a rapid decline in manpower and he did not know what the Department would do in that case.

In response to Mr. Hare, Chief Hall reiterated that one (1) new vehicle would come from station funds and the other from the City appropriation increase, if approved. If this were not approved, the motion would be null and void.

Mr. Slavin questioned if the City had purchased vehicles previously or had focused on apparatus. Responding, Chief Hall stated that there was an agreement with the previous City Manager that the City bought apparatus and the Department would focus on small utility vehicles, such as these. However, he stated that the Department had not had any major apparatus purchases since 2010.

Mr. Cole asked whether the City was financing the apparatus purchases each year. In response, Mr. Koenig stated that the City was financing the apparatus that had previously been purchased. Chief Hall stated his belief that there was only one (1) apparatus still being financed, which is Ladder #1, a 2011 vehicle.

Mr. Hare stated that the current financial statement for the Department reflected $964,000 in total assets in cash. Responding, Chief Hall stated that he would have to find out what accounts this was in, noting that there was some money in a Certificate of Deposit.

Mrs. Mitchell indicated that the Fire Department Treasurer and President handle this and the Chief is not involved in the finances, other than being told what he can and cannot spend.

Mr. Hare requested that Mrs. Mitchell get clarification regarding the Department's total assets in cash.

Chief Hall stated that over $100,000 of the $964,000 was for the new truck account, noting that it would cost $75,000 - $125,000 to outfit a new piece of apparatus with equipment, hose, tools, etc. He indicated that money from the sale of fire apparatus is put back into this account.

Mr. Hosfelt asked if the City had previously taken vehicles back from the Fire Department and given them to the Fire Marshal's Office. Responding, Chief Hall stated that this had occurred for vehicles that the City had purchased, but the City did not purchase the command vehicle or the Chief's vehicle, they were purchased from the private/volunteer side of the Fire Department's budget.

Mr. Koenig stated his belief that the two (2) the Ford Expeditions in the Fire Marshal's office are a 2003 and a 2005, which predate the Haggerty and Haggerty agreement. He stated that it had been a while since the City had purchased these command vehicles for the Fire Department, noting that they were transferred back to the City at some point in the last six (6) to eight (8) years.

In response to Mr. Hosfelt, Mr. Koenig stated that, as result of the Ad Hoc Haggerty & Haggerty agreement, the City purchases only apparatus, including engines, ladders, and large vehicles, and has taken loans out to finance them. It was Mr. Koenig's belief that a foam truck and small brush

truck were purchased out of Robbins Hose Company funds. *[City Clerk's Office Note: During their Regular Meeting of May 26, 2009, City Council accepted the recommendations of the Ad-Hoc Haggerty & Haggerty Review Committee, as outlined in The Independent Accountant Report, Haggerty & Haggerty, Joint Committee (City of Dover and Dover Fire Department) Recommendation.]*

Mr. Koenig stated that discussion between the City and the Fire Department had been ongoing regarding the appropriate time to replace apparatus. He advised members that the new apparatus was estimated at about $585,000, and the Fire Department indicated that they had spent $50,000 in maintenance costs, although this was probably not spent in one (1) year but over a period of time. Mr. Koenig advised that the Fire Department does a great job of maintaining the equipment; however, he has questioned how often fire trucks need to be replaced and it has been a matter of ongoing debate. He explained that trucks are sold because it is said they are no longer useful, yet they are purchased by different fire companies for use as responding vehicles. Mr. Koenig stated that the question is why the trucks were not good enough for response for Robbins Hose Company.

Mr. Koenig informed members that Robbins Hose Company had laid out a capital replacement plan for the vehicles. He explained that for other City departments to replace a vehicle, staff must demonstrate that the vehicle is in poor condition, is failing tests, and cannot be re-certified. He indicated that he did not have any supporting documentation that would lead him to believe that these apparatus had met those conditions; there are only requests received from the Fire Department to replace a piece of apparatus. Noting that he was not an expert on fire apparatus, Mr. Koenig stated that a portion of the calls received each year are false alarms that do not require the full engagement of apparatus.

Mr. Koenig informed members that these are more than $500,000 purchases, so getting the best value is important. He explained that the current and previous fire chiefs had elected to defer the purchase of vehicles, so there was some friction as to when these vehicles absolutely need to be replaced. He noted that if $50,000 of repairs are needed to refurbish a truck that cost $500,000 to extend its life for four (4) or five (5) years, perhaps ths should be done versus taking out a 10-year loan to buy a new piece of apparatus. Mr. Koenig indicated that the Chief had expressed a desire to buy a new truck to be more modern and appropriate for the current needs of the Fire Department; however, the question remained whether to invest money to refurbish the truck or replace it. He stated that those are very difficult discussions to have with a volunteer service because the City is trying to weigh the merits of a volunteer service with the reality of how much money the City has, which creates friction between the administration and the Fire Department.

Chief Hall stated that the Haggerty and Haggerty agreement states that all City of Dover financial contributions to the Dover Fire Department will be placed in a financial account maintained by the Dover Fire Department and this account will be for the sole purpose of managing City of Dover financial contributions. He explained that if the City appropriated the same amount to the Fire Department as last year, $281,700, rather than the extra $52,400 requested, the Fire Department's Treasurer would budget line items up to $281,700. Chief Hall advised members that they were adding the new vehicle into a new budgetary line item on that side. He stated that, on the

Department side, they would purchase the vehicle out of whatever the Treasurer sees fit, noting that the treasurer would decide if there was money left over from this year's budget or if there was a need to dip into the new truck account.

In reference to the replacement apparatus, Chief Hall indicated that he had agreed to defer another year. In talking to other chiefs or departments with a similar number of fire calls, such as Annapolis, he indicated that they include a time frame of 15 - 20 years in their CIP. Chief Hall explained that the Department had sold a back line ladder to Annapolis, and this was not used on first alarm structure fires but second alarm assignments as a reserve piece. He indicated that he was not involved in the sale of this vehicle or the purchase of the new ladder truck so he did not have details; however, he understood that it had a lot of radiator issues.

In response to Mr. Slavin, Chief Hall stated his belief that the apparatus sold to Annapolis was a 2002 and was sold in 2010.

In response to Mr. Sudler regarding the need for the vehicle and reason for the request, Mr. Koenig stated that the Chief was not asking Council if they could buy the equipment, and the vehicles were not identified specifically in the City budget document or the CIP. He explained that these were two (2) vehicles that the Fire Department had voted internally to replace for their command vehicles. Mr. Koenig stated that the Chief had discussed maintenance costs with Mrs. Mitchell, noting that these costs would increase if vehicles were kept longer. He advised members that the Chief submitted a letter requesting to increase their budget appropriation of $281,000 by $75,000 to cover additional expenses and was not specific as to where that money would go. Mr. Koenig explained that the Chief's request was cut in the FY 2015-2016 Draft Budget to $50,000, increasing the appropriation from $281,000 to roughly $335,000.

Mr. Koenig reminded members that this discussion began because the replacement of two (2) Fire Marshal Ford Expeditions were included in the Life Safety budget. The replacement vehicle would be a small car or small SUV purchased under State contract at approximately $27,000. He stated that this had gravitated to the discussion of the Fire Department's plan to replace the command vehicles at their cost and whether those vehicles would be available to the City, so there would be no need to pay for the replacement of the Fire Marshal's vehicles. Mr. Koenig stated that nobody on City staff, to his knowledge, had evaluated the condition of the Fire Department command vehicles, so he was unsure if the City would want them.

Mr. Sudler asked if the Fire Department would be asking for City assistance next year with new fire trucks. Responding, Chief Hall stated that he could not answer that question because he was unsure who the Fire Chief would be. If he were the Chief, he indicated that he would ask the City to replace an engine from 1997.

Mr. Sudler expressed his opinion that the Fire Department does a great job and hoped that the City would honor that request, stating the importance of safety to constituents and believing that the Fire Department knows best what is needed to respond to fire.

Referring to comments made during the Special Council Meeting - Budget Review of May 28, 2015 by Mrs. Ann Marie Townshend, Director of Planning and Community Development, regarding the poor condition of the Fire Marshal's vehicles, Mr. Hare questioned if the City's repair shop could repair some of the vehicles. Responding, Mr. Koenig reiterated that every vehicle that is proposed for replacement is rated as poor and is at the end of its service life. He estimated that the average car in the City's fleet lasts seven (7) to 10 years, noting that they typically have an average of 80,000 miles at 25 mph, although this depends on the division in which the vehicle is used. Mr. Koenig reminded members that when the City received the current Fire Marshal's vehicles, they were already on the downside of their useful life because they were previously used as Fire command vehicles. He stated that the City has a repair shop, but expressed the desire to spend as little money as possible to make vehicles inch along until their replacement date.

Mr. Koenig stated that the Emergency Management vehicle had been used by different departments for many years and did not feel that any more money should be spent on that vehicle. If it were not replaced, he suggested that it be taken out of the inventory so that the City does not pay insurance on it because it is unsafe to drive.

In response to Mr. Lewis regarding the Fire Department's request, Chief Hall reiterated that, during their company meeting last evening, the fire company made a motion to sell the Chief and command vehicles, in sealed bids to be collected by June 30th with the minimum bid of $12,500, and they also made a motion to purchase a 2015 Chevy Tahoe command vehicle off State contract. Chief Hall confirmed that this would be purchased with money from the private side of the Fire Department for $33,560, allowing $15,000 to come out of the Department budget however the treasurer sees fit. He stated that there was also a motion to purchase an additional 2015 Chevy Tahoe for the same amount, with $15,000 to outfit it, out of the City budget appropriation, if approved by City Council. Chief Hall indicated that the additional $50,000 that had been agreed to by Mr. Koenig would fund the purchase of this vehicle.

In response to Mr. Lewis, Chief Hall confirmed that if the Fire Department wanted another vehicle 10 years down the road, the City could ask for this vehicle back because the City funded it.

In response to Mr. Anderson, Chief Hall stated that if the City provided a sealed bid to the Dover Fire Department and was the highest bidder, the City would get the vehicle.

Mr. Hosfelt questioned if the City wanted to purchase an eight (8) year-old vehicle that had been driven 0 to 80 mph in a matter of seconds responding to fires. He stated that purchasing new vehicles for those who use them on a calmer basis would provide vehicles that would last longer.

Mr. Lewis stated that, in previous years, it had been the practice for the Fire Department to purchase the command vehicles through the private side of the Department and for the City to fund the apparatus. He questioned why the City was now being asked to fund one (1) of the vehicles.

Responding, Chief Hall stated that the 2007 and 2008 were the only two (2) vehicles purchased by the Fire Department. The 2003 and 2005 Expeditions were purchased by the City, and a 1997 Crown Victoria and 1999 Ford Explorer were also purchased by the City and then turned back over. Noting

that it is a volunteer Fire Department, Chief Hall stated that leaders change frequently and deals are made with City Council and the City Manager, so he was unaware of everything that happened in the past. He indicated that, as Chief, he would be fine if he did not get a new vehicle, as it was his desire to take care of the members of the Company first.

Chief Hall stated that the original purpose of the appropriation increase was for maintenance costs on Engine #7 and Engine #3. Noting that the roof was also leaking, he indicated that he could not determine where to get $90,000 to purchase command vehicles. The Department could afford to buy one (1) but not two (2) vehicles. He stated that Command vehicles had previously been replaced every five (5) to seven (7) years; however, the Department was at the seven (7) and eight (8) year marks on the current two (2) vehicles. Chief Hall noted that the current vehicles were stock vehicles not rated for fire service, but the two (2) new vehicles would be rated.

In response to Mr. Anderson, Chief Hall stated that when he initially asked for appropriations, the roof was not part of the issue; however, there had been problems off and on for about a year, and last night it had leaked badly in three (3) spots and the Department would have to pay for this.

Mr. Koenig read into the record correspondence received from Chief Hall dated April 17, 2015 ***(Exhibit #13)***. Mr. Koenig stated his belief that the Department's votes regarding the command vehicles happened after the date of the letter since they were not included in the correspondence. He reiterated that he had cut the Fire Department request from $75,000 to $50,000 in the draft budget.

In response to Mr. Sudler as to whether the City of Dover Fire Department is a City of Dover entity, Mr. Koenig stated that Robbins Hose Company is recognized as the Dover Fire Department and is charged with the provision of fire service within the City boundaries. The Robbins Hose district extends substantially outside of the City boundaries, so it covers both the City of Dover and entities outside the incorporated limits of Dover.

Mr. Sudler suggested that perhaps other municipalities, such as Hartly, should be asked to participate in the expenses since they receive service. He also suggested that although the City may not be able to get a new apparatus, maybe funds could be put toward a new roof to help relieve some of the financial hardship.

Chief Hall stated that the Fire Department's motions in regard to a new vehicle were made last night, subsequent to the April 17th request. He felt that the extra $50,000 would not be enough for a new roof, so he had requested that it be applied to vehicles.

In response to Mr. Lewis, Chief Hall stated that the cost of the vehicle under State contract would be $33,560, the motion allowed for $15,000 to outfit the unit, and the total cost would be approximately $48,000 for one (1) vehicle.

In beginning the markup process, Mr. Slavin stated his belief that no member would feel good about having to raise taxes and/or fees, but this budget presented a unique set of challenges. He explained that Council could choose to go forward with an increase in revenues from various sources and correlate them to specific improvements that would be made in the City, as well as to ongoing improvements to infrastructure.

Mr. Slavin indicated that this budget called for the addition of 19 new members of the police force, 10 officers and nine (9) cadets, which he believed could be the single largest addition to the police force that had been seen.

Mr. Slavin expressed appreciation to Mr. Koenig, Mrs. Mitchell and all the other department heads who had been present through the hearings, as well as the employees who keep this complicated system running.

Mr. Slavin suggested that members start with motions that do not have monetary issues but were program or policy related. He mentioned that Mr. Hare had made a very good point about the potential for a public safety fee that could be shown on tax bills, with an eye toward enhancing revenues, possibly from not-for-profits.

Mr. Sudler moved that the Legislative, Finance, and Administration Committee study the concept of implementing a public safety fee that could be shown on tax bills with an eye toward enhancing revenues, possibly from not-for-profits, seconded by Mr. Neil and unanimously carried.

Mr. Slavin stated that in addition to Payment in Lieu of Taxes (PILOT), other ideas had been heard about possible new revenue sources, including possible entertainment issues, and asked for a motion to charge the Legislative, Finance, and Administration Committee to look at potential new revenue streams for the FY 2017 budget.

Mr. Sudler moved to charge the Legislative, Finance, and Administration Committee with working with staff to look at potential new revenue streams for the FY 2017 budget. The motion was seconded by Mr. Neil.

Mr. Anderson expressed support for the concept of studying potential revenue but hoped to look at things like a performance audit of the City government, stating a desire to pay as much attention to the spending side as the revenue side. He indicated that this would be a question later and that he would vote in favor of this measure.

The motion to charge the Legislative, Finance, and Administration Committee with working with staff to look at potential new revenue streams for the FY 2017 budget was unanimously carried.

Mr. Hosfelt moved to have the Safety Advisory and Transportation Committee take on the issue of doing a comprehensive review of the life cycle of fire apparatus to come to a better understanding of how long the life cycle is for a piece of apparatus that the City has spent a significant amount of time with. The motion was seconded by Mr. Hare and unanimously carried.

Mr. Neil moved to have the Safety Advisory and Transportation Committee review the demolitions process and some of the issues related to recouping fees. The motion was seconded by Mr. Anderson and unanimously carried.

Mr. Anderson stated that the need for a performance audit of City government had been discussed for the last four (4) years to understand the efficiencies, much like the study that was being suggested for the Police Department. He indicated that the City's auditor stated at a meeting of the Legislative, Finance, and Administration Committee that this would be a valuable asset but that it would be conflict of interest for his firm to perform a performance audit, since it does the financial audit.

Mr. Anderson moved to look at implementing a performance audit of the civilian side of the City government, seconded by Mr. Sudler.

In response to Mr. Hare regarding the scope of the proposed public safety study, Mr. Koenig stated that the study proposed under the City Manager's Office budget was a public safety study to review the Police Department, the dispatch operation related to the Fire Department, and the ambulance and EMS coverage.

The motion to look at implementing a performance audit of the civilian side of the City government was unanimously carried.

Mr. Hutchison moved to have the Legislative, Finance, and Administration Committee complete a total review of the pay system in the City of Dover and get better controls over the City's system, and to compare it to market value, the State of Delaware, and others within the State to get a better assessment of the City's pay system. The motion was seconded by Mr. Anderson and unanimously carried.

Mr. Hare noted that there was a five (5) year projection on electric revenue but not a five (5) year projection on the plants, in terms of their cost in the next five (5) years.

Mr. Hare moved that the Utility Committee study the cost/benefit of continuing to operate the City's plants, building a new plant, whether the grid would continue to pay the City for the next five (5) years, and whether an energy guru should be hired, seconded by Mr. Anderson.

Mr. Koenig stated that there was a five (5) year capital plan for the power plant. Operating expenses for FY 16 had been projected, and using the same theory that Mrs. Mitchell used for modeling, these expenses could be projected over the five (5) year period. Mr. Koenig advised members that the complexity of this system was understood. The Assistant Generation Superintendent had been budgeted for six (6) months and recruitment would have to begin soon after the implementation of the FY 16 budget on July 1, 2015 to meet that target. Mr. Koenig indicated that it would take some time to recruit this person and expressed concern that if this were delayed, the position may not be filled at the end of FY16. He advised members that the City was currently in the process of trying

to make decisions in relation to how to move into the future, and this position would be key in relation to succession planning. Mr. Koenig stated that the City had an outstanding Electric Director in place but not much help for that person, which poses a major problem for the City's utility business.

In response to Mr. Slavin's request for clarification, Mr. Hare stated that the intent of the motion was both to study the issue and to put the position on hold.

Mr. Neil expressed his support for Mr. Koenig's recommendation. He felt that if the process were not started and that person was needed, this would cause trouble. He noted that if it was later decided to go in a different direction, the person did not have to be hired. He indicated that he would not support the motion unless the hiring of an Assistant Generation Superintendent would continue as planned in the budget.

In response to Mr. Slavin, Mr. Anderson stated that his understanding of the motion had not been that the position would be put on hold. He understood that this particular position would be integral in planning for the future, as well as succession planning. Mr. Anderson had no problem with hiring that position, but felt that goals and a vision for the future should be set before committing to investing what could be $200M - $300M over the next 20 years. He concurred with Mr. Hare that it would be invaluable to discuss where the City was going, have everyone buy in, and have real planning.

Mr. Slavin stated his understanding that Mr. Anderson no longer seconded the motion.

Mr. Lewis stated that if Mr. Anderson had withdrawn his second, Mr. Lewis would second it.

In response to Mr. Hare as to who was performing this work now, Mr. Koenig explained that part of Mr. Maloney's time was spent overseeing the operation of the plant, helping develop this resource plan, and formulating options laying out the future. He stated that was in addition to Mr. Kirk Betts, the City's utility attorney, and the discussions related to a potential Purchase Power Agreement (PPA) and negotiations related to the NAES contract. Mr. Koenig indicated that no one was currently focused100% on this issue, noting that the generation side of the utility was a critical function.

Mr. Hare expressed his opinion that although this was said to be a critical issue, it had not been focused on in the last five (5) to 10 years and suddenly it was needed, although the City did not know what it would be doing in the next five (5) years.

Mr. Hare moved to amend the motion to allow Staff to start the process of recruiting for the Assistant Generation Manager position, with the stipulation that approval be obtained from Council before final hiring.

Mr. Lewis seconded the amendment to the motion.

By unanimous consent, the motion to amend was carried.

Mr. Slavin advised members that the new motion before members would be to study the issue, to begin the process of recruitment and identifying a candidate, but to come back to Council before the final hiring.

The motion that the Utility Committee study the cost/benefit of continuing to operate the City's plants, building a new plant, and whether the grid would continue to pay the City for the next five (5) years, and to allow Staff to begin the process of recruiting for the Assistant Generation Manager position, with the stipulation that approval be obtained from Council before final hiring, carried by a roll call vote of seven (7) yes (Anderson, Sudler, Lewis, Hosfelt, Hare, Hutchison, and Slavin) , and two (2) no (Neil and Cole).

Mr. Hare noted that there had been a significant increase in the health insurance and access fees the State was charging. He indicated that six (6) months ago, certain places issued proposals when they found out this was going to be happening and started outsourcing to see what the cost would be to change health plans. He felt that the City should also do this, noting that premiums were going up and no research had been done to see if there was something better out there. Mr. Hare indicated that Human Resources staff is paid to do this type of work but that this could be done by a committee, noting that he had experience in this.

Mr. Hare moved to do due diligence to research whether the City was getting the best value for the dollar for its health insurance premiums, seconded by Mr. Sudler.

Mr. Anderson stated that he believed he would support the motion, noting that he was unsure who Kent County uses and there are basic things that should be known in the market around the City. He stated his belief that the State plan was probably the best plan for the City at one (1) point and may still be; however, he felt that the City should not use information from four (4) years ago and it was time to look again.

Mr. Koenig stated his belief that all four (4) of the City's union contracts stipulate that the City participates in the State of Delaware group health insurance program, so two (2) active contracts could not be amended without negotiation. The City was, or would soon be, under negotiation with two (2) unions and this had not been mentioned to either union. He agreed that this was a cost issue; however, one (1) of the reasons that people had selected the City as an employer was because it has a good health insurance program. Mr. Koenig stated that he had no doubts that this would become a major topic of negotiations and would not get them any closer to being concluded.

Mr. Koenig requested clarification of best value, stating the importance of discussing equivalent coverage. He noted that this market is in absolute turmoil now all across the nation and radio announcements this morning indicated that both Highmark and Aetna would be going to the State Insurance Commission to ask for both increases and decreases to their coverage. Mr. Koenig expressed the difficulty of comparing apples to apples coverage.

Mr. Koenig advised members that the Human Resources Department has three (3) employees and, if this were to be evaluated, staff would need outside help for this undertaking. He guaranteed that this would not be a three (3) month exercise. Mr. Koenig stated that the Health Benefits Committee

discussed controlling costs associated with health care several years ago and, at that time, the unions provided no suggestions because they said this was part of the collective bargaining agreement. He reminded members that because the City went after health care and wanted health care cost sharing, a fourth union was created. Mr. Koenig stated that, from an administrative standpoint, he would do as Council requested, but reiterated that there would be major repercussions with the City's unions and workforce for going back to look at health care again.

Mr. Hare stated that if he were provided a census, he could do this in less than three (3) months. He acknowledged that it may not save the City anything, but he did not feel the City should spend the extra money if this were unknown. Mr. Hare stated that employees have the option of going somewhere else and getting a better job with better benefits. He reiterated that this may not change a thing, but stated the importance of having the information.

Mr. Cole stated that he would support a motion to look into this, but expressed his understanding of the City's situation with the State. He stated that the Office of Management and Budget and 10-12 different stakeholders were working on this, which had been over a year-long process that continued to change. Mr. Cole supported looking into this matter long term; however, he did not think anything could be done with the current budget because of the contracts.

Mr. Neil noted that this was an extraordinarily complex issue, noting that the smaller the group, the higher the risk of exclusion for people with different types of illnesses and that a larger pool provides for better coverage. He expressed concern about tying the City Manager's hands in dealing with the unions. Mr. Neil stated that he did not have a problem with looking at this informally if Mr. Hare wanted to do it and come back with his findings; however, until that happened, Mr. Neil did not want to do something that could light a fire under health coverage for City employees at this time. In addition, he opposed this simply on the basis of the chaos happening in the market.

For clarification, Mr. Sudler stated his understanding that the motion was to review and gather information, not to offset or upset the current health care plan. Responding, Mr. Slavin confirmed that Mr. Sudler's understanding of the motion was correct and stated his belief that, with more than 360 employees, whether or not Council was just gathering information, this would ripple through the workforce. He noted that change or portent of change of something as important as health benefits has an effect on employees.

Mr. Sudler expressed his hope that City employees would know that City Council has their best interests at heart, as well as those of the City and constituents, and they would consider this not just an attempt to get a cheaper rate and cut their health care packages or services. He believed if the research were to show that $20,000 could be saved with the same amount of coverage provided and the agency health care provider was respected and accepted among the doctors, this would be acceptable. Mr. Sudler did not want City employees and constituents to think that Council was trying to undermine or cut health care services but wanted to try to save the money for the City of Dover, still provide those services, and also provide us more educated agencies that the City might be interested in doing business with.

Mr. Hare agreed with Mr. Sudler and indicated that if someone could tell him right now that what was being paid for health care coverage was the best plan, then this plan should be kept. He just felt that it needed to be reviewed to make sure that the $4.3M being paid for City employee health care was the best deal that could be made.

Mr. Koenig advised members that health care coverage also affects retirees, so there was an additional group being discussed which was not represented in the room. He advised members that determining the best value for the dollar and best coverage would be subjective, because what he considers best is not always what others do. He assured members that, under the best of circumstances, this would be a difficult task.

Mr. Cole expressed his opinion that the best way to handle this would be through future negotiations, noting that this was where things were all over the State right now.

Mr. Anderson stated that, with cost sharing now implemented, he did not feel employees would be upset if substantial savings for equivalent coverage were found due to the fact that they would have received a raise. Mr. Anderson felt that this would benefit the employees, and Council was not talking about harming them. He noted that no changes were proposed and information would be gathered to find out where the City stands.

The motion to perform due diligence in research on health insurance carried by a roll call vote of six (6) yes (Anderson, Sudler, Lewis, Hosfelt, Hare, and Hutchison) and three (3) no (Neil, Cole, and Slavin).

Mr. Sudler reminded members that he had talked quite a bit about the hiring process in terms of internal promotions.

Mr. Sudler moved that the Legislative, Finance, and Administration Committee study and review how many internal applicants apply for City-solicited jobs versus external applicants, and how many internal applicants who are not awarded those jobs actually receive or are offered training. The motion was seconded by Mr. Anderson and unanimously carried.

In response to Mr. Anderson regarding the revenue and personnel costs of the Planning and Inspections Department, Mrs. Ann Marie Townshend, Director of Planning and Community Development, advised that the total revenue for the Department was approximately $2.8M, approximately $1.4M of which was from business licenses. She explained that personnel costs were approximately $1.2M, leaving a net of $700,000. Mrs. Townshend stated that staff costs for the Planning Division were $546,000, including the proposed planner position.

Mr. Anderson questioned how fees could be adjusted to accommodate the additional costs of the new State responsibilities, development additions, and the new planner position being proposed. In response, Mrs. Townshend stated that public occupancy permits, which help fund the Fire Marshal's Office, had not changed since 1993, and planning application and permit fees had been the same since 2004. She explained that building permits are based on a construction valuation table, and there is an automatic escalator because the construction value goes up. Some permit fees

are based on other factors, for instance, HVAC permits are based on tonnage and BTUs and plumbing permits are based on fixtures. Mrs. Townshend felt it would be fair to look at some permits that had been flat for 10 - 20 years. In addition, she noted that staff spends a lot of time on zoning verification letters, noting that other places charge $30 - $100 for this service, or a prorated amount by acreage. Mrs. Townshend stated that staff had suggested a new fee that would help offset some of that cost.

Mr. Anderson expressed concern about adding non-public safety staff. He stated his understanding of the increased responsibilities for the Planning Department, which were bringing the City millions of dollars, but asked if a way could be found to offset some of cost so as to not affect property taxes too much. In response, Mrs. Townshend suggested looking at these rates in the fall, with the goal of having them approved by the end of the year and going into effect for the next fiscal year. She indicated that this would allow time for people to get used to any changes and also provide baseline revenue to factor into next year's budget.

Mr. Anderson moved to conduct a review of relevant fees in Planning and Inspections by December 31, 2015 and that a report be made to the appropriate committee as determined by the Council President. The motion was seconded by Mr. Hutchison and unanimously carried.

Mr. Hare requested clarification on the need for an additional planner. Members were provided a Planning and Inspections Department Personnel Request for FY 2015-2016 ***(Exhibit #14)***. Mrs. Townshend explained that, in addition to her position as Director of Planning and Community Development, the planning staff consists of a Secretary II, one (1) Principal Planner and two (2) Planner I positions, explaining that there was currently one (1) less planner on staff than in 2011. She informed members that in September 2011, during the height of the budget crisis, a Planner II left and the position was eliminated. In February 2012, because the Community Development Block Grant (CDBG) administration money was not fully funding the Community Development Manager position, this position was reclassified to a Planner I. This employee was assigned some planning duties that were not related to community development, but continues to be principally responsible for community development. She noted that in the current fiscal year, 64% of this employee's hours worked were related to community development functions.

Mrs. Townshend reviewed the Planning Office Responsibilities (by staff person), as well as the Major Projects in the Planning Office, which she indicated were projects that staff was working on that were either delayed or on hold. Mrs. Townshend indicated that she has a small but busy staff. She stated that Mr. Cook, entry-level planner, had come in on the weekend to catch up on projects without compensation, and she felt this was unfair to expect. She stated that if it was desired to complete these tasks and keep the City's codes up to date, staff was needed.

In response to Mr. Hutchison as to whether staff was able to stay current with the workload demand, Mrs. Townshend stated that they try; however, turnaround time with site plan review is slow because there are phone calls, customers at the counter, miscellaneous questions and complaints, etc. She indicated that there is a finite turnaround time for applications for the Planning Commission, Historic District Commission, and Board of Adjustment; however, if there are a lot applications for

the Planning Commission, site plan review for the follow-up is delayed. Mrs. Townshend stated that it sometimes takes longer for building permits than she would like because there are not enough hours in the day.

Mr. Hare questioned the possibility of hiring a temporary, 29-hour person to assist Mrs. Harvey in CDBG. This person could learn 60% of that job so Mrs. Harvey could concentrate more on the Planner I position.

Mrs. Townshend stated that she did not want to get into a discussion about qualifications, indicating that she needed an employee with a very specific skill set who could write ordinances and has a background in land use law, which an individual coming out of a planning program would have. She advised members that Mrs. Harvey is very good at CDBG, and Mrs. Townshend felt it would not make any sense to take her away from that and bring in a 29-hour person, as this would be a disservice to the program. Mrs. Townshend stated that when Mrs. Harvey came into this program, the City had five (5) significant findings from the Department of Housing and Urban Development (HUD), and Mrs. Harvey resolved them all. Audit findings in recent years had been very minor things that could be corrected with a small amount of documentation. Mrs. Townshend stated that she would hesitate to take someone who has been running a HUD-compliant program and try to shift their responsibilities to a part-time person, when what is needed is someone with the background to write ordinances and do some of the plan review and other planning work that needs to be done.

Mr. Sudler stated that he would like to see the municipal code in regard to the fire marshals mirror code enforcement with respect to what they can and cannot do, their objectives, when they can communicate with property owners, and their code of conduct. He stated, for example, that building inspectors are supposed to contact the property owner if they are going to do an inspection. Responding, Mrs. Townshend explained that Chapter 46 addresses fire prevention, has language about fire marshals, and expressly gives the fire marshal permission to enter any public building. She indicated that both building inspectors and fire marshals, based on language in different sections of the code, have the right of entry.

Mr. Slavin stated that this was getting into an area that was beyond the scope of what Council was trying to accomplish. He suggested that Mr. Sudler could bring this issue up with the Safety Advisory and Transportation Committee.

Responding to Mr. Lewis regarding the starting salary for a planner, Mrs. Townshend expected that this would be $41,000 or $42,000.

Mr. Lewis asked if it would be permissible to hire a student or graduate student who was studying to become a planner or architect to assist the office. In response, Mrs. Townshend stated that this had been done in the past. She explained that there are no planning schools in Delaware, so it would not be possible to get anyone on a long-term basis. She advised members that the City had a contract for a research assistant with the University of Delaware when the last comprehensive plan was done, but because of the large overhead that goes to the University, on a per hour basis, the cost was more than the City would pay a planner.

Mr. Anderson stated that the proposed fee increase could be implemented effective January 1, 2015, and asked what the effect would be if Mrs. Townshend stretched out her request six (6) months. Responding, Mrs. Townshend stated that Staff could do that; however, she explained that people in the business community were waiting on a number of code updates, for example an update to the recreational and commercial zone. She stated that she had discussed annexation with Dover International Speedway; however, the code updates must be done first. Mrs. Townshend advised that the Planning Commission and Board of Adjustment, along with Staff, had identified that changes were needed to the parking section of the zoning ordinance since parking requirements for restaurants did not make sense. She stated that a number of restaurant chains had looked at Dover and until these changes are implemented, they were being taken to the Board of Adjustment for variances. Mrs. Townshend stated that she was most concerned about the Transportation Improvement District, because until there is real progress on that, the City was not in a position to approve or issue permits for any new development on Route13. She indicated that a number of developers had expressed interest, but they can only get to a certain point in the process. Mrs. Townshend stated that staff could continue, but some of those things that had been moving at a sluggish pace would continue to be sluggish.

Responding to Mr. Anderson, Mrs. Townshend expressed her opinion that the City's pace with things such as site plan review was faster than New Castle County and comparable to Kent County, but much slower on permit review. She noted that the City would take a week to 10 days on a number of permits that the County would issue in two (2) days.

In response to Mr. Sudler's comments, Mr. Hare stated that the feedback he had received from people in regard to the inspectors and fire marshals had been nothing but positive, and his personal experience had been very positive.

Mr. Hare stated that he would like the City Manager to look at life cycle items. For example, he asked if it was necessary to replace 15 computers when the life cycle states or if the City could purchase two (2) or three (3) computers and replace others as they break. In addition, Mr. Hare felt that the five (5) police vehicles discussed the previous evening should be looked at, expressing the need to make cuts and bring the proposed increase down.

Mr. Neil stated his understanding that the Planning Department could provide better and faster service for the customers who are going to bring income into the City, once the changes that Mrs. Townshend noted are complete. He asked if the Department could get that work completed more quickly with the additional position and Mrs. Townshend confirmed this. Mr. Neil stated that the person was needed now because this would mean more money in the near future rather than the long term.

Referring to the FY 2016 Draft Budget Recommended Changes *(Exhibit #4)*, Mr. Slavin stated that he had asked the City Manager and Controller/Treasurer to prepare estimates on potential cuts. Mr. Slavin reviewed the recommended changes.

Mr. Hosfelt moved to adjust the budget to reflect the $72,500 difference between the higher budgeted amount for health care premiums and the actual amount. The motion was seconded by Mr. Sudler and unanimously carried.

Mr. Hare moved to reduce the expenditure side by $92,900 to reflect a correction to an over-budgeting for the loan payment to be made in this fiscal year for the fire apparatus, seconded by Mr. Cole and unanimously carried.

Mr. Hutchison moved to eliminate the $7,500 expense from the Finance Department that was budgeted for consultant services. The motion was seconded by Mr. Cole and carried by a vote of eight (8) yes (Sudler, Neil, Lewis, Cole, Hosfelt, Hare, Hutchison, and Slavin) and one (1) no (Anderson).

Mr. Slavin stated that Item #4 related to a Records Clerk position in the Police Department which had been vacant for some time. Mr. Koenig explained that this employee went on leave without pay related to a deployment, came back to work for a few weeks, and then elected to resign. He stated that, to his knowledge, this change had not been discussed with Chief Bernat.

Mr. Slavin stated that, out of respect for the Chief, this item would not be discussed at this time.

Mr. Slavin stated that Item #5 pertained to a potential 3% pay raise for non-bargaining employees. In response to Mr. Slavin, Mr. Koenig stated that this increase would affect 40 to 42 employees out of the currently authorized total population of 347.

Noting that Mr. Koenig had suggested a 3% increase, Mr. Slavin suggested a 1% increase for all non-bargaining employees, with an additional $500 stipend for each employee, payable after December 1, 2015 in lump sum. He explained that this would effectively move the lower end of the pay scale to a 3%. Employees making $25,000 a year would receive it and it would aggregate out to 3%, but employees at the higher end of the pay scale would be at a 1.5% level.

Mr. Cole moved to approve a 1% increase for all non-bargaining employees, but an additional $500 stipend for each employee, payable after December 1, 2016 in a lump sum. The motion was seconded by Mr. Neil.

Mr. Koenig stated that the original recommendation in the draft budget was a 3% pay raise for all non-bargaining employees who were making less than $85,000 a year. Employees making more than $85,000 a year would receive an increase of 2% of base salary plus a 1% bonus. There was no recommendation for the City Manager position. Mr. Koenig advised that this recommendation was included in the budget at an approximate cost of $85,000; however, he explained that this number was slightly skewed because some of the people in the recommendation are actually part-timers and their time was extrapolated out over full time.

Mr. Koenig stated that his concern pertained to employees whose positions were labeled as confidential when the AFSCME union was formed, including administrative assistants in the City Manager's Office, Human Resources Department, and employees in the City Clerk's Office. He explained that if they had not been labeled as confidential employees, they would have been part of the AFSCME union, and advised that the current motion would create an additional separation of pay between employees in the exact same pay grade and classifications.

In response to Mr. Lewis, Mr. Koenig stated that there were 10 non-bargaining employees making over $85,000 per year.

In response to Mr. Anderson, Mr. Slavin stated that his proposal would result in $46,600 in savings in the budget.

In response to Mr. Hosfelt, Mr. Slavin stated that the current motion did not differentiate between employees making more or less than $85,000.

The motion to approve a 1% increase for all non-bargaining employees, with an additional $500 stipend for each employee, payable after December 1, 2015 in a lump sum, carried by a vote of seven (7) yes (Anderson, Sudler, Neil, Lewis, Cole, and Hare) and two (2) no (Hosfelt and Hutchison).

Mr. Slavin advised members that Item #6 pertained to a reduction of other employee expenses in the amount of $67,000.

Mrs. Mitchell explained that vacation sellback, retirement payouts, and education assistance are included in the General Fund. She advised members that she and Mr. Koenig reviewed this item and determined that one (1) individual who had been on the retirement list was not planning to retire. Mrs. Mitchell advised that education assistance adjustments were also made and the recommended changes would result in a $67,000 reduction in the General Fund.

Mr. Hare moved to accept staff's recommendation to reduce other employee expenses by $67,000, seconded by Mr. Anderson and unanimously carried.

In regard to Item #7, Postage, Mr. Slavin advised members that more up-to-date numbers had been received in regard to postage.

Mr. Cole moved to reduce the postage expenditure by $10,000, seconded by Mr. Neil and unanimously carried.

Referring to Item #9, Reduce Cost of Public Access Module, Mr. Slavin stated that during the Tax Assessor's discussion it was noted that there was public access module software budgeted that may not be needed.

Mr. Neil moved to eliminate the $5,200 expense for the Public Access Module, seconded by Mr. Cole.

Mr. Koenig advised members that Mrs. Cheryl Bundek, Tax Assessor, had indicated that this item was discussed as part of her annual review as something that would be useful to the citizens of the City and offered Mrs. Bundek the option to discuss this.

Mrs. Bundek indicated that this related to offering a website that citizens could access, similar to the Kent County P.R.I.D.E. system. She explained that it would be a little more detailed than the P.R.I.D.E. system, noting that it would include a sketch and photo of the property, the characteristics used to value the property, and the homeowner's name, and would look like the tax property cards. Mrs. Bundek stated that appraisers would be able to go online to get this information, which would free up staff time.

In response to Mr. Slavin, Mrs. Bundek stated that she supported this item, noting it was brought up during her evaluation as something that she would like to see in the future; however, it did not have to be this year. She advised members that she had requested it four (4) or five (5) years ago and it was eliminated.

Mr. Anderson indicated that he did not support removing this because it was something that Council directed Mrs. Bundek to do in her evaluation, since complaints had been received that the City was behind in technology because people cannot access the information for the City as they can for the County. Council directed Mrs. Bundek to purchase the software since the cost was only $5,200 rather than requesting an additional staff member.

Mr. Slavin stated that Mr. Anderson had echoed his sentiments, noting that this would also increase transparency.

In response to Mr. Hutchison, Mrs. Bundek stated that there would not be a customer fee for this software, explaining that it could be accessed online and a link could be included on the City's website.

Responding to Mr. Hosfelt, Mrs. Bundek stated that this would free up staff's time.

The motion to eliminate the $5,200 expense for the Public Access Module failed by a unanimous roll call vote (Lewis absent).

Mr. Slavin stated that Item #10 would eliminate the purchase of a new emergency management vehicle.

Mrs. Mitchell indicated that the General Fund portion of this expense would be $8,100.

Mr. Koenig stated that an SUV that used to be the City Manager's vehicle years ago was still assigned to the office. Staff proposed to get rid of the old emergency management vehicle, use this SUV for emergency management purposes, and backfill that vehicle with the purchase of a sedan similar in appearance to a police car, but not with a police car engine. He stated that this would reduce the approximately $32,000 expense by $8,100 for the actual purchase of the vehicle.

Mr. Anderson moved in favor of staff's proposal, seconded by Mr. Sudler.

Mr. Hosfelt asked if the City would really want an SUV or 4 x 4 vehicle for emergency management.

Mr. Koenig stated that the old City Manager car is a Ford Escape, so it is an SUV. He was unsure if it was an all-wheel drive or four (4) wheel drive vehicle.

Mr. Anderson asked to defer the motion until the next meeting to allow Staff an opportunity to provide this information, and Mr. Sudler agreed.

By unanimous consent, this item was deferred until the next meeting.

In regard to Item #11, Change Fire Chief's Assistant from full-time to part-time, Mr. Koenig advised members that this had not yet been discussed with the Fire Chief. Mr. Koenig stated that an employee was formerly hired internally for the position but had since moved to a different department. The position was upgraded because the argument was that it provided a supervisory role to the dispatchers. While the Fire Chief's Assistant was a supervisor to the dispatchers, ultimately the dispatchers answer to the Fire Chief, so there had been a question of supervisory lineage, in terms of who reports to whom. He noted that, most recently, the position had been difficult to keep somebody in. Mr. Koenig stated that if money had to be saved across the City budget, this was one (1) position that could be converted to a part-time, 29-hour position, and the administrative duties related to the Fire Department could be completed in that 29-hour time frame. The supervision of the dispatchers, which had also been a contentious but separate discussion, would remain with the Chief. Mr. Koenig explained that the position was currently vacant, but a retired dispatcher administrator was filling it on a part-time basis for the next few months until a decision is made on how to recruit.

Mr. Anderson questioned why the City was in the fire dispatch business when the County can do it at no cost. Responding, Mr. Koenig stated that this had been a difficult discussion going back to this time last year. In his opinion, the City had an agreement, in principle, with the former Fire Chief that the City would fund radio replacements as well as the SCBA replacements, and in exchange the City would transition the dispatch from Station 1 to the Kent County 911 dispatch. Over the past year, there had been a change in fire chiefs, and Robbins Hose Company now objects to the agreement. Mr. Koenig indicated that, to his knowledge, there had been one (1) or no vacancies in dispatch positions in the last 12 months. He explained that this is a service that the County provides to every other fire district in the county and can provide to the City. Mr. Koenig explained that the issue that the City would have to address would be apparatus maintenance and,

potentially, general security at the Fire Department. He noted that would be a change in operation at the Fire Department and there was a fine line to tread between maintaining the level of service and heritage of a volunteer organization and yet be frugal with City dollars.

Mr. Koenig stated that he had also been unable to complete this transition because the Code states that the Fire Chief reports directly to the Council President, not to the City Manager, and the role of the City Manager in the Fire Department is to manage the budget, do the annual inspections, and apprise Council of budgetary matters. Mr. Koenig felt that this should be pursued over the long term but, again, he was respectful of the volunteer Fire Department.

Mr. Hutchison commented that some of the duties and responsibilities of the fire dispatchers include taking care of the apparatus, cleaning the vehicles, and checking the equipment, and gave credit to the volunteers and dispatchers on their first-class operation. He felt that the City Manager's comments were well taken.

Mr. Slavin stated that this item would not be discussed at this time since it had not been discussed with Chief Hall.

Referring to Item #12, Reduction in Design Cost for Schutte Park Development, Mr. Koenig informed members that this was related to the potential move of vehicles and facilities from the old PW2 site, which is the ending of the tar ditch storm water drainage area that is under design right now, out to the expansion of some Public Works buildings at Schutte Park. Since these were standard pole buildings, architectural design was not needed. This would reduce the project budget from the $385,000 originally requested to $330,000.

Mr. Neil moved to reduce the funding for the design cost for Schutte Park development by $55,000, seconded by Mr. Sudler and unanimously carried (Lewis absent).

In regard to the $26,200 increase in administrative expenditures in the City Council budget (Page 221), Mr. Cole indicated that he was unsure what the increase was for, other than the $5,000 request from the DHRC, and raised the possibility of decreasing expenditures by $21,000.

Mr. Koenig stated that funds were included in the City Council budget for five (5) Council members to go to the National League of Cities (NLC) Conference.

Mrs. Mitchell stated that funding was included for both national and regional conferences for the NLC and the total amount for travel was $21,300.

Mr. Koenig advised members that he and Mrs. Mitchell had proposed reducing the request from the DHRC from $5,000 to $2,000. He explained that if the Commission spent $2,000 and returned to the City Manager and asked for an additional $3,000, he would be able to find savings somewhere over the course of a year. He felt that it was important for the DHRC to have a budget to work with and in the overall City Manager/City Council/Mayor budgets there should be an ability to address their needs over FY16 regardless of whether Council identifies by line item, $5,000, $4,000, or $3,000.

Mr. Neil stated his concern that in the related discussion Council did not have a handle on what the DHRC wanted. He felt the DHRC should learn to work with the City's website and see how that can be improved, and reminded members that Mr. Sudler had mentioned that the State had some help that could be available to them. He agreed with the concept proposed by Mr. Koenig.

Mr. Slavin stated his personal feeling that, with this austere budget where everyone had been asked to sacrifice, out-of-state travel for Council would be looked upon harshly and the Council could find opportunities for training in local and online venues. He felt that Council may want to set aside a few thousand dollars for their own training but not $14,000 for out-of-state travel.

In response to Mr. Cole, Mrs. Mitchell referred to Item #8, FY 2016 Draft Budget Recommended Changes *(Exhibit #4),* explaining that $11,700 had been pulled out of the travel line item in the Council budget as well as $3,000 from the DHRC line item.

Responding to Mr. Slavin, Mr. Koenig stated that the amount originally included in the draft Council budget for the DHRC was $5,000 and $21,300 was budgeted for Council travel.

Mr. Cole moved to reduce the City Council budget by $14,700, seconded by Mr. Hare.

In response to Mr. Hare, Mr. Koenig indicated that $6,000 was included in the City Council budget for the Delaware League of Local Governments (DLLG) meetings.

Mrs. Traci McDowell, City Clerk, advised members that Council's training, conference, and travel budgeted included $1,350 for nine (3) members to attend the DLLG meetings; $12,500 for five (5) members to attend the NLC Conference in Nashville, Tennessee at $2,500 each; $7,000 for five (5) members to attend the NLC Conference in Washington DC at $1,400 each; $400 for the tourism dinner; and $50 for water.

Mr. Slavin advised members that the motion was to eliminate $14,700 from the City Council budget.

Mr. Sudler questioned, if this were eliminated, how much each Council person would have for the training that was suggested by the Mayor for new members. He indicated that he planned to go to all the training he could receive and wanted this information to add it to his personal budget.

Mr. Slavin indicated that $14,700 would be eliminated.

Mr. Hare stated that by reducing Council's training budget, five (5) members would not be able to attend, but suggested that two (2) members could.

Mr. Anderson indicated that four (4) members could attend two (2) different events, or members could use Priceline, as he had in the past.

Mrs. Mitchell stated that $9,600 would remain after reducing Council's training budget by $11,700.

Mr. Slavin stated that there would be some room if Council members had particular items they wanted to do.

Mr. Anderson commented that these sessions are not vacations but working training. He noted that, due to the tight budget, he had paid for part of the expense of attending some classes at the NLC Conference in Washington, DC with his own money. He advised members that the sessions include everything from ideas on how to deal with violence in cities, to budgets and economic development. Mr. Anderson indicated that approximately six (6) pieces of City legislation had been formed by some of those discussions. He agreed with the proposal being put in, but opposed eliminating this item from the budget, believing that members could rotate.

The motion to reduce the City Council budget by $14,700 was carried by a unanimous roll call vote (Lewis absent).

Mr. Hare moved to recess, seconded by Mr. Hosfelt and unanimously carried.

The meeting recessed at 10:28 p.m. to be reconvened on June 3, 2015 at 6:00 p.m.

WEDNESDAY, JUNE 3, 2015 - 6:00 p.m.

QUESTIONS, ANSWERS, OPEN DISCUSSION AND MARKUP

The Special Council Meeting - Budget Review reconvened on Wednesday, June 3, 2015 at 6:00 p.m. with Council President Slavin presiding. Council members present were Mr. Anderson, Mr. Sudler, Mr. Neil, Mr. Cole, Mr. Hosfelt, Mr. Hare (departed at 8:53 p.m.), and Mr. Hutchison. Mr. Lewis was absent.

Council staff members present were Police Chief Bernat, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, Fire Chief Hall (arrived at 7:37 p.m.), and Mrs. McDowell. Mr. Rodriguez was absent. Mayor Christiansen was also present.

Mr. Hare moved to reconvene the meeting, seconded by Mr. Hutchison and unanimously carried.

Members were provided a spreadsheet listing FY 2016 Draft Budget Recommended Changes Other/Ideas as Updated 6/3/15 ***(Exhibit #15)*** that contained updated information based discussion during the Special Council Meeting - Budget Review of June 2, 2015. Mr. Koenig reviewed the recommended changes.

In regard to Item #1, Health Care Premiums - Final, Mr. Koenig reminded members that during the Special Council Meeting - Budget Review of June 2, 2015, a motion was made to adjust the budget to reflect the $72,500 difference between the budgeted health care premiums and the lower number that actually came in, and the motion carried unanimously. Mr. Koenig explained that the final increase provided by the State would equate to a 15.7% overall increase, noting that the draft budget had utilized 19.74%. He indicated that those adjustments would create some additional savings in the General Fund.

Mr. Koenig stated that the recommended changes pending further discussion included Item #4 - Records Clerk - Police, Item #10 - Emergency Management Vehicle, and Item #11 - Change Fire Chief's Assistant Full-Time to Part-Time. He indicated that he also wanted to discuss the potential impacts of the adjustments that were approved the previous evening regarding Item #5 - Non-Bargaining Pay Adjustments.

Referring to Item #8 - Reduce Council Expenses (HRC - less $3,000 and Travel - NLC Conferences less $11,700), Mr. Koenig stated that members voted to reduce their travel expenses and they also voted to reduce the Human Relations Commission budget from $5,000 to $2,000. He reiterated that if the Commission reaches a point where they need additional money, they would simply need to make a request to him and he would use his administrative authority to review all of the budgets for additional funds. He explained that he would then bring a recommendation back to Council at a later date.

Responding to Mr. Slavin, Mr. Koenig confirmed that Council had voted to cut $3,000 from the Human Relations Commission line in the City Council budget, not Council's travel budget.

Mr. Koenig reminded members that Item #10 - Emergency Management Vehicle, was deferred during the previous meeting because there was a question as to whether the 2005 Ford Escape being discussed, which was the former City Manager's vehicle that had been kept as a loaner vehicle, had four (4) wheel drive. Mr. Koenig confirmed that this vehicle had electronic four (4) wheel drive, and its use would result in a savings of $8,100 to the General Fund. He explained that the City Manager's Office would then purchase a sedan-type vehicle that could be used for the office or as a loaner vehicle for various activities throughout the organization.

In addition, referring to Item #13, Double Budgeted Police Uniforms, Mr. Koenig advised members that in reviewing the Police Department budget earlier in the day, it was found that there was over-budgeting in the shoe allowances because some of those allowances are now budgeted as personnel expenses and they had been double counted. Staff recommended reducing the Police Department budget by $21,000, which would be a General Fund savings.

Mr. Koenig advised members that when the draft budget was first presented, an $0.0822 total tax increase was included. All revenues and expenses were added and there was a net revenue in the General Fund of $4,900.

Mr. Slavin requested the current aggregate number for the budget, including last night's actions and the double-budgeted police uniforms. Responding, Mr. Koenig stated that last night the figure was at $375,600. The Public Access Module was taken out, which brought that number down to $370,600. The $21,000 savings would then be added in, which would take it $396,600. To achieve that number, Council would have to vote on the recommended changes regarding the Records Clerk - Police, Emergency Management vehicle, and Fire Chief's Assistant.

Mr. Anderson moved to bring forward the emergency management vehicle motion, seconded by Mr. Sudler and unanimously carried.

Mr. Anderson stated that the original motion was to eliminate the purchase of the Emergency Management vehicle, accept the transfer of the City Manager's SUV for Emergency Management purposes, and backfill that vehicle with the purchase of a sedan. The motion was seconded by Mr. Sudler.

In response to Mr. Hare, Mr. Koenig stated that it was proposed to purchase a Dodge Charger without a police engine at a cost of approximately $22,700 or $24,700 from the State contract.

Mr. Hare questioned if the City ever pays mileage instead of having a car available. Responding, Mr. Koenig stated that, to his knowledge, mileage had been paid only for out-of-state business.

Mr. Hare questioned if this would be an option. Mr. Koenig stated that this would involve administrative costs for reporting and auditing.

Mr. Slavin indicated that this would also involve insurance costs in regard to personal vehicle use.

Mr. Koenig noted that it costs approximately $235 - $240 to insure a vehicle.

Mr. Slavin asked if alternative fuel had been considered, such as an electric or hybrid vehicle. Responding, Mr. Koenig stated his belief that the Ford Escape was a hybrid, noting that there is typically a higher cost on such a purchase, but the State contract could be looked at for something with more efficiency.

Mr. Slavin stated that, given that the City is in the electric business, it might not hurt to advertise the City uses at least one (1) alternative vehicle.

The motion to eliminate the purchase of the Emergency Management vehicle, accept the transfer of the City Manager's SUV for Emergency Management purposes, and backfill that vehicle with the purchase of a sedan was unanimously carried.

Mr. Hare moved for acceptance of Staff's recommendation to reduce the budget by $21,000 due to the over-budgeting of the shoe allowance for the Police Department, seconded by Mr. Sudler and unanimously carried.

Mr. Koenig stated that, with the previous two (2) motions and all motions approved on June 2, 2015, the net revenue in the General Fund would increase from $4,900 to $391,400. He reminded members that $0.01 on the tax equals approximately $305,000 in revenue.

Mr. Koenig reminded members that the former occupant of the Record Clerk position at the Police Department took a six (6) month leave without pay in connection with the military deployment of a family member, came back to work temporarily, and then resigned. Since staff had been able to cover those duties for an extended time while the position was vacant, and given the significant tax increase the City is facing, Mr. Koenig proposed that this position be removed permanently from the FY 16 budget.

Chief Bernat thanked Council for the additional 10 police officers and the nine (9) cadet positions. In regard to the police clerk position, Chief Bernat stated that the Department currently has six (6) record or police clerks, and during the six (6) month period that the position was vacant, the other clerks were able to pick up the extra work without interfering with the quality or quantity of service. He requested that these employees be granted a step increase to paygrade 14, due to the extra work that they had acquired. This would equate to an $0.83 per hour raise for one (1) employee, $0.65 for another, and $0.59 for the other three (3) employees, for a total cost of $6,760, or $8,545 with benefits, for the year and would eliminate one (1) position. In addition, Chief Bernat requested an additional $6,000 toward the Crime Analyst/Accreditation position. He stated that Mr. Koenig had offered $54,000; however, Chief Bernat believed that the appropriate number would be $60,000, noting that he was told this would be a paygrade 118. In looking at the pay scale from the FY 2008 Management Advisory Group study, Chief Bernat stated that the amount indicated was $36,700 to $57,706, in 2007 dollars. In comparing 2007 dollars to 2015 dollars, he stated that a cost of living calculator on the internet indicated that the beginning point in today's money would be $41,673; the midpoint would be $53,592, and the $57,706 high would now be $65,504. Chief Bernat requested that an individual who was a Captain in Operations, had been a Captain in the Administration Division for two (2) years prior to that, and holds a master's degree be paid $60,000, noting that this would be well worth it for the City.

Chief Bernat stated that the cost for the current clerk with benefits is $35,433.30 because this individual uses other health care, and the cost of a new employee would be $52,823. If the position were eliminated and funds allocated as Chief Bernat requested, the $8,545 amount for the Records Clerks and $6,000 for the Crime Analyst/Accreditation Manager would total $14,545, and the City would still have a savings of $38,279. Chief Bernat indicated that he would be 100% amenable to reducing the number of police clerks from six (6) to five (5) and allowing them to be a paygrade 14.

Mr. Hosfelt asked if there would be a need to go through the union for the new paygrade. Responding, Mr. Koenig stated that it was completely inappropriate to discuss either the Crime Analyst/Accreditation Manager position or the proposed regrading of the police clerk's position outside of an executive session, noting that there were grievances associated with the police clerk at the moment. In addition, he explained that this discussion was also covered under a collective bargaining agreement.

Mr. Slavin stated that it may be more appropriate to discuss this matter in executive session.

Mayor Christiansen apologized for not being present for the discussion of the Fire Chief's Administrative Assistant position, stating that this would also be a subject to discuss in executive session.

Mr. Sudler moved to recess into Executive Session for the purpose of dealing with personnel issues related to the Records Clerk position and the Fire Chief's Assistant position, seconded by Mr. Neil, and unanimously carried.

The Special Council Meeting - Budget Review recessed at 6:26 p.m.

Mr. Sudler moved to reconvene the Special Council Meeting - Budget Review, seconded by Mr. Anderson and unanimously carried.

The Special Council Meeting - Budget Review reconvened at 7:37 p.m.

Mr. Hosfelt moved for acceptance of Staff's recommendation to eliminate the Records Clerk position at the Police Department, seconded by Mr. Sudler and unanimously carried.

In response to Mr. Slavin, Mr. Koenig stated that the only other issue left to discuss was related to the Fire Department, and reminded members that he wanted to revisit the non-bargaining pay adjustments.

Responding to Mr. Hare, Mr. Slavin stated that the rules of executive session prevented members from talking about what they discussed in executive session; however, a motion could be made based on the discussion.

Mr. Hare moved for acceptance of the Fire Chief's recommendation that the Fire Chief's Assistant position remain as it currently is, with the person in that position to stay until September 1, 2015, at which time the Chief will start to recruit for a full-time position. The motion was seconded by Mr. Sudler.

In response to Mr. Hare, Mr. Slavin indicated that it could be worked out that the Fire Department would receive help with ADP from Mrs. Mitchell.

Responding to Mr. Neil, Mr. Slavin stated that the motion would leave the position as it is, as a full-time position, with the understanding that it is occupied by someone who is limited in the number of hours that they can work. He explained that the current schedule would continue until on or about September 1, 2015, when recruitment would begin by the Chief for a full-time employee.

The motion for acceptance of the Fire Chief's recommendation that the Fire Chief's Assistant position remain as it currently is, with the person in that position to stay until September 1, 2015, at which time the Chief will start to recruit for a full-time position was carried by a unanimous roll call vote (Lewis absent).

Mr. Sudler moved that the Legislative, Administration, and Finance Committee review who will conduct the research or study on all of the criteria and a time that will be utilized for the Fire Chief's Assistant position and whether the City will continue to need a full-time or a part-time position. The motion was seconded by Mr. Neil.

Mr. Slavin stated that this would be a part of the public safety study authorized under the City Manager's budget.

Mr. Anderson questioned if the public safety study was being bid out. Responding, Mr. Koenig stated that the City Manager's request was for a $100,000 study to be performed by the Center for Public Safety Management (CPSM), a non-profit organization that is a spin-off of the International City Managers Association (ICMA). He proposed that this be the sole source for this study because they specialize in this type of work and are documented as experts by the ICMA. Mr. Koenig indicated that he would not propose to do a Request for Proposals (RFP), and his request was specific to CPSM.

In response to Mr. Hare, Chief Bernat stated that he concurred with using CPSM.

Mayor Christiansen asked if there were other organizations that could do this more cost effectively and the reason for limiting the City to one (1) vendor, stating that RFPs are put out on any other studies for the City.

In response to Mayor Christiansen as to whether he was comfortable with CPSM, Chief Hall indicated that he had not thought about that.

Responding to Mayor Christiansen as to whether he had seen CPSM's credentials, Chief Bernat advised members that he had attended a conference where a CPSM representative had spoken. This individual employs two (2) Ph.D's and went into a thorough process of how they determine manpower. It was Chief Bernat's opinion that the presentation made sense and he confirmed that this individual has a police, emergency medical services, and fire background.

Mr. Koenig stated that if this were authorized in the budget, there would be a request on the Council agenda after July 1, 2015 to authorize the City Manager to enter into agreement with this group. A copy of the proposal would be included with all the background expertise of the people involved in the study; therefore members could comment on this when the contract is authorized.

Mr. Sudler rescinded his motion that the Legislative, Administration, and Finance Committee review who will conduct the research or study on all of the criteria and a time that will be utilized for the Fire Chief's Assistant position and whether the City will continue to need a full-time or a part-time position. Mr. Neil withdrew his second.

Mr. Hare moved to begin the process of identifying resources for the public safety study prior to July 1, 2015, seconded by Mr. Sudler.

The motion to begin the process of identifying resources for the Public Safety Study prior to July 1st was carried by a unanimous roll call vote (Lewis absent).

Mr. Slavin reminded members that during the Special Council Meeting - Budget Review of June 2, 2015, Council approved a 1% increase for all non-bargaining employees and a $500 stipend for each employee, regardless of salary levels, payable after December 1, 2015 in a lump sum. He advised members that Mr. Koenig wanted to revisit this matter. Mr. Koenig indicated that this would affect 43 employees.

Members were provided a spreadsheet listing the non-bargaining positions, wages, and the effect of the salary increases under the proposals ***(Exhibit #16)***. Referring to his initial recommendation, Mr. Koenig reminded members that he runs the tightrope of representing the Council on administrative matters and also representing the employee base, so that the City can remain a good employer where people would like to work, and can attract the best applicants for openings.

Mr. Koenig reiterated that the City has 347 full-time authorized personnel. Of those, more than 90% are unionized across four different (4) unions, two (2) of which have signed contracts and two (2) are under current negotiations. Their contracts will end June 30, 2015 and there will be new contracts shortly after that. Mr. Koenig expressed his opinion that the action taken last night had potential for some very negative unintended consequences for the City as an organization. Five (5) part-time employees were included in the non-bargaining group, and these part-time employees have hours ranging from an average of seven (7) hours per week to an average of 23 hours per week. He did not feel it was in the best interest to grant a $500 bonus to an employee who works as little as seven hours (7) per week.

Mr. Slavin asked if Mr. Koenig's original proposal was to increase the pay of an employee working seven (7) hours per week. Responding, Mr. Koenig indicated that it was proposed to increase their hourly rate by 3%. He explained that his initial proposal was that everyone with an annualized base salary under $85,000 would receive a 3% base adjustment to their hourly rate, which would equate to a 3% adjustment to their annualized salary. This would apply to part-time employees. The second part of the recommendation applied to employees who receive over $85,000 a year, which would take them, in most cases, beyond the salaries of bargaining units and would include 10-12 employees. These employees would receive a 2% raise in base plus a 1% bonus, based on their June 30th base salary.

Mr. Koenig advised members that there were multiple reasons for his recommendation. The AFSCME petitions originally included some of these employees; however, they were separated out because they were considered confidential employees with access to sensitive union negotiation materials. Three (3) of these positions were administrative assistants in various parts of the organization, one was (1) a payroll specialist, one (1) an assistant to the Director of Council Affairs and Constituent Services, one (1) a human resources generalist, and one (1) a human resources coordinator. Had they not been labeled as confidential employees, they would have been included in the AFSCME petition and eligible under that contract for a 3% raise. In Mr. Koenig's opinion, Council's action would create additional friction with the employee base, and he indicated that there was an element of fairness in his recommendation related to these non-bargaining employees.

Mr. Koenig advised members that he made the recommendation for a 3% increase below $85,000 because he was trying to strike a balance with non-bargaining employees versus what is seen in other labor classifications. He did not believe there were current salaries above $55,000 in the DOE union, and IBEW salaries ranged up into the $70,000 area. Noting that the FOP contract was a little different, he indicated that the upper end of that contract was approximately $106,000. Mr. Koenig stated that there may be salaries up into the $65,000 - $75,000 range for AFSCME employees. His upper-level non-bargaining recommendation for those at the $85,000 level was based on the

Consumer Price Index (CPI), excluding fuel, from February 2015 which was roughly 1.7%, the same amount granted to Social Security recipients. Mr. Koenig stated that the additional 1% bonus was intended to curb upper-end salaries, which had been a concern of several Council members. At the same time, in looking at issues of fairness and equity, those employees on the $85,000+ portion of the scale were typically department heads who were putting in substantially more than 40 hours, and had been present for many hours through the budget discussions. Mr. Koenig recognized that they carry heavy loads, respected the work they were doing, and felt that they should be compensated for it.

Mr. Koenig requested Council to reconsider the 1% increase and $500 bonus. He indicated that if the City Manager's request were approved, the total cost would be approximately $85,170 in FY 2016 money versus the $50,741 authorized on June 1, 2015, which would be a difference of approximately $34,000. Mr. Koenig noted that there was a fairly substantial health care cost increase and, with cost sharing, these costs would be passed onto the employees. With the proposed 1% base increase plus the $500 bonus, there were a number of employees who would actually lose money in the deal.

Mrs. Mitchell advised members that the health insurance increase was listed on the schedule for each employee in the non-bargaining group *(Exhibit #16)*. She indicated that although there would not be a net decrease in pay with the 1% increase and the bonus, it was very close to a wash in some instances. One (1) part-time employee would have a loss because they pay 50% of the premium for health care rather than the15% employee cost share. However, Mrs. Mitchell explained, in regard to fairness and equity among employees, that some employees would actually be receiving less because of their health care going up, versus the other employees that do get raises and do not have to experience this.

Mrs. Mitchell explained that the Wage Increase column reflected a straight 3% wage increase, and the column to the far right labeled Other Ideas was the proposal listed on the FY 2016 Draft Budget Recommended Changes that was reviewed on June 2, 2015 *(Exhibit #4*). She indicated that the column labeled City Manager reflected the City Manager's recommendation. Mrs. Mitchell advised members that, due to having to put this together quickly, the figures in the gray area at the bottom of the sheet for the City Manager's recommendation were too high, explaining that the figures for these (5) employees should be the same as those in the in the Wage Increase column, and the column should total $85,434.

Mr. Hare moved that those employees earning under $75,000 be given a 3% raise and those over $75,000 be given a 2% bonus. Going forward, bonuses for the upper level would be based on the performance of their departments and their budgets for next year. The motion was seconded by Mr. Hutchison.

At the request of Mr. Slavin for clarification, Mr. Hare stated that the motion was to grant a 3% increase for non-bargaining employees earning under $75,000 and a 2% bonus for employees earning over $75,000.

In response to Mr. Slavin, Mr. Hare stated that the bonus would not go to the base salary for employees earning over $75,000.

Mr. Koenig stated that a rough estimate would be approximately $71,364 for the total cost.

Responding to Mr. Slavin, Mr. Koenig stated that the total cost for the motion that was approved the previous evening for the pay raises for the 42 non-bargaining employees was $51,741 and the current motion would increase the cost by approximately $21,000.

Mr. Slavin advised members that the motion was to provide a 3% raise in salary to non-bargaining employees earning under $75,000 that goes to base and a 2% bonus that does not go to base to non-bargaining employees earning over $75,000.

Mr. Anderson expressed his belief that the proposal had merit; however, he had compared it against the raises in the AFSCME contract and, because he did not think 3% raises were appropriate, he indicated that he would vote consistent with that vote against this particular motion.

Mr. Hosfelt moved to amend the motion to include a 2% pay raise, not a bonus, for those employees earning $75,000 and over. The motion failed for lack of a second.

Mr. Slavin expressed appreciation for the efforts being made. He stated that, in the spirit of bringing this budget to closure rather than in the spirit of compromise, and due to issues related to fairness to other employees, he would support this measure.

The motion to provide a 3% raise in salary to non-bargaining employees earning under $75,000 that goes to base and a 2% bonus that does not go to base to non-bargaining employees earning over $75,000 was carried by a roll call vote of six (6) yes (Sudler, Neil, Cole, Hare, Hutchison, and Slavin), two (2) no (Anderson and Hosfelt), and one (1) absent (Lewis).

Mr. Hare advised members that he had discussed the issue of the police car replacement with Mr. Koenig and Chief Bernat and stated his belief that Chief Bernat was okay with carrying over four (4) police cars. Responding, Chief Bernat confirmed this.

Mr. Hare stated that instead of purchasing 13 vehicles, nine (9) could be purchased and four (4), could be carried over. In response to Mr. Slavin, Mr. Hare stated that this would be a reduction in four (4) new Dodge Chargers and would result in a savings of approximately $100,000.

Mr. Hare moved to defer the purchase of four (4) new Dodge Chargers for the Police Department, seconded by Mr. Anderson.

For clarification, Mr. Koenig asked if the proposal would be to reduce the FY16 purchase of vehicles in the Police Department by four (4) $24,700 vehicles, and this was confirmed by Mr. Hare.

In response to Mr. Slavin regarding the cost of outfitting these vehicles, Chief Bernat estimated that the cost would be approximately $20,000 per car.

Responding to Mr. Hare, Chief Bernat stated that the light bars from the Crown Victorias do not transfer to the Dodge Chargers.

Mr. Slavin indicated that it was not necessary now to identify where the $80,000 to outfit the cars was budgeted as long as it had been budgeted and would be removed from those areas.

The motion to reduce the FY16 purchase of vehicles in the Police Department by four (4) $24,700 vehicles was carried by a unanimous roll call vote (Lewis absent).

Mr. Hare moved that staff review the life cycle of computers and all life cycle items and come back with information and a recommendation. The motion was seconded by Mr. Sudler.

Mr. Slavin stated that he deals with this issue in his State position, and sometimes this issue is not that the hardware does not perform but the software cannot support it properly.

Noting that capacity, function, and speed of computers had changed dramatically, Mr. Neil stated that they become dinosaurs when only a few years old and this must be considered. He was not opposed to studying this but asked that the study include consideration of whether the computer would function or give its maximum efficiency when needed, especially in regard to software upgrades.

For clarification, Mr. Koenig asked if the proposal was to reduce the current year budget or to study this going forward. Responding, Mr. Hare stated that it was to reduce the current year budget and review the life cycle items to determine whether the City needed to buy all new computers. If everything was still working, he stated that maybe the City would buy only a percentage and then replace them as needed, and continue to replace them throughout the year instead of spending it all up front.

Mr. Koenig advised members that the life cycle was already off since a number of departments had deferred computer purchases due to last-minute budget cuts last year. He did not know that he could have an answer on this issue by tomorrow morning. Mr. Koenig noted that the discussion so far this evening had taken the $4,900 surplus in the budget to a $570,00 surplus. He did not believe that there was $40,000 worth of computer purchases that could be made in the City that would be beneficial in the long run, because every office worker was relying on a computer to do their daily tasks.

He noted that there was a time when the City was using a lot of laptops; however, they have switched to using desktop units, and may keep monitors until they go bad. He reiterated that he was unsure that he could have a definitive answer on this issue tomorrow.

Mr. Slavin suggested that a compromise would be for staff to report on this issue to the Legislative, Finance, and Administration Committee, and Mr. Koenig and Mr. Hare concurred.

The motion, as amended, to request staff to review the life cycle of computers and all life cycle items and come back to the Legislative, Finance, and Administration Committee with information and a recommendation was unanimously carried.

In response to Mr. Anderson regarding whether he had an opportunity to review what the budget would look like with a $0.05 property tax, Mr. Koenig stated that the original budget was a little over $0.08. The actions tonight would probably bring that down to about $0.65 cents, but another $500,000 would be needed, which would get into the additional personnel, including the planner and the additional authorization of the Police Department.

Mr. Anderson questioned if $0.05 would cover the Police Department and the small fire increase.

Mr. Koenig stated the importance of not focusing solely on public safety, noting that many components that do not wear uniforms support public safety. He explained that, from planning to engineering, finance, and administration, everything done in the City is to improve the quality of life for customers and citizens, and he could tie it all back to public safety.

Mr. Anderson noted that some of the Planning and Inspection Department's fees, such as planning application fees, zoning verifications, public occupancy permits, certificates of occupancy, sign permits, etc., had not been reviewed for 10 - 20+ years and provided a list of proposed fee increases for the Planning and Inspections Department ***(Exhibit #17)***. Mr. Anderson estimated that adopting the proposed increases could result in a savings of $70,000.

Mr. Anderson moved to refer the list of proposed Planning and Inspections Department fee increases to the Legislative, Finance, and Administration Committee for review with an eye toward paying for the increased costs in planning. The motion was seconded by Mr. Sudler.

Mr. Koenig stated his opinion that the costs of the planner could be partially offset; however, he did not think it possible to adjust those fees to totally offset this cost without the development community's opposition. He stated that a component of the planning function is related to development but, at the same time, when an application comes in, the planning staff is also protecting the existing development and property tax payers from things that may encroach on their property and devalue it.

Acknowledging the huge lift regarding property taxes, Mr. Koenig reminded members that there were major unknowns in the proposed budget. For example, he stated that the proposed budget included $564,200 for municipal street aid, which was budgeted at $664,000 for FY 2015, based on a $5M State-wide pot. It was anticipated that this pot may go down, since the draft State budget had set this amount at $3M. Mr. Koenig stated that the City, along with all the other towns and cities in the State, had been lobbying the legislators to increase this. If $3M were approved, the City's

target of $564,200 in the proposed budget would potentially be reduced to $398,000. He noted that uncertainty may also exist in PILOT payments, which are always uncertain when budget gaps are discussed at the State.

Mr. Koenig reminded members that, in addition, two (2) labor contracts were currently under negotiation – the DOE and FOP contracts, which would both expire June 30, 2015, and this line item was tagged in the budget at status quo. Mr. Koenig stated that these were things without definitive answers and expressed concern that, by trying to trim, things may be in a difficult spot if the City cannot hit revenue targets.

Mr. Hare stated his understanding that Mr. Anderson's proposal was not to raise fees in this budget. He noted that it would not offset the planner that was needed; however, he felt it was time to review fees.

In request to Mr. Hosfelt in regard to the union negotiations being status quo, Mr. Koenig explained that there is a salary scale in place in the current DOE contract which says that these employees would progress on July 1 to the next step. This increase was budgeted for and there was no budgeting for potential amendments to that scale. The same was true for the FOP; therefore, there were unknowns moving forward.

In regard to the proposed fee increases, Mayor Christiansen asked if Mr. Anderson's proposal reflected an elevating scale of fines and infractions for people who violate the City's housing ordinances and other ordinances, and continue to erode the property values in the City's neighborhoods. Responding, Mr. Anderson stated that it did not because vacant building fees had been increased approximately one (1) year ago; however, he indicated that he would be open to studying that.

Mayor Christiansen expressed his hope that Mr. Anderson, as a member of the Legislative, Finance, and Administration Committee, would champion this, noting that there are a number of neighborhoods where property values were continuing to erode, which chips away at the tax base.

Mr. Sudler moved to amend the original motion, to refer the list of proposed Planning and Inspections Department fee increases to the Legislative, Finance, and Administration Committee for review, to include fees related to housing ordinances, seconded by Mr. Neil.

Mrs. Townshend informed members that the increase in fees for vacant buildings related only to commercial buildings over 10,000 S.F. Fees for vacant residential buildings had not been changed since 2006.

The motion to amend the original motion, to refer the list of proposed Planning and Inspections Department fee increases to the Legislative, Finance, and Administration Committee for review, to include fees related to housing ordinances was unanimously carried.

The motion to refer the list of proposed Planning and Inspections Department fee increases and fees related to housing ordinances to the Legislative, Finance, and Administration Committee for review was unanimously carried.

Mr. Anderson moved to request the City Manager to present a budget alternative that would not increase the tax rate by more than $0.055, seconded by Mr. Sudler.

In response to Mr. Koenig's request for clarification, Mr. Anderson stated that this would be $0.055 after the tax roll forward to revenue neutral.

Mr. Slavin stated that, if he understood the request that had been made, this would effectively redo the budget book, require going back through the hearings, and developing an alternative budget.

Mr. Anderson stated that there would be no need to go back through the hearings but to bring an alternative budget and Council would choose between them.

Mr. Slavin stated that this would be basically the same, noting that Council had been very thorough in reviewing the budget. He felt the request would require multiple nights in hearings and multiple weeks for Mr. Koenig to put together.

In response to Mr. Cole, Mr. Koenig stated that the initial request was for a $0.0822 increase. The current budget, based on the motions made tonight, would require approximately a $0.065 total tax increase.

Mr. Cole stated that he had been dealing with the State Joint Finance Committee in regard to education, and everything was on hold with the State. Stating that there were unknowns at the State level and with contract negotiations coming up, he felt that $0.065 was sufficient.

Mr. Slavin stated his opinion that this budget represented an opportunity to get it right for multiple years and to avoid having to come back again next year to look at additional revenue.

Mr. Neil stated that the so-called percentage increase that had been publicized in the newspapers was illusional. In looking over the number of properties that had lost value in the assessments, including his own community which was at 28%, it was his belief that Council would ultimately have to look at the bottom line – whether taxes would be more, the same, or lower. Mr. Neil stated his inclination to err towards public safety, since this body had inherited 10 police officers and nine (9) cadets by the wisdom of the last Council. Mr. Neil indicated that he would rather have them in this budget, along with the other public safety items, then not have them. He felt that delaying just to be able to say that another penny would be taken off would probably do more damage. Mr. Neil expressed his view that the investment made in police officers was a means to help increase the value of the quality of life, and maybe the value of property, in the City, particularly if the economy continued to improve. He stated that more revenue was needed, and right now, the prime source would be through the tax. Mr. Neil suggested looking at a hotel tax, looking for revenue sources, and protecting and maximizing the income sources that the City gets from Dover Downs and Dover Motorsports in the way of bringing in people to the community to relieve some of the pressure.

Mr. Neil applauded staff for their excellent work on the budget and his colleagues for their deliberations in cutting down to $0.065. He felt that people would look at the bottom line and not at percentages when considering what had been done.

Mr. Hare stated that four (4) police officers had retired and that 10 were authorized because it takes one-and-a half to two (2) years to get a functional officer on the street. He felt the City would be doing well going forward, noting that a study would be done. Mr. Hare felt that the budget process should start in February or March and be taken slower, noting that it did not serve the citizens or Council well to do this in four (4) days.

Mr. Koenig requested time to review the numbers with Mrs. Mitchell.

Mr. Anderson noted that a $0.01 cut was being proposed. He felt that any budget could absorb this and it was a reasonable and achievable request. He felt that only so much could be absorbed at one (1) time, and limiting this was vital or the people would be ill-served. He stated that Council promised to cover public safety and public safety plus health care increases were covered. He did not feel that public safety should be used as a Trojan Horse to cover everything.

Mr. Koenig stated that the rate would go from $0.3378 to a recommended $0.4050, which would be a total tax increase of 19.89%. The penny rate would be a total of $0.0672 cents.

The motion to request the City Manager to review and present a budget proposal with no more than a $0.055 tax increase failed by a roll call vote of six (6) no (Neil, Cole, Hosfelt, Hare, Hutchison, and Slavin), two (2) yes (Anderson and Sudler), and one (1) absent (Lewis).

Mr. Anderson moved to eliminate one (1) of the proposed Librarian I positions, seconded by Mr. Sudler.

In response to Mr. Slavin, Mr. Anderson stated that the annualized amount would be $18,900 for 18 hours, for 10 months in FY 16.

Mr. Neil asked if the library was running short-handed. Responding, Mr. Koenig stated that there were three (3) additional part-time positions related to the library based on a calculation of the hours needed. He explained that a majority of the hours are needed to fill gaps in the schedules, especially on the weekends and during odd hours.

Mr. Neil asked if there were additional personnel in the library for the protection of the patrons. In response, Mr. Koenig stated that the proposed budget included converting the existing private security to three (3) police cadets to provide security in the library during open hours.

Mr. Neil advised members that, as a user of the library, he believed that the City should have this position and would vote against the proposal.

Mr. Hosfelt stated that, out of respect to Ms. Margery Cyr, Library Director, this change was inappropriate. He reminded members that the Chief of Police, the Fire Chief, and others had been present to justify positions and did not think it fair to the Library to do this without hearing from them.

In response to Mr. Slavin, Mr. Koenig confirmed that the Library is the most active, visited building in the City and usage had been very heavy since it opened. He noted that planning and programming had expanded, so there was cyclical traffic there. Mr. Koenig stated that this was more of a cultural community facility than simply a library.

Mr. Sudler asked if the position could be eliminated and the Library still be functional and operable. Responding, Mr. Koenig stated that there had been difficulties with the behavior of some patrons at the Library, which is a very large, public facility that is open many hours. By not having the appropriate staff, the security risk of patrons would be increased because there are large congregations of people who misbehave at times. He stated that Ms. Cyr had been very conscious of not adding full-time personnel and the budget was drafted in the most economical way to meet the needs of the City using part-time labor.

Mr. Sudler questioned if the three (3) cadets would address the behavioral concerns. In response, Mr. Koenig stated that only one (1) cadet would be there at a time, which would help, but this high-use facility must be staffed appropriately. He noted that sometimes there are lines similar to those at Customer Service. Mr. Koenig indicated that he was reluctant to say that the reduction in staff would be a good idea because it was desired to have a safe, secure facility that people want to visit and adequate staff are needed to serve them.

Mr. Sudler stated his opinion that utility service was more important than library service, although the Library serves a valuable function in the community. When budgeting to save constituents on a daily basis, he felt this was something that could be cut.

Mr. Anderson pointed out that two (2) of the librarian positions would be added and five (4) overall to the library with this proposal; therefore, the discussion was not about cutting but managing an increase.

Mr. Koenig reminded members that three (3) of those positions were already being provided through contracted security. He felt that, in the global budget picture, $18,000 was a scratch on the surface and stated his hope that the City could put itself in a position where it would not be necessary to come back and have the same discussions year after year.

The motion to eliminate one (1) of the proposed Librarian I positions failed by a roll call vote of five (5) no (Neil, Cole, Hosfelt, Hutchison, and Slavin), two (2) yes (Anderson and Sudler), and two (2) absent (Lewis and Hare).

Mr. Slavin stated that the budget ordinances would be presented on June 8, 2015 for First Reading, and for Final Reading on Monday, June 22, 2015. He expressed appreciation to staff for their patience and professionalism and to members of Council for their efforts.

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

Meeting adjourned at 9:02 p.m.

TRACI A. McDOWELL
CITY CLERK

All ordinances, resolutions, motions, and orders adopted by City Council during their Special Meeting of May 20, May 21, June 2, and June 5, 2014, are hereby approved.

ROBIN R. CHRISTIANSEN
MAYOR

/TM
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Council-Minutes\2015\05-27_05_-28_06-01_06-02_06-03 2015 Budget Review - REVISED 9-11-15 - I & I RATE CORRECTION PER DM.wpd

Exhibits
Exhibit #1 - FY 2016 Property Tax Proposed Increases
Exhibit #2 - Personnel Additions/Reductions - 5 Year Cost Estimate
Exhibit #3 - General Fund Allocated Divisions - FY 2016 Proposed
Exhibit #4 - FY 2016 Draft Budget Recommended Changes
Exhibit #5 - Dover Human Relations Commission Budget Request
Exhibit #6 - Electric Revenue Fund - FY15 - White Oak Solar Park Incremental Cost
Exhibit #7 - Infrastructure Built at the Garrison Oak Technology Park
Exhibit #8 - Public Safety Revenues - Historical Trend
Exhibit #9 - Kent County Treatment Fees - Trend of Fees Billed and Charges Paid
Exhibit #10 - FY 10 Capital Project - Debt Financing Requirements as of June 30, 2013
Exhibit #11 - City of Dover Bond Indebtedness - History of Credit Ratings
Exhibit #12 - Committee Action Form (CAF) dated December 2, 2014 - Capital Improvement Project (CIP) Cost Estimating/Bid Process Guidelines
Exhibit #13 - Correspondence received from Chief Hall dated April 17, 2015
Exhibit #14 - Planning and Inspections Department Personnel Request for FY 2015-2016
Exhibit #15 - FY 2016 Draft Budget Recommended Changes/Other Ideas as Updated 6/3/15
Exhibit #16 - Non-Bargaining Positions, Wages, and the Effect of the Salary Increases under the Proposals
Exhibit #17 - Proposed Fee Increases - Planning and Inspections Department

EXHIBIT #1
2015 Budget Review
Special Council Meeting of 05/27/2015

City of Dover
FY2016 Draft Budget
Property Tax Proposed Increase

Sample Properties	Address	2010 Value	Current Rate	Property Tax	2015 Value	Neutral Rate	Revenue Neutral Property Tax	Increase/ (Decrease)	Proposed Rate	Proposed Property Tax	Neutral vs Proposed Increase/ (Decrease)	Overall Increase/ (Decrease)
Residential												
Sample 1		$ 239,600	0.003378	$ 809.37	$ 229,000	0.003499	801.27	$ (8.10)	0.0042	$ 961.80	$ 160.53	$ 152.43
Sample 2		$ 295,500	0.003378	$ 998.20	$ 245,000	0.003499	857.26	$ (140.94)	0.0042	$ 1,029.00	$ 171.75	$ 30.80
Sample 3		$ 237,400	0.003378	$ 801.94	$ 199,100	0.003499	696.65	$ (105.29)	0.0042	$ 836.22	$ 139.57	$ 34.28
Sample 4		$ 169,200	0.003378	$ 571.56	$ 142,100	0.003499	497.21	$ (74.35)	0.0042	$ 596.82	$ 99.61	$ 25.26
Sample 5		$ 153,800	0.003378	$ 519.54	$ 148,800	0.003499	520.65	$ 1.11	0.0042	$ 624.96	$ 104.31	$ 105.42
Sample 6		$ 168,000	0.003378	$ 567.50	$ 174,800	0.003499	611.63	$ 44.12	0.0042	$ 734.16	$ 122.53	$ 166.66
Sample 7		$ 119,600	0.003378	$ 404.01	$ 88,600	0.003499	310.01	$ (94.00)	0.0042	$ 372.12	$ 62.11	$ (31.89)
Sample 8		$ 50,100	0.003378	$ 169.24	$ 63,700	0.003499	222.89	$ 53.65	0.0042	$ 267.54	$ 44.65	$ 98.30
Sample 9		$ 137,300	0.003378	$ 463.80	$ 127,100	0.003499	444.72	$ (19.08)	0.0042	$ 533.82	$ 89.10	$ 70.02
Sample 10		$ 168,800	0.003378	$ 570.21	$ 143,000	0.003499	500.36	$ (69.85)	0.0042	$ 600.60	$ 100.24	$ 30.39
Sample Developments												
Baltray	Portmarnock Ct.	$ 379,300	0.003378	$ 1,281.28	$ 379,100	0.003499	1,326.47	$ 45.20	0.0042	$ 1,592.22	$ 265.75	$ 310.94
Emerald Pointe	Opal Pl.	$ 236,700	0.003378	$ 799.57	$ 201,100	0.003499	703.65	$ (95.92)	0.0042	$ 844.62	$ 140.97	$ 45.05
Hidden Oaks	Red Oak Dr.	$ 195,200	0.003378	$ 659.39	$ 213,900	0.003499	748.44	$ 89.05	0.0042	$ 898.38	$ 149.94	$ 238.99
Fox Hall	Troon Rd.	$ 315,000	0.003378	$ 1,064.07	$ 309,200	0.003499	1,081.89	$ 17.82	0.0042	$ 1,298.64	$ 216.75	$ 234.57
Fox Hall West	Shinnecock Rd.	$ 328,100	0.003378	$ 1,108.32	$ 290,100	0.003499	1,015.06	$ (93.26)	0.0042	$ 1,218.42	$ 203.36	$ 110.10
Fox Hall West Addition	Pebble Valley Dr.	$ 263,200	0.003378	$ 889.09	$ 228,900	0.003499	800.92	$ (88.17)	0.0042	$ 961.38	$ 160.46	$ 72.29
Hidden Creek	Crickle Creek Ln.	$ 250,000	0.003378	$ 844.50	$ 261,800	0.003499	916.04	$ 71.54	0.0042	$ 1,099.56	$ 183.52	$ 255.06
Crossgates	Blue Beach Dr.	$ 189,200	0.003378	$ 639.12	$ 170,600	0.003499	596.93	$ (42.19)	0.0042	$ 716.52	$ 119.59	$ 77.40
Clearview Meadows	Lady Bug Dr.	$ 199,800	0.003378	$ 674.92	$ 180,800	0.003499	632.62	$ (42.31)	0.0042	$ 759.36	$ 126.74	$ 84.44
Village of Westover	Westover Dr.	$ 147,900	0.003378	$ 499.61	$ 125,200	0.003499	438.07	$ (61.53)	0.0042	$ 525.84	$ 87.77	$ 26.23
Nottingham Meadows	Brittingham Dr.	$ 223,600	0.003378	$ 755.32	$ 230,800	0.003499	807.57	$ 52.25	0.0042	$ 969.36	$ 161.79	$ 214.04
Eden Hill	Ann Moore St.	$ 186,000	0.003378	$ 628.31	$ 167,700	0.003499	586.78	$ (41.53)	0.0042	$ 704.34	$ 117.56	$ 76.03
Farthing Woods	Hobbyhorse Ct.	$ 278,200	0.003378	$ 939.76	$ 239,100	0.003499	836.61	$ (103.15)	0.0042	$ 1,004.22	$ 167.61	$ 64.46
Millcreek	Millcreek Cir.	$ 157,000	0.003378	$ 530.35	$ 172,100	0.003499	602.18	$ 71.83	0.0042	$ 722.82	$ 120.64	$ 192.47
Stoney Creek	Regent St.	$ 178,600	0.003378	$ 603.31	$ 158,600	0.003499	554.94	$ (48.37)	0.0042	$ 666.12	$ 111.18	$ 62.81
Four Seasons	Eiger Ct.	$ 245,100	0.003378	$ 827.95	$ 218,400	0.003499	764.18	$ (63.77)	0.0042	$ 917.28	$ 153.10	$ 89.33
Bicentennial Village	Bicentennial Blvd	$ 265,000	0.003378	$ 895.17	$ 276,400	0.003499	967.12	$ 71.95	0.0042	$ 1,160.88	$ 193.76	$ 265.71
English Village	Dover Hall	$ 59,900	0.003378	$ 202.34	$ 56,200	0.003499	196.64	$ (5.70)	0.0042	$ 236.04	$ 39.40	$ 33.70
Wild Meadows	Sutton Dr.	$ 110,200	0.003378	$ 372.26	$ 80,100	0.003499	280.27	$ (91.99)	0.0042	$ 336.42	$ 56.15	$ (35.84)
Persimmon Park Pl	Gordon Dr.	$ 96,200	0.003378	$ 324.96	$ 74,400	0.003499	260.33	$ (64.64)	0.0042	$ 312.48	$ 52.15	$ (12.48)
Acorn Farms	Acacia Pl	$ 144,300	0.003378	$ 487.45	$ 137,500	0.003499	481.11	$ (6.33)	0.0042	$ 577.50	$ 96.39	$ 90.05
Retreat	Augusta Ct.	$ 310,500	0.003378	$ 1,048.87	$ 317,400	0.003499	1,110.58	$ 61.71	0.0042	$ 1,333.08	$ 222.50	$ 284.21
Westfield	Sweetgum Dr.	$ 188,600	0.003378	$ 637.09	$ 179,400	0.003499	627.72	$ (9.37)	0.0042	$ 753.48	$ 125.76	$ 116.39
Meadows	Gregory Ct.	$ 249,600	0.003378	$ 843.15	$ 279,800	0.003499	979.02	$ 135.87	0.0042	$ 1,175.16	$ 196.14	$ 332.01
Patriot Village	Tea Party Trail	$ 195,300	0.003378	$ 659.72	$ 151,000	0.003499	528.35	$ (131.37)	0.0042	$ 634.20	$ 105.85	$ (25.52)
Town Pointe	Buckson Dr.	$ 148,900	0.003378	$ 502.98	$ 118,900	0.003499	416.03	$ (86.95)	0.0042	$ 499.38	$ 83.35	$ (3.60)
Baytree	West Wind Dr.	$ 192,600	0.003378	$ 650.60	$ 176,200	0.003499	616.52	$ (34.08)	0.0042	$ 740.04	$ 123.52	$ 89.44
Deerfield	Fawn St.	$ 176,300	0.003378	$ 595.54	$ 166,700	0.003499	583.28	$ (12.26)	0.0042	$ 700.14	$ 116.86	$ 104.60
Heatherfield	Stoney Dr.	$ 152,300	0.003378	$ 514.47	$ 125,500	0.003499	439.12	$ (75.34)	0.0042	$ 527.10	$ 87.98	$ 12.63
Heatherfield East	Matthew Ct.	$ 190,000	0.003378	$ 641.82	$ 172,100	0.003499	602.18	$ (39.64)	0.0042	$ 722.82	$ 120.64	$ 81.00
Mayfair	Mayberry Ln.	$ 158,200	0.003378	$ 534.40	$ 120,300	0.003499	420.93	$ (113.47)	0.0042	$ 505.26	$ 84.33	$ (29.14)
Oak Shadows	Mourning Dove Ln.	$ 281,100	0.003378	$ 949.56	$ 211,300	0.003499	739.34	$ (210.22)	0.0042	$ 887.46	$ 148.12	$ (62.10)
Schoolview	Roberta Ave.	$ 192,700	0.003378	$ 650.94	$ 186,200	0.003499	651.51	$ 0.57	0.0042	$ 782.04	$ 130.53	$ 131.10
Overlook On Silver Lake	Vista Ave.	$ 144,300	0.003378	$ 487.45	$ 131,400	0.003499	459.77	$ (27.68)	0.0042	$ 551.88	$ 92.11	$ 64.43
Village of Cannon Mill	Tribbitt St.	$ 176,200	0.003378	$ 595.20	$ 126,000	0.003499	440.87	$ (154.33)	0.0042	$ 529.20	$ 88.33	$ (66.00)

City of Dover
FY2016 Draft Budget
Property Tax Proposed Increase

Sample Properties	Address	2010 Value	Current Rate	Property Tax	2015 Value	Neutral Rate	Revenue Neutral Property Tax	Increase/ (Decrease)	Proposed Rate	Proposed Property Tax	Neutral vs Proposed Increase/ (Decrease)	Overall Increase/ (Decrease)
Cranberry Run	Tucket Cir.	$ 202,500	0.003378	$ 684.05	$ 189,700	0.003499	663.76	$ (20.28)	0.0042	$ 796.74	$ 132.98	$ 112.70
Lexington Glen	Thornton St.	$ 210,600	0.003378	$ 711.41	$ 158,000	0.003499	552.84	$ (158.56)	0.0042	$ 663.60	$ 110.76	$ (47.81)
Capital Green	River Rd.	$ 72,400	0.003378	$ 244.57	$ 86,900	0.003499	304.06	$ 59.50	0.0042	$ 364.98	$ 60.92	$ 120.41
Barrister Pl	Barrister Pl.	$ 75,400	0.003378	$ 254.70	$ 56,300	0.003499	196.99	$ (57.71)	0.0042	$ 236.46	$ 39.47	$ (18.24)
Sample Commercial												
Dover Downs	Hotel	$ 82,025,600	0.003378	$ 277,082.48	$ 80,487,100	0.003499	281,624.36	$ 4,541.89	0.0042	$ 338,045.82	$ 56,421.46	$ 60,963.34
Dover International	Race Track	$ 51,405,700	0.003378	$ 173,648.45	$ 48,517,400	0.003499	169,762.38	$ (3,886.07)	0.0042	$ 203,773.08	$ 34,010.70	$ 30,124.63
Dover Mall/Commons	Mall and Dover Comm	$ 87,751,600	0.003378	$ 296,424.90	$ 89,455,200	0.003499	313,003.74	$ 16,578.84	0.0042	$ 375,711.84	$ 62,708.10	$ 79,286.94
General Foods	Kraft Foods	$ 19,565,300	0.003378	$ 66,091.58	$ 21,534,700	0.003499	75,349.92	$ 9,258.33	0.0042	$ 90,445.74	$ 15,095.82	$ 24,354.16
Windswept	Windswept	$ 891,100	0.003378	$ 3,010.14	$ 940,900	0.003499	3,292.21	$ 282.07	0.0042	$ 3,951.78	$ 659.57	$ 941.64
Gateway West LP	Food Lion Shop Center	$ 10,139,500	0.003378	$ 34,251.23	$ 12,626,200	0.003499	44,179.07	$ 9,927.84	0.0042	$ 53,030.04	$ 8,850.97	$ 18,778.81
Smith,Bennie & Shirley	Funeral Home	$ 1,334,100	0.003378	$ 4,506.59	$ 1,327,300	0.003499	4,644.22	$ 137.63	0.0042	$ 5,574.66	$ 930.44	$ 1,068.07
McDonalds Corp	Route 8 McDonalds	$ 1,682,200	0.003378	$ 5,682.47	$ 1,818,700	0.003499	6,363.63	$ 681.16	0.0042	$ 7,638.54	$ 1,274.91	$ 1,956.07
WAWA	North Dover WAWA	$ 2,957,000	0.003378	$ 9,988.75	$ 2,595,500	0.003499	9,081.65	$ (907.09)	0.0042	$ 10,901.10	$ 1,819.45	$ 912.35

Personnel Additions/Reductions - Five Year Cost Estimates

Division	Job title	Status	FY2016 Annualized	FY2016 Proposed	FY2017 Estimated	FY2018 Estimated	FY2019 Estimated	FY2020 Estimated	FY2021 Estimated
LIBRARY	LIBRARIAN I (18 hours/10 months)	Part-time	$ 18,900	$ 15,700	$ 19,400	$ 19,900	$ 20,500	$ 21,200	$ 21,800
LIBRARY	LIBRARIAN I (18 hours/10 months)	Part-time	18,900	15,700	19,400	19,900	20,500	21,200	21,800
LIBRARY	LIBRARY CLERK I (18 hours/12 months)	Part-time	12,800	12,800	13,100	13,500	14,000	14,500	15,000
LIBRARY	POLICE CADET (19 hours/12 months)	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
LIBRARY	POLICE CADET (19 hours/12 months)	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
LIBRARY	POLICE CADET (19 hours/12 months)	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
PLANNING	PLANNER I	Full-time	67,600	66,400	74,300	80,400	86,800	93,600	100,800
POLICE ADMIN	SEX OFFENDER REGISTRY ENFORCEMENT	Full-time	60,300	60,300	65,300	70,600	76,200	82,100	88,300
POLICE ADMIN	SEX OFFENDER REGISTRY ENFORCEMENT	Full-time	55,900	55,900	60,800	65,900	71,300	77,000	83,000
POLICE ADMIN	ACCREDITION MANAGER/CRIME ANALYST	Full-time	70,600	70,600	76,600	83,000	89,600	96,700	104,100
LAW ENFORCEMENT	PATROLMAN YEAR 2	Full-time	79,500	79,500	93,700	97,400	101,000	105,100	109,300
LAW ENFORCEMENT	PATROLMAN YEAR 2	Full-time	79,800	78,800	93,000	96,700	100,200	104,300	108,500
LAW ENFORCEMENT	PATROLMAN YEAR 2	Full-time	92,400	92,400	107,100	111,300	115,500	120,100	125,000
LAW ENFORCEMENT	PATROLMAN YEAR 2	Full-time	79,500	79,500	93,700	97,400	101,000	105,100	109,300
LAW ENFORCEMENT	PATROLMAN YEAR 2	Full-time	89,100	89,100	98,900	102,700	106,600	110,900	115,300
LAW ENFORCEMENT	PATROLMAN YEAR 1	Full-time	92,200	73,700	102,800	106,800	110,800	115,300	119,900
LAW ENFORCEMENT	PATROLMAN YEAR 1	Full-time	92,200	73,500	102,700	106,800	110,800	115,200	119,900
LAW ENFORCEMENT	PATROLMAN YEAR 1	Full-time	92,200	73,500	102,700	106,800	110,800	115,200	119,900
CITY MANAGER	PRODUCTION WORKERS (4 VIDEO TEMPS)	Part-time	12,900	12,900	13,300	13,600	14,100	14,500	14,900
INFORMATION TECHNOLOGY	ACCOUNT CLERK I	Part-time	13,700	13,700	14,300	14,800	15,200	15,800	16,200
FINANCE	ACCOUNT CLERK II (29 hours/10 months))	Part-time	22,900	19,100	23,600	24,500	25,400	26,100	26,900
PUBLIC WORKS ADMIN	PUBLIC WORKS OPERATION MANAGER (10 mos)	Full-time	88,800	78,400	85,000	92,000	99,500	107,400	115,700
CUSTOMER SERVICE	CUSTOMER SERVICE CLERK II STEP 2 (29 hours)	Part-time	22,900	22,900	23,700	24,500	25,300	26,100	26,900
CUSTOMER SERVICE	CUSTOMER SERVICE CLERK II STEP 2 (29 hours)	Part-time	22,900	22,900	23,700	24,500	25,300	26,100	26,900
CUSTOMER SERVICE	CUSTOMER SERVICE CLERK II STEP 2 (29 hours)	Part-time	22,900	22,900	23,700	24,500	25,300	26,100	26,900
	GENERAL FUND	**28.0**	**$ 1,341,500**	**$ 1,170,600**	**$ 1,372,200**	**$ 1,440,100**	**$ 1,509,500**	**$ 1,584,900**	**$ 1,662,800**
	REDUCTIONS								
INFORMATON TECHNOLOGY	Administrative Assistant_Info Tech	Full-time	$ (75,800)	$ (75,800)	$ (81,800)	$ (88,200)	$ (94,900)	$ (102,000)	$ (105,600)
SANITATION	Field Supervisor I-Sanitation	Full-time	(101,800)	(101,800)	(109,900)	(118,400)	(127,500)	(137,000)	(141,800)
GROUNDS	Laborer II	Part-time	(9,400)	(9,400)	(10,400)	(11,500)	(12,600)	(13,800)	(14,300)
	Total Reductions - General Fund	**(3.0)**	**$ (187,000)**	**$ (187,000)**	**$ (202,100)**	**$ (218,100)**	**$ (235,000)**	**$ (252,800)**	**$ (261,700)**
	TOTAL GENERAL FUND	**25.0**	**$ 1,154,500**	**$ 983,600**	**$ 1,170,100**	**$ 1,222,000**	**$ 1,274,500**	**$ 1,332,100**	**$ 1,401,100**
WATER MANAGEMENT	UTILITY CONSTRUCTION CREW LDR STEP 6	Full-time	$ 85,900	$ 85,900	$ 88,900	$ 91,900	$ 95,100	$ 98,400	$ 101,800
WATER MANAGEMENT	UTILITY CONSTRUCTION WORKER STEP 6	Full-time	80,500	80,500	83,400	86,300	89,400	92,600	95,900
WATER MANAGEMENT	HEAVY EQUIPMENT OPERATOR I STEP 15	Full-time	88,800	88,800	91,900	95,000	98,300	101,700	105,200
WATER TREATMENT	WATER TRTMENT PLT. OPERATOR I STEP 1	Full-time	52,300	52,300	54,100	55,900	57,800	59,800	61,800
WATER TREATMENT	UTILITY MAINTENANCE MECHANIC I STEP 1	Full-time	52,300	52,300	54,100	55,900	57,800	59,800	61,800
	WATER/WASTEWATER FUND	**5.0**	**$ 359,800**	**$ 359,800**	**$ 372,400**	**$ 385,000**	**$ 398,400**	**$ 412,300**	**$ 426,500**

Personnel Additions/Reductions - Five Year Cost Estimates

Division	Job title	Status	FY2016 Annualized	FY2016 Proposed	FY2017 Estimated	FY2018 Estimated	FY2019 Estimated	FY2020 Estimated	FY2021 Estimated
	REDUCTIONS								
WATER CONSTRUCTION	HEAVY EQUIPMENT OPERATOR I STEP 15	Full-time	$ (82,800)	$ (82,800)	$ (85,600)	$ (88,600)	$ (91,600)	$ (94,700)	$ (98,000)
WATER CONSTRUCTION	UTILITY CONSTRUCTION WORKER STEP 6	Full-time	(68,800)	(68,800)	(71,200)	(73,600)	(76,200)	(78,900)	(81,600)
WATER CONSTRUCTION	UTILITY CONSTRUCTION CREW LEADER	Full-time	(77,100)	(77,100)	(79,700)	(82,400)	(85,200)	(88,100)	(91,100)
WATER MANAGEMENT	WATER SERVICE PERSON	Full-time	(84,600)	(84,600)	(87,600)	(90,700)	(93,900)	(97,200)	(100,600)
	Total Reductions - Water/Wastewater Fund	**(4.0)**	**$ (313,300)**	**$ (313,300)**	**$ (324,100)**	**$ (335,300)**	**$ (346,900)**	**$ (358,900)**	**$ (371,300)**
	TOTAL WATER/WASTEWATER FUND	**1.0**	**$ 46,500**	**$ 46,500**	**$ 48,300**	**$ 49,700**	**$ 51,500**	**$ 53,400**	**$ 55,200**
ELECTRIC METERING	FIELD SERVICE REPRESENTATIVE	Full-time	$ 59,600	$ 59,600	$ 59,000	$ 63,800	$ 69,000	$ 74,300	$ 76,400
ELECTRIC ADMIN	ASST. GENERATION SUPERINTENDENT (6 mos.)	Full-time	133,500	67,200	146,700	159,600	173,300	187,700	194,100
	Total ELECTRIC FUND	**2.0**	**$ 193,100**	**$ 126,800**	**$ 205,700**	**$ 223,400**	**$ 242,300**	**$ 262,000**	**$ 270,500**
	POLICE GRANT FUND (710)								
POLICE ADMIN	Police Cadet	Part-time	$ 13,400	$ 13,400	$ 13,800	$ 14,200	$ 14,600	$ 15,100	$ 15,500
POLICE ADMIN	Police Cadet	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
POLICE ADMIN	Police Cadet	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
POLICE ADMIN	Police Cadet	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
POLICE ADMIN	Police Cadet	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
POLICE ADMIN	Police Cadet	Part-time	13,400	13,400	13,800	14,200	14,600	15,100	15,500
	Grant Fund (710) or potential for General Fund	**6.0**	**$ 80,400**	**$ 80,400**	**$ 82,800**	**$ 85,200**	**$ 87,600**	**$ 90,600**	**$ 93,000**
	SUBSTANCE ABUSE GRANT								
SUBSTANCE ABUSE GRANT	TUTOR	PT-Temp	$ (3,000)	$ (3,000)	$ (3,100)	$ (3,200)	$ (3,300)	$ (3,400)	$ (3,500)
SUBSTANCE ABUSE GRANT	PROGRAM SUPERVISOR	PT-Temp	(200)	(200)	(200)	(200)	(200)	(200)	(200)
SUBSTANCE ABUSE GRANT	PLAYGROUND LEADER I	PT-Temp	(2,800)	(2,800)	(2,900)	(3,000)	(3,100)	(3,200)	(3,300)
SUBSTANCE ABUSE GRANT	PLAYGROUND LEADER I	PT-Temp	(1,000)	(1,000)	(1,100)	(1,100)	(1,100)	(1,200)	(1,200)
SUBSTANCE ABUSE GRANT	PLAYGROUND LEADER I	PT-Temp	(1,000)	(1,000)	(1,100)	(1,100)	(1,100)	(1,200)	(1,200)
	Substance Abuse Grant	**(5.0)**	**$ (8,000)**	**$ (8,000)**	**$ (8,400)**	**$ (8,600)**	**$ (8,800)**	**$ (9,200)**	**$ (9,400)**
	TOTALS	**29.0**	**$ 1,466,500**	**$ 1,229,300**	**$ 1,498,500**	**$ 1,571,700**	**$ 1,647,100**	**$ 1,728,900**	**$ 1,810,400**
			$ 237,200		**$ 32,000**				

EXHIBIT #3
2015 Budget Review
Special Council
Meeting of 05/27/2015

FY 2016 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND ALLOCATED DIVISIONS
FY 2016 PROPOSED

		GENERAL	WATER/SEWER	ELECTRIC	TOTAL ALLOCATED
		22.00%	16.00%	62.00%	
511	CITY CLERK	$84,800.00	$61,600.00	$238,900.00	$385,300.00
		22.00%	16.00%	62.00%	
512	COUNCIL	$29,200.00	$21,200.00	$82,400.00	$132,800.00
		48.00%	10.70%	41.30%	
519	MAYOR	$36,500.00	$8,100.00	$31,500.00	$76,100.00
		82.00%	4.00%	14.00%	
522	GROUNDS	$1,157,300.00	$56,500.00	$197,600.00	$1,411,400.00
		36.50%	15.70%	47.80%	
515	CITY MANAGER	$286,500.00	$123,200.00	$375,100.00	$784,800.00
		56.60%	12.50%	30.90%	
516	INFORMATION TECHNOLOGY	$399,900.00	$88,300.00	$218,400.00	$706,600.00
		39.90%	14.20%	45.90%	
517	TREASURER/FINANCE	$392,400.00	$139,600.00	$451,400.00	$983,400.00
		42.50%	57.50%	0.00%	
551	PUBLIC WORKS ADMIN	$268,300.00	$362,900.00	$0.00	$631,200.00
		22.00%	16.00%	62.00%	
535	ECONOMIC DEVELOPMENT	$52,400.00	$38,100.00	$147,500.00	$238,000.00
		66.80%	5.60%	27.60%	
552	FACILITIES MANAGEMENT	$472,600.00	$39,600.00	$195,300.00	$707,500.00
		5.70%	6.70%	87.60%	
571	PROCUREMENT & INVENTORY	$32,500.00	$38,200.00	$500,100.00	$570,800.00
		48.40%	21.60%	30.10%	
572	FLEET MAINTENANCE	$412,600.00	$184,100.00	$255,800.00	$852,500.00
		18.00%	18.90%	63.10%	
529	CUSTOMER SERVICES	$201,600.00	$211,700.00	$706,800.00	$1,120,100.00
		77.18%	8.85%	13.97%	
518	HUMAN RESOURCES	$294,900.00	$33,800.00	$53,400.00	$382,100.00
		41.30%	13.60%	45.10%	
582	INSURANCE	$285,000.00	$93,800.00	$311,200.00	$690,000.00
	TOTAL	$4,406,500.00	$1,500,700.00	$3,765,400.00	$9,672,600.00

EXHIBIT #4
2015 Budget Review
Special Council Meeting of 05/27/2015

City of Dover
FY2016 Draft Budget
Recommended Changes

Item #	Description	Department/Division Line Item	Total Amount	General Operating	General Capital	W/WW Operating	W/WW Capital	Electric Operating	Electric Capital
1	Health Care Premiums - final	Division Budgets - Personnel	($72,500)	($58,400)		($5,300)		($8,800)	
		Interfund Transfers - Revenue	($7,200)	($7,200)					
		Interfund Transfers - Expense	($7,200)			($2,700)		($4,500)	
2	Fire apparatus - over budgeted	Transfer to Capital Fund	($92,900)	($92,900)					
		Fire Department CIP	($92,900)		($92,900)				
		Revenue - Transfer fr General Fund	($92,900)		($92,900)				
3	Consultant Services for DC Plans	Finance	($7,500)	($7,500)					
		Interfund Transfers - Revenue	($4,500)	($4,500)					
		Interfund Transfers - Expense	($4,500)			($1,100)		($3,400)	
4	Records Clerk - Police	Police - Personnel	($35,900)	($35,900)					
5	Non-Bargaining Pay Adjustments	Division Budgets - Personnel	($46,600)	($37,300)		($4,600)		($4,700)	
		Interfund Transfers - Revenue	($16,400)	($16,400)					
		Interfund Transfers - Expense	($16,400)			($4,600)		($11,800)	
6	Reduction of Other Emp Exp. (Education/VSB/Retirement)	Fund Expense	($67,000)	($67,000)					
7	Postage reduction based on updated year-to-date	Procurement & Inventory	($10,000)	($10,000)					
		Interfund Transfers - Revenue	($9,400)	($9,400)					
		Interfund Transfers - Expense	($9,400)			($700)		($8,700)	
8	Reduce Council Expenses	City Council - Admin Expenses	($14,700)	($14,700)					
	HRC - less $3,000	Interfund Transfers - Revenue	($11,500)	($11,500)					
	Travel - NLC Confs. Less $11,700	Interfund Transfers - Expense	($11,500)			($2,300)		($9,200)	
9	Reduce cost of Public Access Module	Tax Assessor	($5,200)	($5,200)					
10	Emergency Mgmt Vehicle	Transfer to Capital Fund	($8,100)	($8,100)					
		City Manager - CIP	($8,100)		($8,100)				
		Revenue - Transfer fr General Fund	($8,100)		($8,100)				
		Interfund Transfers - Revenue	($5,200)	($5,200)					
		Interfund Transfers - Expense	($5,200)			($1,300)		($3,900)	
11	Change Fire Chief's Assistant Full-time to part-time	Fire Department	($32,900)	($32,900)					
12	Reduction in design cost for Schutte Park development	Transfer to Capital Fund	($55,000)	($55,000)					
		Street Division	($55,000)		($55,000)				
		Revenue - Transfer fr General Fund	($55,000)		($55,000)				

Total Revenue - Draft Budget	$152,916,000	$41,830,100	$2,905,500	$15,727,700	$3,490,000	$83,536,000	$5,426,700
Total Expense - Draft Budget	$150,733,300	$41,825,200	$2,905,500	$15,268,200	$3,850,700	$80,616,800	$6,266,900
Net Revenue/(Expense)	$2,182,700	$4,900	$0	$459,500	($360,700)	$2,919,200	($840,200)

Adjusted Revenue	$152,705,800	$41,775,900	$2,749,500	$15,727,700	$3,490,000	$83,536,000	$5,426,700
Adjusted Expense	$150,074,800	$41,400,300	$2,749,500	$15,245,600	$3,850,700	$80,561,800	$6,266,900
Net Revenue/(Expense)	$2,631,000	$375,600	$0	$482,100	($360,700)	$2,974,200	($840,200)

CITY OF DOVER
HUMAN RELATIONS COMMISSION

BUDGET REQUEST

FY 2016 BUDGET SUMMARY - The Fiscal Year (FY) 2016 budget submission request from the Human Relations Commission sustains the alignment of priorities for the City of Dover to maintain, protect, and improve the quality of life and rights of all its citizens through engagement, awareness and education.

A request of $5000 assists the Commission in building its mission to strengthen its credibility and community relationships through development training, establishing partnerships, one-on-one contact, marketing, and educational forums. Additionally, the Commission is currently working with the city to assess its diversity practices. The continuation of this process may require additional professional assistance for research.

The proposed budget request supports the following:

Commissioner Conflict Resolution Development Training	$1500
Social Media Development	$1000
Educational Forums for Constituents	$ 500
Marketing Materials	$1000
Professional Assistance for Research	$1000

Please Note: All costs are approximate only.

EXHIBIT #6
2015 Budget Review
Special Council Meeting of 05/27/2015

City of Dover
Electric Revenue Fund
FY15 - White Oak Solar Park Incremental Cost

	July	August	September	October	November	December	January	February	March	April	YTD	Original Budget
Power Supply & Generation												
Dover Sun Park - Energy	$ 227,139	$ 219,981	$ 185,885	$ 140,672	$ 96,640	$ 54,849	$ 80,597	$ 111,516	$ 153,863	$ 212,274	$ 1,483,415	$ 2,067,600
Dover Sun Park - REC's	47,469	42,307	33,221	25,192	17,303	9,828	14,396	19,932	27,546	-	237,194	378,600
Total Power Supply Cost	274,609	262,288	219,105	165,864	113,943	64,677	94,993	131,448	181,409	212,274	1,720,608	2,446,200
Non-Solar Power Supply Cost	(170,970)	(136,533)	(97,948)	(80,182)	(63,893)	(26,259)	(48,763)	(103,555)	(70,973)	(115,153)	(914,229)	(1,131,760)
Incremental Energy Cost	$ 103,639	$ 125,755	$ 121,157	$ 85,682	$ 50,050	$ 38,418	$ 46,229	$ 27,894	$ 110,436	$ 97,121	$ 806,380	$ 1,314,440
Revenues												
Customer Sales - Electricity	(9,870)	(8,024)	(7,893)	(7,840)	(8,061)	(8,135)	(8,448)	(8,367)	(8,186)	(7,849)	(82,673)	(84,600)
Rent Receipts	(14,807)	-	-	(14,807)	-	-	(15,177)	-	-	-	(44,792)	(101,400)
Total Revenues	(24,677)	(8,024)	(7,893)	(22,647)	(8,061)	(8,135)	(23,625)	(8,367)	(8,186)	(7,849)	(127,464)	(186,000)
Incremental Sun Park Cost	$ 78,962	$ 117,731	$ 113,264	$ 63,034	$ 41,989	$ 30,283	$ 22,604	$ 19,527	$ 102,250	$ 89,272	$ 678,915	$ 1,128,440
MWh Purchased/Generated - Solar	2,217.724	2,006.392	1,602.868	1,213.000	833.320	472.956	694.980	961.592	1,326.748	1,830.424	13,160.004	18,159.000
MWh $ Solar Energy	$ 102.42	$ 109.64	$ 115.97	$ 115.97	$ 115.97	$ 115.97	$ 115.97	$ 115.97	$ 115.97	$ 115.97	$ 112.72	$ 113.86
Solar REC's MWh	332.000	301.000	240.000	182.000	125.000	71.000	104.000	144.000	199.000	-	1,698.000	
MWh $ Solar REC (one month lag)*	142.98	140.56	138.42	138.42	138.42	138.42	138.42	138.42	138.42	-	$ -	
MWh $ Non-Solar Energy	$ 77.09	$ 68.05	$ 61.11	$ 66.10	$ 76.67	$ 55.52	$ 70.16	$ 107.69	$ 53.49	$ 62.91		

Note: Solar REC's are one month behind due to the time the invoice is received.

City of Dover
Garrison Oak Technology Park

Description	Vendor	2012 - 2014 Amount	Budget/ Budget Adjs.	Date of Most Recent CAF
Council endorsed the City's sponsorship of grant application for Delaware New Jobs Infrastruce Gant for Calpine Corporation				12/29/2011
Council approved $6 million for in-kind Garrison Farm infrastructure related to Calpine project				9/24/2012
Water Utility - WD1302				
Design of Water Storage Tank & Shop Drawing Review	URS	$ 70,000	$ 4,235,000	9/14/2012
12" Water Main Extension from Wild Meadows	In-House Staff	163,609		
Construction 1.5 mg water tank	CB & I, Inc.	3,487,660		7/12/2013
Water System Infrastructure	A-Del Construction	876,605	400,000	1/17/2014
Change Order	A-Del Construction	42,000	42,000	8/13/2014
Total Water Utility		**$ 4,639,874**	**$ 4,677,000**	
Transfer from FY15 Water Quality Budget			$442,000	FY15 Budget
Wastewater Utility - WW1304				
Desgin of pump station, design of forcem main and gravity serwe, analysis and design of upgrade to PS #5, and abandonment of PS #14	Pennoni	$ 365,000	$ 3,224,200	9/14/2012
	State of DE - Permits	1,650		
	Kent Conseravation	250		
Pump Station and force main	George & Lynch	2,572,065		1/17/2014
Change Order				
Wastewater distribution mains	A-Del Construction	815,952	550,000	1/17/2014
Change Order	A-Del Construction	5,315		
Total Wastewater Utility		**$ 3,760,232**	**$ 3,774,200**	
Transfer from FY15 I & I Budget			$143,100	FY15 Budget
Electric Utility - EG				
	J.R Smith - Boring City of Dover Electric staff - line			No CAF - Completed
Underground Electric Service & Metering for Construction	installation & metering	$ 186,061	$ 186,061	5/30/13
Transmission Line Relocation - New project approval	To Be Determined	550,000	550,000	3/24/2014
Garrison Oak Park - New Development	FY15 CIP Item	184,000	184,000	FY15
Total Electric Utility		**$ 920,061**	**$ 920,061**	
General Fund Capital Projects - ST1304				
Streets, Stormwater & Landscaping	A-Del Construction	$ 4,522,143	$ 2,000,000	1/17/2014
(Not sure if Becker Morgan is completed) See Land Survey	Becker Morgan* (Paid)	$ 118,672	-	
	State of DE - Permits	2,195	-	
	Kent Conservation	3,775	2,646,785	FY15 Loan
Total General Fund		**$ 4,646,785**	$ 4,646,785	
Loan proceeds to cover issuance cost, due to project cost, may not be sufficient;				
Service Agreement	Chesapeake Utilities	TBD		12/2/2013
City committed to cover any revenue shortfall - Max. exposure 6 years $115,000				General Fund
Easements & Rights of Way	DP & L	TBD	$ -	1/22/2014
Easements & Rights of Way	Eastern Shore Natural Gas	TBD	$ -	1/22/2014
Land survey, subdivision design, etc... - initial development	Becker Morgan	$ 146,937	$ 545,200	2/14/2014
(Reduced by $118,672 charged to ST1304)	Rec'd State Grant $400K			
		$ 14,113,889	$ 14,563,246	

City of Dover
Public Safety Revenues
Historical Trend

EXHIBIT #8
2015 Budget Review
Special Council Meeting of 05/27/2015

	Last 3 yrs. Avg.	Last 5 yrs. Avg.	Last 10 yrs. Avg.	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
321-11 BUILDING PERMITS	601,222	527,429	616,625	515,312	647,163	807,526	932,451	626,654	420,257	413,220	761,170	434,604	607,893
321-12 CERTIFICATE OF OCCUPANCY	5,953	8,443	11,453	16,154	17,740	13,465	12,084	12,870	11,850	12,505	6,260	6,200	5,400
321-13 PUBLIC OCCUPANCY	9,997	9,974	8,931	6,466	7,231	7,535	9,386	8,823	9,389	10,490	10,304	9,864	9,824
321-15 LODGING HOUSE	14,176	13,236	12,168	9,625	11,877	10,444	11,135	12,426	11,751	11,900	13,211	14,743	14,573
321-17 PLUMBING/HEATING/AIR COND	72,869	80,091	93,800	106,071	96,897	119,027	128,402	87,151	110,990	70,860	79,577	71,842	67,188
321-21 SPRINKLER	25,623	21,950	26,678	27,328	26,231	34,626	41,044	27,800	17,771	15,108	19,846	32,194	24,829
321-22 RENTAL INSPECTION FEE	346,355	337,633	314,557	279,618	274,636	279,736	303,087	320,328	323,692	325,407	340,707	347,574	350,785
321-23 MISCELLANEOUS	28,162	28,875	34,863	30,147	44,395	52,444	46,444	30,822	26,531	33,359	21,861	19,093	43,531
321-24 FIRE PROTECTION	31,382	18,829	9,415	-	-	-	-	-	-	-	31,565	28,605	33,975
321-25 GRASS CUTTING	20,105	12,063	6,032	-	-	-	-	-	-	-	-	29,082	31,233
321-26 DEMOLITION	107,684	64,610	32,305	-	-	-	-	-	-	-	-	87,754	235,298
322-01 VACANT BUILDING REG	82,729	59,289	30,653	-	-	250	1,250	8,584	15,272	32,985	38,688	59,250	150,250
331-94 PENSION GRANT	536,999	509,685	580,710	749,440	612,497	647,153	619,218	630,372	399,289	538,136	561,772	577,765	471,461
351-11 COURT OF COMM PLEAS FINES	77,891	81,078	99,646	153,038	147,690	114,876	96,264	79,206	95,758	75,957	100,902	65,516	67,255
351-12 J P COURT FINES	165,996	185,366	207,650	247,576	233,229	237,594	229,551	201,717	185,120	243,725	177,047	163,938	157,002
351-13 POLICE DEPARTMENT FINES	147,597	158,074	196,515	255,333	293,995	223,405	226,948	175,101	162,095	185,485	173,191	135,445	134,155
351-14 POLICE SPECIAL DONATIONS	375	3,883	1,942	-	-	-	-	-	16,287	2,005	-	1,050	75
351-16 CAPITAL SCHOOL DISTRICT RECEIPTS	91,165	54,699	27,350	-	-	-	-	-	-	-	73,496	100,000	100,000
351-17 POLICE EXTRA DUTY	622,246	523,848	428,933	303,195	250,985	358,756	370,379	386,770	418,479	334,023	600,310	703,575	562,853
351-21 POLICE REPORTS	37,577	37,092	38,605	39,620	41,120	40,415	42,425	37,005	37,345	35,385	34,180	38,745	39,805
351-23 BOAT LICENSES	5,955	5,771	6,214	6,390	7,455	6,515	6,373	6,553	6,139	4,853	6,085	4,820	6,960
351-26 MISCELLANEOUS	10,059	15,863	27,352	62,082	1,671	62,267	44,823	23,362	19,857	29,278	15,134	7,405	7,639
351-27 POLICE O/T SERVICE	49,305	47,405	41,858	30,423	34,564	32,235	45,362	38,972	43,884	45,223	38,580	31,938	77,398
351-28 911 FEE REVENUE	63,337	65,394	63,391	64,137	63,713	56,370	55,712	67,010	60,347	76,611	63,337	63,337	63,337
362-16 OPER TSF FROM ERLSP (212)	391,999	586,920	588,142	258,837	936,540	540,566	516,654	694,220	791,583	967,020	518,638	299,828	357,531
362-71 TRF FROM 710 & 712 GRANT FUNDS	64,731	38,838	19,419	-	-	-	-	-	-	-	-	113,980	80,212
Total Public Safety Revenues	3,611,490	3,496,338	3,525,205	3,160,790	3,749,628	3,645,206	3,738,989	3,475,746	3,183,685	3,463,535	3,685,861	3,448,147	3,700,462
% Change	0.4%	16.2%	17.1%	48.4%	18.6%	-2.8%	2.6%	-7.0%	-8.4%	8.8%	6.4%	-6.4%	7.3%
311-01 PROPERTY TAXES	10,641,410	10,389,840	9,437,560	7,103,108	8,287,537	8,448,459	9,074,777	9,512,522	9,525,034	10,499,935	10,606,885	10,693,514	10,623,831
311-02 IN LIEU OF TAXES	319,570	314,922	326,639	118,744	366,659	384,779	386,745	434,852	358,356	257,547	284,457	357,580	316,672
311-03 FARM LAND ROLL BACK TAXES	-	-	31,165	107,403	71,875	106,229	26,143	-	-	-	-	-	-
311-04 BID TAX	50,540	50,728	30,675	-	-	-	-	53,113	52,118	49,902	51,509	50,060	50,050
319-01 PENALTIES - TAXES	124,879	113,247	91,264	41,061	66,581	93,528	70,317	74,915	94,075	97,525	146,577	124,132	103,928
Total Property Tax Revenues	11,136,398	10,868,738	9,917,303	7,370,318	8,792,652	9,032,995	9,557,982	10,075,401	10,029,584	10,904,909	11,089,428	11,225,286	11,094,481
% Change	0.0%	10.6%	50.5%	2.6%	19.3%	2.7%	5.8%	5.4%	-0.5%	8.7%	1.7%	1.2%	-1.2%
	14,747,888	14,365,076	13,442,508	10,531,107	12,542,280	12,678,201	13,296,970	13,551,147	13,213,269	14,368,444	14,775,289	14,673,433	14,794,943

City of Dover
Kent County Treatment Fees
Trend of Fees Billed and Charges Paid

Fiscal Year Ended June 30	Beginning Budget Balance	Annual Revenues	Annual Charges	Ending Budget Balance
1997	$ -	$ 2,399,975	$ 3,664,852	$ (1,264,877)
1998	$ (1,264,877)	$ 2,436,182	$ 2,653,835	$ (1,482,530)
1999 *	$ (1,482,530)	$ 2,452,087	$ 2,284,788	$ (1,315,232)
2000	$ (1,315,232)	$ 2,512,562	$ 2,516,910	$ (1,319,580)
2001	$ (1,319,580)	$ 2,686,790	$ 2,603,943	$ (1,236,733)
Rolled into Total Budget Balance	$ (1,236,733)	$ 1,236,733	$ -	$ 0
2002	$ -	$ 2,814,587	$ 2,811,939	$ 2,648
2003	$ 2,648	$ 2,778,521	$ 3,442,420	$ (661,251)
2004	$ (661,251)	$ 2,743,359	$ 3,829,289	$ (1,747,181)
Rolled into Total Budget Balance	$ (1,747,181)	$ 1,019,090	$ -	$ (728,091)
2005	$ (728,091)	$ 2,611,290	$ 3,470,312	$ (1,587,113)
2006	$ (1,587,113)	$ 3,865,684	$ 3,628,057	$ (1,349,486)
2007	$ (1,349,486)	$ 4,031,540	$ 3,702,815	$ (1,020,761)
2008	$ (1,020,761)	$ 4,109,166	$ 3,633,731	$ (545,326)
2009	$ (545,326)	$ 3,733,644	$ 3,585,791	$ (397,473)
2010	$ (397,473)	$ 3,100,547	$ 4,575,155	$ (1,872,081)
2011	$ (1,872,081)	$ 4,230,032	$ 3,601,194	$ (1,243,243)
2012	$ (1,243,243)	$ 4,341,095	$ 3,724,238	$ (626,386)
2013	$ (626,386)	$ 4,240,649	$ 3,631,516	$ (17,253)
2014	$ (17,253)	$ 4,246,542	$ 4,129,646	$ 99,643
2015 Budget	$ 99,643	$ 4,765,100	$ 3,655,000	$ 1,209,743

In 1999 our credit rating was downgraded due to missing our debt covenant in 1997 and 1998. The downgrading was largely attributed to two factors (1) Kent County changed their billing from quarterly to monthly which increased the cost for 1997 and (2) inflow and infiltration associated with both years due to higher water tables.

Prior to 2005 City billed the rate paid to Kent County for treatment with no markup for Inflow/Infiltration

2005 - County rate = $1.85 per thousand gallons
2005 - City implemented a $.25 sewer rate increase to pay down budget deficit
2006 - County rate = $2.13 per thousand gallons; $.28 increase
2006 - City implemented a $.20 sewer rate increase to pay down budget deficit
2008 - County increased treatment fee rate $.21; New rate $2.34
2011 - City implemented Groundwater Adjustment Charge $1.05 per thousand gallons included above
2015 - City increased Groundwater Adjustment Charge to $1.50 per thousand gallons included above

	Original Budget	Revised Budget	Actual Expense	Revised vs. Actual Var.
Fiscal Year 2013				
Revenue	$ 4,348,400	$ 4,305,000	$ 4,240,649	$ (64,351)
Expense	3,600,000	3,537,000	3,631,515	(94,515)
Budget Surplus for Debt/Projects	$ 748,400	$ 768,000	$ 609,134	$ (158,866)
Fiscal Year 2014				
Revenue	$ 4,304,900	$ 4,202,300	$ 4,246,542	$ 44,242
Expense	3,524,800	4,030,000	4,129,646	(99,646)
Budget Surplus for Debt/Projects	$ 780,100	$ 172,300	$ 116,896	$ (55,404)
Fiscal Year 2015			YTD 4/30	
Revenue	$ 4,765,100	$ 4,890,800	$ 3,948,229	$ (942,571)
Expense (based on 2012 & 2013)	3,655,000	4,004,200	3,384,521	619,679
Budget Surplus for Debt/Projects	$ 1,110,100	$ 886,600	$ 563,708	$ (322,892)

City of Dover
FY10 Capital Project - Debt Financing Requirements
As of June 30, 2013
Schedule for State of Delaware - Delaware Water Pollution Control

	Fox Hall/Retreat Force Main	# 18 DSU Pump Station Replmnt	#24 Acorn Lane Pump Station	Route 13 Intcptr & Del Tech FM	I & I Relining	Grand Total
State Contract #	10-0013DPU	10-0015DPU	10-0014DPU	10-0012DPU	10-0016DPU	
City Project #	WW0905	WW0902	WW0907	WW0810	WW1001	
Project Budgets						
FY 10 Council Resolution - 9/14/09	$ 107,200.00	$ 336,400.00	$ 336,400.00	$ 3,362,481.00	$ 1,800,000.00	$ 5,942,481.00
Change Orders	11,772.94	-	-	522,176.21	-	533,949.15
Budget Adjustments (upon Rte 13 Interceptor Completion 3/31/11)	(18,225.97)	(41,096.33)	(41,068.96)	(756,093.40)	322,535.51	(533,949.15)
Reassignment of loan funds	105,997.00	-	-	(105,997.00)	-	-
Operating funds	32,045.19	25,962.98	26,576.96	210,275.30	200.00	295,060.43
Total Revised Budget	$ 238,789.16	$ 321,266.65	$ 321,908.00	$ 3,232,842.11	$ 2,122,735.51	$ 6,237,541.43
	FY10 Reimb	FY11 Reimb	FY12 Reimb			
Other - City	32,045.19	25,962.98	26,576.96	210,646.24	200.00	295,431.37
Requistion #1	54,351.66	105,235.20	133,144.02	162,911.52	796,984.38	1,252,626.78
Requistion #2	118,226.89	136,864.80	111,805.98	127,261.50	787,432.50	1,281,591.67
Requistion #3	34,165.42	51,703.67	4,500.00	332,551.33	177,066.89	599,987.31
Requistion #4	-	1,500.00	45,606.04	433,957.94	-	481,063.98
Requistion #5	-	-	275.00	410,839.89	-	411,114.89
Requistion #6	-	-	-	254,980.50	-	254,980.50
Requistion #7	-	-	-	458,679.69	-	458,679.69
Requistion #8	-	-	-	459,172.09	-	459,172.09
Requistion #9	-	-	-	86,491.09	-	86,491.09
Requistion #10	-	-	-	295,350.32	-	295,350.32
Subtotal City Funds	32,045.19	25,962.98	26,576.96	210,646.24		
Subtotal SRF Loan Requisitions	206,743.97	295,303.67	295,331.04	3,022,195.87	1,761,483.77	5,581,058.32
Project Total	$ 238,789.16	$ 321,266.65	$ 321,908.00	$ 3,232,842.11	$ 1,761,483.77	$ 5,581,058.32
	Complete	Complete	Complete	Complete	Complete	
Fund Source - City of Dover	$ 32,045.19	$ 25,962.98	$ 26,576.96	$ 210,646.24	$ 200.00	$ 295,431.37
Budget Balance - State Loan	$ -	$ -	$ -	$ 370.94	$ 361,051.74	$ 361,422.68
Sources of Funds						
SRF - Series 2010 Resolution	$ 107,200	$ 336,400	$ 336,400	$ 3,362,481	$ 1,800,000	$ 5,942,481
Loan Applications	$ 107,200	$ 336,400	$ 336,400	$ 3,362,580	$ 1,800,000	$ 5,942,580

City of Dover
FY10 Capital Project - Debt Financing Requirements
As of June 30, 2013
Schedule for State of Delaware - Office of Drinking Water

	Bayard Avenue	East Side of N. State St	Route 13 Water Quality	FY 11 WQ Loockerman Plza	Grand Total
State Contract #	D-4049	D-4049	D-4049		
City Project #	WQ0905	WQ0906	WQ0907	WQ1101	
Project Budgets					
FY 10 Council Resolution - 2/22/10	$ 533,510.00	$ 846,807.00	$ 1,023,700.00	$ -	$ 2,404,017.00
City Budget	-	-	-	500,000.00	500,000.00
SRF Change Orders	(100,000.00)	(698,985.00)	798,985.00		-
City Financing Adjustments	101,190.00	29,378.00	391,900.00	(391,900.00)	130,568.00
Total Revised Budget	$ 534,700.00	$ 177,200.00	$ 2,214,585.00	$ 108,100.00	$ 3,034,585.00
			$ 2,326,000.00	CAF approved by City Council - Bid	
	FY10 Reimb	FY11 Reimb	FY12 Reimb		
City funds	105,097.77	29,355.97	353,082.11	121,626.00	609,161.85
Requisiton #1	-	-	65,770.50	-	65,770.50
Requistion #2	4,480.00	147,687.41	13,259.42	-	165,426.83
Requistion #3	201,637.93	134.50	11,350.08	-	213,122.51
Requistion #4	7,081.41	-	16,039.22	-	23,120.63
Requistion #5	13,087.42	-	-	-	13,087.42
Requistion #6	21,772.88	-	248,165.64	-	269,938.52
Requistion #7	120,893.08	-	1,343,801.64	-	1,464,694.72
Requistion #8	61,256.87	-	23,442.75	-	84,699.62
Requistion #9	5,873.19	-	98,283.36	-	104,156.55
Subtotal City Funds	105,097.77	29,355.97	353,082.11	121,626.00	609,161.85
Subtotal SRF Loan Requisitions	436,082.78	147,821.91	1,820,112.61		2,404,017.30
Project Total	$ 541,180.55	$ 177,177.88	$ 2,173,194.72	$ 121,626.00	$ 3,013,179.15
				Loockerman Plaza Complete/Others Design in process	
	Complete	Complete	Complete		
Budget Balance - State Loan	$ (2,572.78)	$ 0.09	$ 2,572.39	$ -	$ (0.30)
Budget Balance - City Funds	$ (3,907.77)	$ 22.03	$ 38,817.89	$ (13,526.00)	$ 21,406.15
Sources of Funds					
SRF - Series 2010 Resolution	$ 533,510.00	$ 846,807.00	$ 1,023,700.00	$ -	$ 2,404,017.00
Loan Applications	$ 533,510.00	$ 846,807.00	$ 1,023,700.00	$ -	$ 2,404,017.00

City of Dover
FY11 Capital Project - Debt Financing Requirements
As of June 30, 2013
Schedule for State of Delaware - Delaware Water Pollution Control

	Fox Hall Pump Station	Heatherfield Force Main	Lepore Road Pump Station	Inflow/ Infiltration (1)	Grand Total
State Contract #	11-0038DPU	11-0039DPU	12-0033DPU	12-0033DPU	
City Project #	WW1007	WW1008	WW1104	WW1101	
Project Budgets	Construction only	Construction only			
FY 11 Council Resolution - Loan	$ 225,540.00	$ 137,520.00	$ 402,000.00	$ -	$ 765,060.00
Budget Transfers - Changeorder - Loan	(17,000.00)	17,000.00	-	-	-
City Funds & Impact Fees	150,360.00	91,680.00	-	500,000.00	742,040.00
FY 12 (on hold until FY10 Completed)	-	-	-	1,000,000.00	1,000,000.00
FY 13 (on hold until FY10 Completed)	-	-	-	1,000,000.00	1,000,000.00
Total Revised Budget	$ 358,900.00	$ 246,200.00	$ 402,000.00	$ 2,500,000.00	$ 3,507,100.00
	FY12 Reimb	FY13 Reimb	FY14 Reimb		
	Complete	Complete	Complete		
Requistion #1	65,821.50	154,520.00	157,275.00	-	377,616.50
Requistion #2	142,718.50	-	182,725.00	-	325,443.50
Requistion #3	-	-	62,000.00	-	62,000.00
City Charges	145,056.29	73,761.48	11,386.13	451,249.04	681,452.94
Subtotal Project Cost	$ 353,596.29	$ 228,281.48	$ 413,386.13	$ 451,249.04	$ 1,446,512.94
Budget Balance - State Loan	$ -	$ -	$ -	$ -	$ -
Budget Balance - City Funds	$ 5,303.71	$ 17,918.52	$ 11,386.13	$ 48,750.96	$ 60,587.06
Sources of Funds					
SRF - Series 2011 Resolution	$ 225,540.00	$ 137,520.00	$ 402,000.00	$ -	$ 765,060.00
SRF - Series 2012 (on hold - see above)	-	-	-	2,000,000.00	2,000,000.00
Impact Fees	150,360.00	91,680.00	-	-	242,040.00
City Operating Funds	-	-	-	500,000.00	500,000.00
Total	$ 375,900.00	$ 229,200.00	$ 402,000.00	$ 2,500,000.00	$ 3,507,100.00

(1) Inflow/Infiltration will be submitted for approval at a later date. A separate Council Resolution will be needed along with the loan documents. $500,000 originally planned to be financed with FY11 SRF has been redirected to the LePore Rd Pump Station.

City of Dover
Bonded Indebtedness
History of Credit Ratings

General Obligation Bonds

Issue Year	Moody's	Fitch
2003	A1	AA-
2007 - Upgrade	---	AA
2010 - Upgrade *	Aa2	AA+
2012 - Affirms	---	AA+

Water/Wastewater Revenue Bonds

Issue Year	Moody's	Fitch
1999 - Downgrade	Baa1	---
2003 - Upgrade	A3	A
2009 - Upgrade	---	A+
2010 - Upgrade *	A1	AA-
2011 - Affirms	---	AA-
2013 - Upgrade	Aa3	AA

Electric Revenue Bonds

Issue Year	Moody's	Fitch
2005	A1	A+
2007 - Affirms	A1	---
2010 - Upgrade	Aa2	---
2012 - Upgrade	---	AA-
2014 - Affirms	---	AA-

* 2010 Credit Ratings Changes were a result of the Rating Agencies recalibrating all municipal bond ratings after revamping their procedures.

RATINGS GUIDE

(from "An Elected Official's Guide to Rating Agency Presentations")

RATING	DESCRIPTION
Fitch IBCA	
AAA	Highest credit quality
AA (+ or -)*	Very high credit quality
A (+ or -)	High credit quality
BBB (+ or -)	Good credit quality
BB (+ or -)	Speculative
B (+ or -)	Highly speculative
CCC,CC,C (+ or -)	High default risk
D	In default
Moody's	
Aaa	Best quality
Aa1, Aa2, Aa3	High quality by all standards
A1, A2, A3	Upper medium grade
Baa1,Baa2, Baa3	Medium grade
Ba1, Ba2, Ba3	Has speculative elements
B1, B2, B3	Generally lacks characteristics of a desirable investment
Caa	Poor standing; may be in default
Ca	Speculative in a high degree; often in default
C	Lowest rated class of bonds; extremely poor prospects
Standard & Poor's	
AAA	Highest quality; extremely strong capacity to pay
AA (+ or -)	High quality; very strong capacity to pay
A (+ or -)	Strong capacity to pay principal and interest
BBB (+ or -)	Adequate capacity to pay principal and interest
BB (+ or -)	Low speculative
B (+ or -)	Speculative
CCC & CC (+ or -)	High speculation
C	Income bonds on which no interest is being paid
D	In default

* "+" or "-" may be added to Fitch IBCA and Standard & Poor's ratings to indicate the relative position of a credit within a rating category. The digits 1-3 appended to Moody's ratings perform the same function.

ACTION FORM

PROCEEDING: Legislative, Finance & Administration Committee
DEPARTMENT OF ORIGIN: City Manager's Office **DATE SUBMITTED**: December 2, 2014
PREPARED BY: Scott D. Koenig, P.E., City Manager
SUBJECT: Capital Improvement Project (CIP) Cost Estimating/Bid Process Guidelines
REFERENCE: N/A
RELATED PROJECT: N/A
REVIEWED BY: Scott D. Koenig, P.E., City Manager; Donna Mitchell, Controller
EXHIBITS: Attachment A – Copy of Guidelines Memo dated November 19, 2014
EXPENDITURE REQUIRED: $0 **AMOUNT BUDGETED**: $0 **FUNDING SOURCE (Dept./Page in CIP & Budget)**: N/A
TIME TIMETABLE: N/A
RECOMMENDED ACTION: Acknowledge the attached Capital Improvement Project (CIP) Cost Estimating/Bid Guidelines that have been implemented by the City Manager in response to concerns raised by City Council.

BACKGROUND AND ANALYSIS

In response to concerns raised by Councilman Slavin during the August 11, 2014 City Council Meeting, the City Manager has issued the attached guidelines (See Attachment A) to all Department Heads. The purpose of the guidelines is to outline specific expectations regarding Project Development, Budgeting, and Administration for all Capital Improvement Projects (CIP). Mr. Slavin's comments referenced the development of a policy; however, the attached guidelines have been implemented at the staff level. In the City Manager's opinion, a Council policy is not required to achieve the requested controls and objectives.

Memorandum

Office of the City Manager
PO Box 475
Dover, DE 19903
Phone: (302) 736-7005
FAX: (302) 736-7002
E-mail: skoenig@dover.de.us

To: **All Department Heads**

From: **Scott D. Koenig, P.E.**
City Manager

Date: **November 19, 2014**

Subject: **Capital Improvement Project (CIP) Cost Estimating/Bid Guidelines**

Forecasted growth and expansion of infrastructure are usually determined in accordance with long-term plans for infrastructure and utility improvements. The following guidelines should be followed when developing budgets for the Capital Improvement Plan. Specific attention should be given to the first year of the Capital Investment Plan and the remaining four (4) years of the plan should have projected costs associated with each year.

Capital Investment Projects

- Whenever possible, land acquisition should be budgeted and completed in the conceptual phase of the project so that projects entering preliminary engineering are being engineered for the intended physical location of the infrastructure.
- For known projects, staff should budget for Design, Engineering, and permitting costs the year or years before project construction is planned. If the project budget can be developed by December 31, the project will be considered in the upcoming fiscal year capital budget. Project budgets are to be developed by staff or other competent professionals based on current market conditions, project specifications, and any special requirements for the specific project. Historical project costs should not be the primary source for the cost basis for the new projects, unless all project elements are identical. If project estimates cannot be completed by December 31, a preliminary estimate will be placed in the capital budget two (2) years out.
- A timeline for project completion will be included in the budget submission. For projects greater than $1 million, staff will include the estimated cash flows necessary to make payments to the contractors associated with project.
- All lead times for materials and equipment will be taken into consideration in project planning process.
- Project budgets will include a contingency of no greater than 15%.
- All Five (5) Year Capital Improvement Plans must be reviewed ad updated every year for price adjustments and/or system need changes. This review must include available funding and rate impacts.

DOVER FIRE DEPARTMENT
103 S. GOVERNORS AVE. DOVER, DE 19904
(302) 736-7168

April 17, 2015

Scott Koenig
City Manager, City of Dover
City Hall, 15 Loockerman Plaza
Dover, DE 19901

Mr. Scott Koenig:

This letter is to request an increase of the Annual Allotment to the Dover Fire Department from the City of Dover government in the amount of $75,000.

The reasoning is very straightforward and it necessary. Our currently annual Apparatus Maintenance budget is currently set at $85,300 and this continues to be a constraint on keeping all vehicles at status quo.

Second, our property and building maintenance costs are rising. We will immediately need to replace much of our technological infrastructure which includes Dispatcher and Administrative computer systems. These systems are extremely outdated and are cause for concern due to their handling of critical information.

The Dover Fire Department has not requested any new funding since 2009. The Department believes, after a careful discussion with yourself and the Finance Director Donna Mitchell, that $75,000 is an appropriate and reasonable request to increase the Annual Allotment.

Best Regards,

Mark Hall
Fire Chief- Dover Fire Department

Planning and Inspections Department Personnel Request for FY 2015-2016

Request for Additional Planner I:

- September 2011 – Planner II left and was not replaced – Position eliminated
- February 2012 – Community Development Manager position eliminated/reclassified to Planner I – Employee assigned some planning duties not related to Community Development but continues to be responsible principally for Community Development activities. This fiscal year 64% of hours worked was Community Development related.

Planning Office Responsibilities (by staff person):

Maretta Purnell – Secretary II

- Provides administrative support to all staff
- Processes invoices for entire Planning and Inspections Department
- Prepares packets for boards and commissions
- Posts agendas and packets to the website
- Manages director's calendar and phone messages
- Logs all applications
- Ensures all documents are put into Fortis
- Prepares budgets for all Planning & Inspections divisions
- Anything else she needs to do to keep us going

Dawn Melson-Williams, AICP – Principal Planner

- Responsible for overseeing the Site Plan Review Process
    - Meetings with Applicants
    - Development Advisory Commission
    - Planning Commission
- Reviews Site Plans and Subdivisions
- Reviews Commercial Permits
- Certificate of Occupancy Site Inspections
- Complicated plans – Bayhealth, Dover High, DSU, Garrison Oak, Eden Hill
- Flood Plain Review
- Zoning Verification Letters
- Delaware Population Consortium
- Business License Reviews
- DDP Design Committee
- Planning Related FOIA
- Historic District
    - Support of Historic District Commission
    - Review of Projects in Historic District
    - First State Heritage Park Signage Committee

Bill Cook – Planner I

- Site Plan Review/Planning Commission
- Meetings with Applicants
- GIS analysis/data development/map creation
- Residential and Commercial Building Permit Review
- Certificate of Occupancy Site Inspection
- Sign Permit Review/Sign Code Administration
- Board of Adjustment Administration and Application Review
- Zoning Verification Letters
- Transportation Improvement District
- Rental and Business License Reviews
- Bicycle/Pedestrian Subcommittee
- Dover/Kent County MPO
    - TAC alternate
    - Other Committees

Tracey Harvey – Planner I

- CDBG Program Administration
    - Monitoring of Grant Subrecipients
    - Reporting to HUD
    - Completion of Consolidated Plan
    - Completion of Annual Action Plan
    - Implementation of Analysis of Impediments to Fair Housing
    - Completion of Consolidated Annual Evaluation Performance Report
    - Environmental Reviews
- Homeless Planning Council
- NCALL Board of Directors
- Restoring Central Dover Steering Committee
- Board Member – National Association of Rural Housing Officials
- Mayors' Challenge to End Veterans Homelessness
- Conditional Use Review
- Board of Adjustment
- Rental and Business License Review
- Residential Building Permit Review
- Zoning Verification Letters
- Certificate of Occupancy Site Inspections

Ann Marie Townshend, AICP – Director of Planning and Community Development

- Review and reports for all rezoning and annexation applications
- Planning Commission

- Board of Adjustment
- Code Interpretations
- Ordinance Updates
- Flood Plain Administrator
- Dangerous Buildings/Problem Properties
    - Including working with City manager, deputy solicitor and others on recovery of funds.
- Recreation Needs Assessment
- Dover/Kent County MPO TAC
- Principal Contact with DelDOT
    - Transportation Improvement District
    - Traffic Scoping Meetings
- Department Management (Building, Code Enforcement, Licensing & Permitting, Planning, Fire Marshal, Parks & Recreation)
    - Budgeting
    - Personnel
- Downtown Development District
- Comprehensive Plan Amendments
- Recreation Needs Assessment
    - Park Planning and CIP
- Restoring Central Dover Steering Committee
- Silver Lake Commission
- Bicycle/Pedestrian Subcommittee
- 4th of July Committee
- Capital Holiday Celebration Committee
- Downtown Dover Partnership Board of Directors
    - Economic Development Committee
    - Parking Committee

Major Projects in the Planning Office

Ordinance Update Needs

- Update of Industrial Zones (nearly complete)
- Update of Residential Zones
- Update of Subdivision Regulations
- Elimination of Emergency Access from Zoning (not necessary due to fire and building codes)
- Update of Parking Regulations
- Curbing Waiver – Allow Administrative Approval
- Accessory Structures on Commercial Lots
- Grass Violations
- Updates to Safe Communities

- Exterior nuisance abatement and cost recovery

Comprehensive Plan Update
Downtown Development District Implementation
Transportation Improvement District (underway)
Recreation Needs Assessment
Reporting to Office of State Planning Coordination

EXHIBIT #15
2015 Budget Review
Special Council
Meeting of 05/27/2015

	City of Dover								
	FY2016 Draft Budget								
	Recommended Changes/Other Ideas as Updated 6/3/15								
			Total	General	General	W/WW	W/WW	Electric	Electric
Item #	Description	Department/Division Line Item	Amount	Operating	Capital	Operating	Capital	Operating	Capital
1	Health Care Premiums - final	Division Budgets - Personnel	($72,500)	($58,400)		($5,300)		($8,800)	
		Interfund Transfers - Revenue	($7,200)	($7,200)					
		Interfund Transfers - Expense	($7,200)			($2,700)		($4,500)	
2	Fire apparatus - over budgeted	Transfer to Capital Fund	($92,900)	($92,900)					
		Fire Department CIP	($92,900)		($92,900)				
		Revenue - Transfer fr General Fund	($92,900)		($92,900)				
3	Consultant Services for DC Plans	Finance	($7,500)	($7,500)					
		Interfund Transfers - Revenue	($4,500)	($4,500)					
		Interfund Transfers - Expense	($4,500)			($1,100)		($3,400)	
4	Records Clerk - Police	Police - Personnel	($35,900)	($35,900)					
5	Non-Bargaining Pay Adjustments	Division Budgets - Personnel	$0	$0		$0		$0	
		Interfund Transfers - Revenue	$0	$0					
		Interfund Transfers - Expense	$0			$0		$0	
6	Reduction of Other Emp Exp.	Fund Expense	($67,000)	($67,000)					
	(Education/VSB/Retirement)								
7	Postage reduction based on updated	Procurement & Inventory	($10,000)	($10,000)					
	year-to-date	Interfund Transfers - Revenue	($9,400)	($9,400)					
		Interfund Transfers - Expense	($9,400)			($700)		($8,700)	
8	Reduce Council Expenses	City Council - Admin Expenses	($14,700)	($14,700)					
	HRC - less $3,000	Interfund Transfers - Revenue	($11,500)	($11,500)					
	Travel - NLC Confs. Less $11,700	Interfund Transfers - Expense	($11,500)			($2,300)		($9,200)	
9	Reduce cost of Public Access Module	Tax Assessor	$0	$0					
10	Emergency Mgmt Vehicle	Transfer to Capital Fund	($8,100)	($8,100)					
		City Manager - CIP	($8,100)		($8,100)				
		Revenue - Transfer fr General Fund	($8,100)		($8,100)				
		Interfund Transfers - Revenue	($5,200)	($5,200)					
		Interfund Transfers - Expense	($5,200)			($1,300)		($3,900)	
11	Change Fire Chief's Assistant	Fire Department	($32,900)	($32,900)					
	Full-time to part-time								
12	Reduction in design cost for	Transfer to Capital Fund	($55,000)	($55,000)					
	Schutte Park development	Street Division	($55,000)		($55,000)				
		Revenue - Transfer fr General Fund	($55,000)		($55,000)				
13	Double budgeted Police Uniforms	Police Department	($21,000)	($21,000)					
	Total Revenue - Draft Budget		$152,916,000	$41,830,100	$2,905,500	$15,727,700	$3,490,000	$83,536,000	$5,426,700
	Total Expense - Draft Budget		$150,733,300	$41,825,200	$2,905,500	$15,268,200	$3,850,700	$80,616,800	$6,266,900
	Net Revenue/(Expense)		$2,182,700	$4,900	$0	$459,500	($360,700)	$2,919,200	($840,200)
	Adjusted Revenue		$152,722,200	$41,792,300	$2,749,500	$15,727,700	$3,490,000	$83,536,000	$5,426,700
	Adjusted Expense		$150,122,000	$41,421,800	$2,749,500	$15,254,800	$3,850,700	$80,578,300	$6,266,900
	Net Revenue/(Expense)		$2,600,200	$370,500	$0	$472,900	($360,700)	$2,957,700	($840,200)

EXHIBIT #16
2015 Budget Review
Special Council Meeting of 05/27/2015

Budget Hearing 6/3/15	Annual Hours	2080	Jul-15								City	Other
Job title	Base Rate	Annual $	Hourly $	1.03		Wage Increase	2016 HC	2015 HC	H/C Increase		Manager	Ideas
CONTROLLER/TREASURER	$ 59.76	$ 124,300.80	$ 61.55	$ 128,029.82	PPO EMPLOYEE	$ 3,729.02	1,398.64	1,190.25	208.39	$	3,756.02	$ 1,743.01
CHIEF OF POLICE	$ 59.47	$ 123,697.60	$ 61.25	$ 127,408.53	PPO Employee	$ 3,710.93	1,398.64	1,190.25	208.39	$	3,743.95	$ 1,736.98
ASST CITY MANAGER	$ 54.81	$ 114,004.80	$ 56.45	$ 117,424.94	PPO EMPLOYEE & CHILD	$ 3,420.14	2,153.09	1,831.89	321.19	$	3,450.10	$ 1,640.05
PLANNING & COMM DVLPMNT DIR.	$ 54.51	$ 113,380.80	$ 56.15	$ 116,782.22	PPO EMPLOYEE & CHILD	$ 3,401.42	2,153.09	1,831.89	321.19	$	3,427.62	$ 1,633.81
ELECTRIC DEPARTMENT DIRECTOR	$ 54.23	$ 112,798.40	$ 55.86	$ 116,182.35	PPO EMPLOYEE & SPOUSE	$ 3,383.95	2,897.32	2,464.88	432.44	$	3,415.97	$ 1,627.98
DEPUTY POLICE CHIEF	$ 52.87	$ 109,969.60	$ 54.46	$ 113,268.69	PPO Employee & Family	$ 3,299.09	3,620.73	3,080.11	540.62	$	3,329.39	$ 1,599.70
PUBLIC WORKS DIRECTOR	$ 50.83	$ 105,726.40	$ 52.35	$ 108,898.19	PPO EMPLOYEE & CHILD	$ 3,171.79	2,153.09	1,831.89	321.19	$	3,194.53	$ 1,557.26
City Clerk/Dir CouncilAffairs&Constituent Svc	$ 44.14	$ 91,811.20	$ 45.46	$ 94,565.54	PPO EMPLOYEE & CHILD	$ 2,754.34	2,153.09	1,831.89	321.19	$	2,776.22	$ 1,418.11
HUMAN RESOURCES DIRECTOR	$ 42.32	$ 88,025.60	$ 43.59	$ 90,666.37	PPO EMPLOYEE & CHILD	$ 2,640.77	2,153.09	1,831.89	321.19	$	2,660.51	$ 1,380.26
INFORMATION TECHNOLOGY DIR.	$ 41.77	$ 86,881.60	$ 43.02	$ 89,488.05	BLUE CARE EMPLOYEE	$ 2,606.45	1,280.54	1,088.95	191.59	$	2,627.63	$ 1,368.82
LINE CREW SUPERINTENDENT	$ 38.93	$ 80,974.40	$ 40.10	$ 83,403.63	BLUE CARE FAMILY	$ 2,429.23	3,368.50	2,865.60	502.90	$	2,429.23	$ 1,309.74
ASSISTANT CONTROLLER/TREASURER	$ 38.46	$ 79,996.80	$ 39.61	$ 82,396.70	PPO EMPLOYEE & CHILD	$ 2,399.90	2,153.09	1,831.89	321.19	$	2,399.90	$ 1,299.97
WATER/WASTEWATER MANAGER	$ 38.05	$ 79,144.00	$ 39.19	$ 81,518.32	PPO EMPLOYEE	$ 2,374.32	1,398.64	1,190.25	208.39	$	2,374.32	$ 1,291.44
LIBRARY DIRECTOR	$ 37.10	$ 77,168.00	$ 38.21	$ 79,483.04	PPO Employee & Spouse	$ 2,315.04	2,897.32	2,464.88	432.44	$	2,315.04	$ 1,271.68
FINANCIAL REPORTING & ACCT MGR	$ 36.47	$ 75,857.60	$ 37.56	$ 78,133.33	PPO EMPLOYEE & FAMILY	$ 2,275.73	3,620.73	3,080.11	540.62	$	2,275.73	$ 1,258.58
CONTRACT & PROCUREMENT MANAGER	$ 33.08	$ 68,806.40	$ 34.07	$ 70,870.59	Waived Coverage	$ 2,064.19	-	-	-	$	2,064.19	$ 1,188.06
PRINCIPAL PLANNER	$ 32.77	$ 68,161.60	$ 33.75	$ 70,206.45	PPO EMPLOYEE	$ 2,044.85	1,398.64	1,190.25	208.39	$	2,044.85	$ 1,181.62
WATER PRODUCTION SUPERVISOR	$ 32.51	$ 67,620.80	$ 33.49	$ 69,649.42	BLUE CARE EMPLOYEE & SPOUSE	$ 2,028.62	2,700.84	2,297.76	403.09	$	2,028.62	$ 1,176.21
CUSTOMER SERVICES MANAGER	$ 31.99	$ 66,539.20	$ 32.95	$ 68,535.38	PPO EMPLOYEE & SPOUSE	$ 1,996.18	2,897.32	2,464.88	432.44	$	1,996.18	$ 1,165.39
ECONOMIC DEVELOPMENT MANAGER	$ 31.31	$ 65,124.80	$ 32.25	$ 67,078.54	PPO EMPLOYEE	$ 1,953.74	1,398.64	1,190.25	208.39	$	1,953.74	$ 1,151.25
WATER/WASTE MAINTENANCE SUPER.	$ 31.01	$ 64,500.80	$ 31.94	$ 66,435.82	PPO EMPLOYEE & SPOUSE	$ 1,935.02	2,897.32	2,464.88	432.44	$	1,935.02	$ 1,145.01
GIS MANAGER	$ 29.47	$ 61,297.60	$ 30.35	$ 63,136.53	PPO EMPLOYEE	$ 1,838.93	1,398.64	1,190.25	208.39	$	1,838.93	$ 1,112.98
CITY ASSESSOR	$ 29.28	$ 60,902.40	$ 30.16	$ 62,729.47	PPO EMPLOYEE & CHILD	$ 1,827.07	2,153.09	1,831.89	321.19	$	1,827.07	$ 1,109.02
CONSTRUCTION MANAGER	$ 27.58	$ 57,366.40	$ 28.41	$ 59,087.39	PPO EMPLOYEE	$ 1,720.99	1,398.64	1,190.25	208.39	$	1,720.99	$ 1,074.66
INSPECTOR III	$ 26.44	$ 54,995.20	$ 27.23	$ 56,645.06	PPO EMPLOYEE	$ 1,649.86	1,398.64	1,190.25	208.39	$	1,649.86	$ 1,049.95
FIELD SUPERVISOR II	$ 26.00	$ 54,080.00	$ 26.78	$ 55,702.40	PPO EMPLOYEE & CHILD	$ 1,622.40	2,153.09	1,831.89	321.19	$	1,622.40	$ 1,040.80
ASST LIBRARY DIRECTOR	$ 25.96	$ 53,996.80	$ 26.74	$ 55,616.70	PPO Employee & Child	$ 1,619.90	2,153.09	1,831.89	321.19	$	1,619.90	$ 1,039.97
INSPECTOR III	$ 25.76	$ 53,580.80	$ 26.53	$ 55,188.22	PPO Employee & Family	$ 1,607.42	3,620.73	3,080.11	540.62	$	1,607.42	$ 1,035.81
CUSTOMER SERVICE SUPERVISOR	$ 25.31	$ 52,644.80	$ 26.07	$ 54,224.14	PPO EMPLOYEE	$ 1,579.34	1,398.64	1,190.25	208.39	$	1,579.34	$ 1,026.45
Asst City Clerk/Dep Dir CouncilAffrs&Const Sv	$ 24.87	$ 51,729.60	$ 25.62	$ 53,281.49	BLUE CARE EMPLOYEE	$ 1,551.89	1,280.54	1,088.95	191.59	$	1,551.89	$ 1,017.30
RECREATION CENTER COORDINATOR	$ 23.57	$ 49,025.60	$ 24.28	$ 50,496.37	PPO Employee	$ 1,470.77	1,398.64	1,190.25	208.39	$	1,470.77	$ 990.26
HUMAN RESOURCES COORDINATOR	$ 22.88	$ 47,590.40	$ 23.57	$ 49,018.11	PPO EMPLOYEE & CHILD	$ 1,427.71	2,153.09	1,831.89	321.19	$	1,427.71	$ 975.90
HR GENERALIST	$ 21.22	$ 44,137.60	$ 21.86	$ 45,461.73	PPO EMPLOYEE & CHILD	$ 1,324.13	2,153.09	1,831.89	321.19	$	1,324.13	$ 941.38
Asst to Dir Council Affairs & Constituent Svc	$ 20.26	$ 42,140.80	$ 20.87	$ 43,405.02	PPO EMPLOYEE	$ 1,264.22	1,398.64	1,190.25	208.39	$	1,264.22	$ 921.41
PAYROLL SPECIALIST	$ 20.16	$ 41,932.80	$ 20.76	$ 43,190.78	PPO EMPLOYEE & FAMILY	$ 1,257.98	3,620.73	3,080.11	540.62	$	1,257.98	$ 919.33
SEX OFFENDER REGISTRY ENFORECEMENT AGENT	$ 17.65	$ 36,712.00	$ 18.18	$ 37,813.36	PPO Employee & Child	$ 1,101.36	2,153.09	1,831.89	321.19	$	1,101.36	$ 867.12
SEX OFFENDER REGISTRY ENFORECEMENT AGENT	$ 17.65	$ 36,712.00	$ 18.18	$ 37,813.36	PPO Employee	$ 1,101.36	1,398.64	1,190.25	208.39	$	1,101.36	$ 867.12
ADMINISTRATIVE ASSISTANT	$ 17.35	$ 36,088.00	$ 17.87	$ 37,170.64	PPO EMPLOYEE	$ 1,082.64	1,398.64	1,190.25	208.39	$	1,082.64	$ 860.88
ADMINISTRATIVE ASSISTANT	$ 16.84	$ 35,027.20	$ 17.35	$ 36,078.02	BLUE CARE EMPLOYEE & CHILD	$ 1,050.82	1,956.74	1,664.92	291.82	$	1,050.82	$ 850.27
ADMINISTRATIVE ASSISTANT	$ 16.00	$ 33,280.00	$ 16.48	$ 34,278.40	Waived Coverage	$ 998.40	-	-	-	$	998.40	$ 832.80
LIBRARIAN I	$ 27.09	$ 30,990.96	$ 27.90	$ 31,920.69	AETNA EMPLOYEE & SPOUSE PT	$ 929.73	10,320.57	8,780.34	1,540.23	$	1,690.42	$ 1,063.47
BUILDING SUPERVISOR	$ 16.30	$ 19,494.80	$ 16.79	$ 20,079.64	N/A	$ 584.84	-	-	-	$	1,017.12	$ 839.04
SERVICE CENTER CLERK	$ 10.71	$ 9,467.64	$ 11.03	$ 9,751.67	N/A	$ 284.03	-	-	-	$	668.30	$ 722.77
BUILDING SUPERVISOR	$ 11.72	$ 7,922.72	$ 12.07	$ 8,160.40	N/A	$ 237.68	-	-	-	$	731.33	$ 743.78
PLAYGROUND LEADER I	$ 9.35	$ 3,403.40	$ 9.63	$ 3,505.50	N/A	$ 102.10	-	-	-	$	583.44	$ 694.48
	$ 1,405.81	$ 2,839,010.72	$ 1,447.98	$ 2,924,181.04		$ 85,170.32	$ 90,999.31	$ 77,422.38	$ 13,576.92	$	87,986.58	$ 51,741.85

Type	Sub Type	Last Updated	Current Fee	Proposed Fee
Sign Permits (22-65)		2004	$.50 per SF/minimum fee $15	$.75 per SF/minimum fee $40
Temporary Sign Permits (Appendix B, Article 5)		2004	$ 15	$ 30
Mechanical	Heating permit	2004	$30.00 first 10,000 BTUs and $5.00 each additional 10,000 BTUs or multiple thereof	$40.00 first 10,000 BTUs and $7.00 each additional 10,000 BTUs or multiple thereof
Mechanical	Air conditioning permit	2004	$30.00 per ton for the first five tons and $5.00 per ton over five tons or multiple thereof	$40.00 per ton for the first five tons and $7.00 per ton over five tons or multiple thereof
Mechanical	Heat pump permit	2004	$15.00 first 10,000 BTUsand $5.00 each additional 10,000 BTUs or multiple thereof and $2.50 for each additional 10,000 BTUs or multiple thereof and an additional $15.00 for the first five tons and $2.50 per ton for over five tons or multiple thereof	$40.00 first 10,000 BTUs and $7.00 each additional 10,000 BTUs or multiple thereof or $40.00 per ton for the first five tons and $7.00 per ton over five tons or multiple thereof
Plumbing	Fixtures	2004	$25.00 first five fixtures and $2.00 for each additional fixture	$35.00 first five fixtures and $3.00 for each additional fixture
Plumbing	Garbage Disposal & Hot Water Heaters	2004	Minimum of $25	Minimum of $35
Plumbing	Gas, water and sewer inspection underground	2004	$20.00 for first 150 feet and $0.50 for each additional ten feet or multiple thereof	$30.00 for first 150 feet and $0.75 for each additional ten feet or multiple thereof
Rental Permits	Single-family detached dwelling, each dwelling	2000	$ 90	$ 100
Rental Permits	Single-family attached dwelling, each dwelling	2000	$ 70	$ 80
Rental Permits	For the first three dwelling units	2000	$ 90	$ 100
Rental Permits	For each additional dwelling unit in excess of three	2000	$ 30	$ 35

Rental Permits	Condominium units and accessory apartments located within structures principally used for owner occupancy, each	2000	$ 30	$ 35
Business License	Itinerent Merchant License	2010	$ 41.50	$ 50
Public Occupancy Permits	Churches	1993	$ 25	$ 50
Public Occupancy Permits	Civic auditoriums	1993	$ 25	$ 50
Public Occupancy Permits	Clubhouses	1993	$ 50	$ 75
Public Occupancy Permits	Commercial auditoriums	1993	$25.00 first 200 seats and $2.50 for each additional 50 seats	$50.00 first 200 seats and $4.00 for each additional 50 seats
Public Occupancy Permits	Day care facilities	1993	$ 25	$ 50
Public Occupancy Permits	Hospitals, nursing homes or rest homes	1993	$5.00 first ten rooms and $1.25 for each additional room	$15.00 first ten rooms and $2.00 for each additional room
Public Occupancy Permits	Mercantile (10,000 square feet of area or greater)	1993	$ 25	$ 50
Public Occupancy Permits	Outdoor public events, including but not limited to firework displays, carnivals, and outdoor music concerts	1993	$ 25	$ 100
Public Occupancy Permits	Public office buildings	1993	$ 25	$ 50
Public Occupancy Permits	School	1993	$ 25	$ 50
Public Occupancy Permits	Theaters	1993	$25.00 for the first 200 seats and $2.00 for each additional seat	$50.00 for the first 200 seats and $3.00 for each additional seat
Public Occupancy Permits	Restaurants (10,000 square feet of area or greater).....	N/A	N/A	$ 50
Public Occupancy Permits	Restaurants of any size that serve alcoholic beverages	N/A	N/A	$ 75
Subdivision	Preapplication; filing fee	2004	$ 200	
Subdivision	Preliminary layout; filing fee	2004	$ 325	

Subdivision	Plat; review fee	2004	$150.00, plus $65.00 per acre for the first ten acres, $40.00 per acre for the next ten acres and $25.00 per acre for each acre thereafter	$200.00, plus $85.00 per acre for the first ten acres, $60.00 per acre for the next ten acres and $45.00 per acre for each acre thereafter
Subdivision	Minor Lot Line Adjustment	2004	Plats for minor lot line adjustments shall require a review fee of $100.00	$ 150
Subdivision	Minor Subdivision	2004	Plats for minor subdivisions shall require a review fee of $100.00	$150 plus $15 per lot
Certificates of occupancy	All properties zoned single-family residential	2004	$ 40	$ 60
Certificates of occupancy	All other property in other zoning classifications, other than single-family residential	2004	$40.00 for the first 20,000 square feet of building area plus the sum of $10.00 for each additional 10,000 square feet of building area in excess of the first 20,000 square feet or multiple thereof	$75.00 for the first 20,000 square feet of building area plus the sum of $25.00 for each additional 10,000 square feet of building area in excess of the first 20,000 square feet or multiple thereof
Certificates of occupancy	Temporary Certificate of Occupancy for any zoning classification	N/A	N/A	$ 50
Zoning Verification/Administrative Interpretations		N/A	N/A	$ 50
Board of Adjustment	Variance for Residential	2004	$ 200	$ 300
Board of Adjustment	Variance for Non-Residential	2004	$ 300	$ 600
Board of Adjustment	Appeal	2004	$ 200	$ 250
Conditional Use		2004	$325 plus $15 per acre	$425 plus $25 per acre
Site Plan	Administrative Site Plans	2004	$ 125	$ 200
Site Plan	Site Plan	2004	$ 325	$425 plus $25 per acre
Historic District Comm.		2004	$ 250	
Rezoning		2004	$325 plus per acre fee	$425 plus per acre fee
Rezoning	R-7, R-8, R-10, R-15, and R-20	2004	$10 per acre	$25 per acre
Rezoning	RG-0, RG-1, RG-2, RG-3, RG-4, RG-5, RM-1, and RM-2	2004	$30 per acre	$50 per acre

Rezoning	C-1, C-1A, C-2, C-2A, C-3, CPO, RC and IO	2004	$50 per acre	$70 per acre
Rezoning	SC-1, SC-2 and SC-3	2004	$60 per acre	$75 per acre
Rezoning	M and IPM	2004	$60 per acre	$75 per acre

Planning Application Fees	$ 10,000
Zoning Verification Letter	$ 5,000
Public Occupancy Increase	$ 10,000
Certificates of Occupancy	$ 3,380
Mechanical	$ 23,450
Plumbing	$ 13,000
Rental Permits	$ 79,245
Sign Permits	$ 8,350
Itinerant Merchant Licenses	$ 2,000
	$ 154,425