SPECIAL COUNCIL MEETING
BUDGET REVIEW

A Special Council Meeting was held on May 20, 2014 at 6:30 p.m. with Council President Bonar presiding. Council members present were Mr. Anderson (arrived at 6:39 p.m.), Mr. Dixon, Mr. Lynn, Mr. Perza (arrived at 7:27 p.m.), and Mr. Hutchison. Mr. Slavin, Mrs. Williams, and Mr. Hare were absent.

Council staff members present were Mrs. Mitchell, Mr. Koenig, and Mrs. McDowell. Police Chief Bernat, Mrs. Townshend, Fire Chief Carey, and City Solicitor Rodriguez were absent.

AGENDA ADDITIONS/DELETIONS

Mr. Hutchison moved for approval of the agenda as presented, seconded by Mr. Lynn and unanimously carried.

INTRODUCTION AND PRESENTATION

Mr. Scott Koenig, City Manager, noted that members were provided the draft Fiscal Year 2014-2015 Operating Budget and Support Documentation. Referring to Page 4, he stated that the letter to City Council RE: 2014-2015 Proposed Budget provided an overview of the draft budget. He relayed his appreciation to all members of staff for their hard work and dedication in the preparation of the proposed spending plan for FY 2015.

Mr. Koenig stated that staff proposed to spend approximately $138M in FY 2015 for services, projects, and other products that the City provides to support its citizens, businesses, and visitors. He assured members that the draft budget complied with all City financial policies. Mr. Koenig reminded members that last year, staff had identified a multi-million dollar deficit ($7.5M) in the General Fund five (5) year financial forecast. Since then, there had been at least one (1) Budget Workshop and members were advised that this amount had grown to approximately $2.8M to $3M for FY 15. He explained that this gap was the result of several factors, including direction from Council for staff to include monies for the street program; begin to address the long-term liabilities, which had been done over the past year through contract negotiations; and include projects that were not initially included in the Capital Improvement Plan (CIP) last year with respect to police and fire communications and replacement of the 800MHz radio system. In addition, he stated that a request was submitted by the Fire Department to replace their breathing apparatus. Mr. Koenig advised members that all these items had been included in the CIP and, as a result, contributed to the fluctuation in the General Fund gap. He stated that the General Fund gap included in the draft budget was approximately $2.2M to $2.3M. The proposal to cover that gap equated to a $0.0722 increase in the property tax, approximately 21%, for FY 2015, which Mr. Koenig felt was a considerable increase; however, he stated that staff believed that this was necessary in order to continue and improve the level of service that the City's customers and citizens currently enjoy.

Mr. Koenig reiterated that there were a number of factors affecting the General Fund, including the CIP and employee expenses. In addition, in the Water/Wastewater Fund, staff was proposing a 45¢ per thousand gallon increase in the ground water surcharge to address inflow and infiltration (I & I). He explained that the purpose of this increase was to cover all expenses related to treatment of additional groundwater at the Kent County Wastewater Plant, and to help with the CIP, which was intended to address a reduction of I & I in the system over the long term. He indicated that I & I was

a system-wide problem for the City that would take continued effort to address since, from the moment pipe is installed in the ground, it is subject to outside forces, such as earth, vibration, moving of soil, etc., all of which begin the degradation process and aging of the pipe. Mr. Koenig indicated that the problem and must be continuously addressed through annual improvements, repairs, and replacements, not by spending a substantial amount of money over a few years. He stated that the City must address these long-term CIP burdens to maintain itsthe current level of service and to expand the system. Noting that there had been much discussion as to how the City could improve and promote economic development, he stated that without a strong, well-funded, able utility, the City would be at an economic disadvantage. Without the capacity to serve, there would be no economic development and the City would have more difficulty expanding the business base for the community; therefore, he stressed the importance of providing funding for these items.

Mr. Koenig indicated that the draft budget included pay increases in accordance with its collective bargaining agreements, including the Fraternal Order of Police (FOP), the International Brotherhood of Electric Workers (IBEW), and the Dover Organization of Employees (DOE). Pay increases were proposed for non-bargaining employees; however, he stated that no pay increases were included for members of the American Federation of State, County, and Municipal Employees (AFSCME), since there was no approved collective bargaining agreement with this bargaining unit. He advised members that this was communicated to the AFSCME negotiating team. Since the outcome was unknown, Mr. Koenig advised members that the budget would need to be amended if a financial package were ratified by this union and adopted by City Council.

Mr. Koenig stated that total number of full-time personnel would be increased to 348 positions, a net increase of one (1) position over the FY 2014 authorization, which he planned to review later in the meeting. The total personnel budget across all funds would be approximately $32.8M, including salaries, benefits, and Other Post-Employment Benefits (OPEB). He reminded members that the City is a service delivery corporation and was dependent upon various tasks being completed by the City's workforce.

Mr. Koenig assured members that specific attention had been paid to long-term forecasting with respect to all funds and that difficult decisions would be required to address structural problems related to future budgets. These decisions would include, but not be limited to, new revenue sources, increases in current revenue sources, further reductions in cost centers, revisions to capital plans, and the potential sale of assets. He advised members that the proposed $0.0722 increase would not erase the structural problem in the General Fund. He stated that it would be difficult to balance the budget moving forward; however, the $0.0722 increase would allow the City to attain the next level of funding and provide the level of services that people are accustomed to.

Mr. Koenig advised members that if staff's recommendations were approved as proposed, the FY 2015 Operating Budget would be balanced as required. In addition, he felt that the draft budget supported the City's vision statement, particularly the first sentence: *"The City of Dover is a place where people want to live!"*, whereby people want to live, work, and invite others to come to Dover and to do business in the City. Mr. Koenig felt that the City exports considerable money to the northern part of the State, the beaches to the south, and other areas. It was his hope that the City

could invest in the community in such a way that the money stays in Dover and that improvements could be made to the community, both at the residential and business levels, resulting in an enhancement of the City's vision statement for its future.

Mr. Koenig reviewed a Presentation - City of Dover Fiscal Year 2015 Proposed Budget, Highlights of the Overall Budget ***(Exhibit #1)*** and advised members that, in preparing the draft budget, staff's guidance began with policy compliance. Referring to Page 2, Policy Compliance - Revenue Policy, he stated that staff would project current revenues on a conservative basis so the actual revenues would consistently meet or exceed budgeted revenues. Revenues greater or less than the original budget would flow through to the audited Ending Budget Balance.

Regarding the Expenditure Policy, Mr. Koenig stated that the City would adopt a balanced budget, by fund, for all funds maintained by the City, in which total anticipated revenues must equal or exceed the budgeted expenditures to budgeted amounts. The Budget Balance Policy for the General Fund required a minimum budget balance of at least 8% and no greater than 12% of the current year operating revenues for the General Fund. For the Water/Wastewater Fund, a minimum budget balance of at least 8% and no greater than 17% was required, and for the Electric Fund, a minimum budget balance of at least 8% and no greater than 12% was required. All of these budget balances excluded the carry forward balance.

Mr. Koenig reminded members that there had been pressure from the Government Finance Officers Association (GFOA) for the City to increase the minimum budget balances. Although the City had set a minimum budget balance of 8% for all funds, he stated that the GFOA would prefer a 12% to 16% range, which would equate to two (2) months of operating expenses. He noted that the draft budget provided a surplus in the General Fund in the amount of $63,400, equating to an 8.8% budget balance. For the Water Utility, he stated that there was a surplus in the amount of $348,100, equating to an 18.3% budget balance, which slightly exceeded the policy requirement for a maximum of 17%. For the Wastewater Utility, there was a surplus in the amount of $447,200, equating to a 5.6% budget balance. The Water/Wastewater Fund would provide a surplus in the amount of $795,300, equating to a 10.4% budget balance, and the Electric Fund would provide a surplus in the amount of $20,400, equating to an 11.5% budget balance.

Referring to the 18.3% budget balance for the Water Utility, Mr. Lynn questioned the ramifications of not being in compliance with the Budget Balance Policy (requires a maximum of 17%) on a broader scale, such as the effect on bond ratings, etc. Responding, Mrs. Mitchell stated that there would be no effect on the City's bond ratings. She explained that the Water Utility was combined with the Wastewater Utility, which had a 5.6% budget balance, resulting in a combined budget balance of 10.4% for the Water/Wastewater Fund, which is below the 17% maximum requirement. She assured members that there would be no negative effects on the City.

In response to Council President Bonar, Mrs. Mitchell confirmed that the City was moving toward operating the water and wastewater systems more like regulated utilities and for the Wastewater Utility to be independent of the Water Utility and vice versa. Since regulated utilities cover their own expenses, she felt that the City's goal to have each utility independent, rather than subsidizing each other, would be moving toward this goal.

With regard to the maximum budget balance requirement, Mr. Koenig advised members that although there was no penalty for exceeding the policy maximum requirement, there would be a penalty if the minimum requirement were not met.

Mr. Koenig reviewed the proposed Revenue Changes (Page 4) and noted that the proposed tax increase of $0.0722 (or 21%) would result in the current tax rate of 33.78¢ being increased to 41¢.

Noting the various proposed revenue increases in the Water/Wastewater Fund, Council President Bonar questioned the effect that these increases would have on the average residential water user. Responding, Mr. Koenig stated that the average residential customer uses 7,000 gallons of water each month. He stated that if the I & I charge were applied at 45¢ (multiplied by 7,000), there would be a cost of $3.15, and by adding the $1.25 customer charge for water and the $1.25 customer charge for sewer, the average customer would be charged an additional $5.65, which would equate to an 8.6% increase for a combined water and sewer bill, based on 7,000 gallons.

Mr. Koenig reviewed the budgetary factors that would be Applicable to All Funds (Page 5), including increases in pay raises and personnel costs. He noted that staff was proposing a total of 348 full-time positions, which included three (3) additional positions. The budget included six (6) months of funding for a Water Treatment Plant Operator; eight (8) months for an Environmental Scientist, to address Municipal Separate Storm Sewer System (MS4) permit issues; and ten (10) months for an Assistant City Manager. He advised members that the draft budget included the deactivation of the in-house Construction Division, which was created approximately 20 years ago to perform light-to-medium construction in order to avoid design fees, etc. Mr. Koenig stated that, unfortunately, the City could no longer modify the water system and, since plans must be presented to the Office of Drinking Water, design work was now required. In addition, he stated that the original equipment purchased for this Division would have required replacement, which would necessitate a substantial amount of funding. Mr. Koenig stated that this Division contained five (5) positions and two (2) of them were vacant, including an equipment operator and a utility construction worker, and the draft budget proposed to eliminate both vacant slots. The other three (3) positions would be returned to the maintenance operations division of the Water/Wastewater Utility, where these positions originated.

Referring to the addition of eight (8) casual/seasonal positions in the budget, Mr. Koenig stated that this was related to changes made to eliminate Playground Leader II positions and replace them with Playground Leader I positions. The total dollar value associated with these positions had either remained the same or was reduced and, although eight (8) full-time positions were being added, there would be no additional cost to the City.

Mr. Koenig reiterated that the draft budget proposed 348 full-time positions at a cost of approximately $32.8M. In reality, he explained that the City's personnel costs, after adjusting for pension accounting changes, had only increased by $16,000, including all the union contracts and proposed pay raises.

Mr. Koenig noted that the decrease in medical premiums, in the amount of $115,300, was due to changes in coverage made by employees, explaining that when there was no charge to employees for their healthcare coverage, employees selected the highest option available, which cost the City an enormous amount of money. Now that there was cost sharing, he stated that there was more interest in selecting alternative coverage plans, which had provided a savings to the City.

Mr. Koenig reviewed the major contributing factors to the revenue and expenses for the General Fund (Page 6), as well as the details regarding Property Taxes (Page 7), including the projected property tax receipts. He noted that members were provided a Computation of the Legal Debt Margin - General Obligation Bonds (Page 8), and that Mrs. Mitchell had confirmed that the City was in compliance with the margins resulting in the B+ to A- rating. He explained that the City Charter/Code required this information to be included in the City's budget.

Mr. Koenig reviewed the major contributing factors to the revenue and expenses for the Water/Wastewater Fund (Page 9) as proposed in the draft budget. He explained that the difference between the revenues related to water and wastewater customer charges was because some customers have City water but are not part of the City's wastewater system and are County sewer customers. He also reviewed the details regarding the Inflow/Infiltration Capital Maintenance Program (Page 10). As previously mentioned, he stated that the average customer uses 7,000 gallons of water and, with the proposed increases, the average customer's water/wastewater bill would increase from $65.78 to $71.43, which would be a $5.65 increase (8.6%). He reiterated that the increase was necessary to address the CIP and overall utility.

Mr. Koenig reviewed the major contributing factors to the revenue and expenses for the Electric Fund (Page 11). Referring to the $4M reduction in the transfer from the Rate Stabilization Reserve, Mrs. Mitchell explained that there was $4M in the FY 2014 budget and that next year's budget included no transfer, which resulted in a reduction.

Mr. Koenig referred to Page 19 of the draft budget, Rate and Fee Trends, and explained that the purpose of this information was to provide members an overview. He noted that since FY 2006, there had been two (2) property tax increases, both of which were related to property revaluations. He advised members that the proposed increases included in the draft budget were noted in red font. In regard to residential electric rates, he advised members that the City's rates ranked either the second or third lowest in the State, noting that the Delaware Electric Cooperative's rate was currently the lowest. He stated that an approximate 7% rate increase was planned for the Cooperative and, as a result, the City's ranking may improve in this regard.

SUMMARIES OF FUND REVENUE AND EXPENSES

Beginning on Page 20 of the draft budget, Mr. Koenig reviewed the Fund Summaries & Reserve Accounts. He reminded members that the 2014/2015 Preliminary Budget was presented and discussed in March 2014. Referring to the General Fund Cash Receipt Summary (Page 22), he stated that the increase in cash receipts for the General Fund, from a preliminary amount of $39,987,000 to the proposed $42,540,700, included the proposed property tax increase. He noted that there was a $2,634,500 deficit in balancing the General Fund (Page 23) and, as a result of the proposed property tax increase, there would be a positive balance of $324,900 in the General Fund. Referring to Page 28, Governmental Capital Projects Fund Summary, he stated that in March, there

was an expected expenditure in the amount of $2,617,100 for capital projects, and the draft budget proposed an amount of $6,121,700, which was mostly related to expenditures identified in the contracts issued relative to the Garrison Oak Technical Park.

In reference to the Water/Wastewater Fund Summary (Page 29), Mr. Koenig stated that for the Wastewater Fund, the preliminary budget included an estimated $2,854,300 deficit and, with the changes proposed, there was now a positive balance in the proposed budget in the amount of $350,100. He stated that the preliminary budget for the Water/Wastewater Improvement and Extension Fund Summary (Page 30) was $6,941,900 and the proposed amount was $6,421,800, mostly due to the proposal to deactivate the Construction Division and the elimination of the construction purchases that would otherwise have been necessary.

Mr. Koenig stated that the preliminary budget for the Electric Revenue Fund Summary (Page 35) included an estimated $90,382,800 budget balance and expenses and that the proposed amount was $89,560,100. This the reduction was mostly attributed to staff's review of the budget and changes to various line items. Referring to the Electric Improvement and Extension Fund Summary (Page 39), he stated that the preliminary budget included an estimated $9,612,200 budget balance and expenses and that the proposed amount was $8,387,000.

PERSONNEL INFORMATION

Mr. Koenig began the review of Personnel Information relative to the FY 2015 Proposed Budget (Page 54). As previously mentioned, he stated that the draft budget provided for a total of 348 full-time positions, which included three (3) additional positions: 1) Water Treatment Plant Operator; 2) Environmental Scientist; and 3) Assistant City Manager. He stated that the draft budget included an overtime comparison from FY 2012 through FY 2015 for informational purposes.

By unanimous consent, the meeting recessed at 7:42 p.m. and reconvened at 7:51 p.m.

Prior to the recess, Mr. Anderson had questioned the length of time since non-union employees had received a salary increase and how this compared to what union employees would receive next year. Responding, Mr. Koenig stated that the salary increase proposed in FY 2015 for non-bargaining employees was 3%, excluding department heads, for whom staff had proposed a 2% increase and a $1,250 bonus. Looking back at FY 2014, he stated that on July 1, 2013, non-bargaining employees received an increase of 3% of their salary from the prior year (excluding promotions that occurred during the middle of the year, which resulted in some receiving 2.6% or 2.7%). For FY 2012 and FY 2013, there were no salary increases provided to the non-bargaining employees. Mr. Koenig stated that in FY 2011, when the City utilized the Pay for Performance (PFP) system, salary increases ranged from 2.5% to 4%. In FY 2010, he indicated that there was an approximate 3.5% increase in the baseline salary, explaining that nine (9) furlough days were deducted from salaries. In FY 2009, the salary increases ranged from 3.5% to 4% for non-bargaining employees under the PFP plan.

In general, Mr. Koenig stated that all employees, including non-bargaining and union employees, had no salary increases for two (2) years, noting that non-bargaining employees were the first to not receive salary increases. He explained that for FY 2013 and FY 2014, there were no salary increases for the FOP, DOE, or IBEW union employees; however, these contracts had been negotiated and salary increases would become effective in next year's budget.

REVENUE REVIEW

Mr. Koenig stated that he would like to defer this discussion and move forward to present the Division Budget Reviews.

DIVISION BUDGET REVIEWS

Beginning on Page 196 of the draft budget, Mr. Koenig reviewed the Division Budgets for the General Fund. He reminded members that were substantial increases in personnel costs, due to the inclusion of the pension and OPEB costs, which were previously a fund expense and had now been included in the division budgets, since this would be a more accurate accounting of the personnel burdens.

Referring to the Police Budget (Page 213), Mr. Perza questioned what was purchased in FY 2011, FY 2012, and FY 2013 in the way of vehicles, motorcycles, and radios. Responding, Mr. Koenig stated that no radios were purchased. Mrs. Mitchell stated that typically, vehicles are replaced every four (4) to five (5) years, explaining that there is a replacement schedule based upon the condition of the vehicle. Usually a total of 12 vehicles is budgeted for replacement; however, she noted that in the past few years, this number had decreased. She advised members that in the five (5) year CIP, nine (9) Police Department vehicles were planned for replacement FY 2015. She felt that the reduction of two (2) vehicles was probably due to the condition assessment. Mr. Koenig explained that a continuous vehicle replacement schedule is important for budgetary purposes in order to avoid large spikes in the CIP in future years.

In response to Council President Bonar, Mrs. Mitchell confirmed that the vehicles are purchased through the State's contract.

Mr. Koenig reviewed the Division Budgets for the Water/Wastewater Fund, beginning on Page 279 of the draft budget, as well as the Division Budgets for the Electric Fund, beginning on Page 293.

Responding to Mr. Lynn, Mr. Koenig stated that a face-to-face interview with a candidate for the Electric Director position was conducted during the previous week and another telephone interview was scheduled with a second candidate. Once these interviews were completed, he anticipated an offer to be made. He stated that the two (2) candidates currently being considered came through the City's advertisement and were not found through a "headhunter"; therefore, if one (1) of these candidates were selected, there would be no recruitment fee.

REVENUE REVIEW

Mr. Koenig reminded members that during the Council Workshop held on March 31, 2014, there was discussion in regard to increasing to several Planning and Inspection fees that would provide an estimated $154,425 of additional revenue. He noted that during the Legislative, Finance, and Administration Committee meeting of May 12, 2014, members reviewed a schedule of the Planning and Inspections fees and permits. During that meeting, members recommended deferring consideration of the proposed fee increases to allow staff to contact the Chamber of Commerce and schedule a public hearing. This recommendation was approved by City Council during their meeting held on May 27, 2014. Mr. Koenig advised members that these fee increases had not been included in the draft budget since Council had not taken action or provided staff direction to do so.

Responding to Council President Bonar, Mrs. Ann Marie Townshend, Director of Planning and Community Development, stated that information regarding the proposed fee increases had been shared with the business community and that, to date, there had been no response, other than some discussion of increasing the itinerant merchant license fee, from the amount that was proposed. She noted that these licenses are issued to those who reside outside of City limits.

Mr. Perza noted that, according to the schedule, some fees had been in place since 1993 or 1994 and the most recent fee adjustments were in 2004; therefore, it had been a decade or longer since there had been a fee increase. He questioned if the costs of the Planning and Inspections Department had grown faster than the fees. Responding, Mrs. Townshend confirmed that the costs of running the Department had increased, although fees had not. She stated that the purpose of the proposed fee increases was to allow for the rates to become current and for cost recovery. For instance, she noted that public occupancy permits had not been adjusted since 1993 and that each year, the Fire Marshal's Office inspects all locations with such a permit. As a result, the $25 fee barely covered the cost to process the paperwork, much less to conduct the actual inspection. Referring to the planning fees, she explained that staff realized that these fees would never cover the costs of the Planning Office staff for planning applications; however, staff felt it was important to move the fee closer to cost recovery so that the costs would not be absorbed by the general taxpayer. Mrs. Townshend explained that in previous years, the City traditionally kept planning application fees low since it was understood that many costs would be recovered through the building permit; however, with the recent slow economy, staff had spent a lot of time on applications that expired, for which building permits were never issued.

QUESTIONS, ANSWERS, AND OPEN DISCUSSION

On behalf of Mr. Hare, Council President Bonar requested that staff prepare a response regarding the impact of moving $2M from the Electric Revenue Fund to help balance the budget, if it would satisfy the City's temporary need for a property tax increase, and the overall effect it would have, both pro and con.

In closing, Mr. Koenig stated that the budget process began before December with the initial departmental submissions and that departments were given strict instructions to keep expenses at current levels or justify in detail any increase in expenses. After conducting a review of the initial budget requests, he stated that the budget team tried to reduce expenses wherever possible. Several weeks ago, the team requested each department to consider, review, and propose a 2% across the board reduction. Since some of these reductions affected the City's services, they were not accepted as part of the draft budget. Therefore, he explained that the budget team felt that they had provided a budget that had no further possible reduction of expenses without affecting City services. Mr. Koenig assured members that the spending plan for FY 2015 addressed the current levels of service, while setting the City up to continue to improve its infrastructure. He noted that a huge part of the City's spending plan was to support its workforce and that many of the employees felt as if he had been attacking them through contract negotiations, explaining that they had to give benefits up and questioned why they were having to balance the budget in this way. He felt that staff, during the past few years, had attempted to address employees' concerns and promote an understanding that there is a cost to doing business. The current union contracts had allowed for the employees to be poised to focus on their work.

Mr. Koenig explained his understanding that the City works in three (3) dimensions, whereby it is necessary to spend money on current expenses; plan for the future; and work with the City's workforce cooperatively and with integrity, acknowledging that there are emotions involved in doing so. He felt that the City's employees realized that these had been difficult times. He reiterated that the revenues included in the draft budget were conservative and must be in order to meet the projected revenues, and that the expenditures were reasonable and not elaborate. Although Mr. Koenig expected that there would be debate regarding the issue of transferring funds from the Electric Fund, he reminded members that a very difficult discussion had been held with the Governor's Office, and several meetings were held between the Governor's representatives and the City's budget team regarding how the municipal Electric Fund helped to fund City operations. There was a lengthy discussion about how municipal electric rates were preventing businesses locating in the State. He stated that the City's argument had been that the City's business goes beyond just electric and includes security, water, and general government businesses.

Mr. Koenig stated that the City's budget is driven by the City's residential and business growth, and as the assessed value expands, it becomes easier for the City to meet the demands of the service levels and the cost of employees and capital projects. When revenues begin to contract, as had occurred with the transfer tax, he stated that it is necessary to consider alternatives. Although he realized that there would be pressure from businesses, since the draft budget included a substantial tax increase, it would be necessary to position the City to not only cover the current budget gap but also to lay the foundation for the five (5) year forecast (which would be discussed during the budget review session scheduled for the subsequent evening). He felt that staff had done an excellent job of putting together a spending package for Council's review and comment.

Responding to Mr. Hutchison, Mr. Koenig stated that, in reviewing the City's five (5) year forecast, unfortunately, there was no guarantee that there would not be another request for a tax increase in the near future. He felt that if the proposed tax increase were approved, it would be necessary for the City to make that work for a certain time frame. He noted that the City's horizon for the next five (5) years did not look good, explaining that there was a gap in the amount of $2M in the fifth year of the five (5) year forecast. He stated that the question was whether the tax increase would stabilize the General Fund and how the City would begin to adjust for this gap. Referring to the Revenues, Expenditures & Fund Balance spreadsheet on Page 66 of the draft budget, Mr. Koenig stated that the last line (orange highlight) listed the additional funds needed, which was a cumulative number. He noted that FY 2014 and FY 2015 reflected a surplus in the budget balance; however, in FY 2016, there would be a deficit of $592,700; in FY 2017, a deficit of $1,706,700; in FY 2018, a deficit of $3,280,100; and in FY 2019, a deficit of $5,413,700.

Mrs. Mitchell advised members that there would be further discussion regarding the ending fund balances during the subsequent budget session, explaining that these amounts were predicated on assumptions that staff would be reviewing in detail. She stated that these assumptions may or may not occur and requested that any further discussion be delayed until this review had occurred.

In response to Mr. Anderson, Mrs. Mitchell explained that the pension increase is an accounting change that was included in last year's budget as a fund expense and had been moved to a division expense. She assured members that there had been no increase in these amounts and that she would be providing members a spreadsheet depicting the numbers before and after the accounting change, which would be presented to members during the next session.

Referring to previous concerns of Mr. Hutchison, Mr. Koenig advised members that the $0.0722 tax increase would provide the City with a positive ending fund balance for FY 2015. Referring to the deficit in the amount of $592,700 for FY 2016 reflected on Page 66, he felt confident that adjustments could be made to address this; however, when the deficit gap increases to $1,706,700 and $3,280,100, he stated that it would become difficult to make adjustments without getting into service issues. He stated that there would be discussion regarding the financial forecast during tomorrow's session and that this issue could be further explained.

Council President Bonar stated that he considered the City to be a 35,000 member family and that if everyone, including City Council, staff, residents, businesses, etc., works together, a solution to the City's financial problems would be developed that would last for several years. He expressed the importance of members taking action to ensure that the City is financially sound, not only for next year but for the next several years.

By unanimous consent, the meeting recessed at 8:45 p.m., to be reconvened at 6:00 p.m. on May 21, 2014.

WEDNESDAY, MAY 21, 2014 - 6:00 p.m. - 9:00 p.m.

The Special Council Meeting reconvened on Wednesday, May 21, 2014 at 6:00 p.m. with Council President Bonar presiding. Council members present were Mr. Anderson (arrived at 6:08 p.m.) Mr. Dixon, Mr. Lynn (arrived at 6:23 p.m.), Mr. Perza (arrived at 6:09 p.m.), and Mr. Hutchison. Mr. Slavin, Mrs. Williams, and Mr. Hare were absent.

Council staff members present were Mr. Koenig, Mrs. Mitchell, and Mrs. McDowell. Chief Bernat, Mrs. Townshend, Chief Carey, and Mr. Rodriguez were absent.

MISCELLANEOUS INFORMATION

Members were provided with additional documents, as follows: 1) All Funds - Breakdown of Increases for Non-Bargaining Unit ***(Exhibit #2)***; 2) Summary of Wage increases Recently Issued Non-Bargaining, FOP, IUE/DOE, and IBEW Employees ***(Exhibit #3)***; 3) Non-Bargaining Employee raises since Fiscal Year 2011 ***(Exhibit #4)***; 4)Alternative Budget Proposal - Power Cost Adjustment (PCA) Credit 3.1% to Offset the Impact of Tax Rate and Sewer Rate Increase ***(Exhibit #5)***; 5) Analysis of 2% Reduction of Departmental Expenses Submitted Vs. Used ***(Exhibit #6)***; 6) General Fund Budget with Pension Unfunded Liability within Department Expenses vs. Fund Expense ***(Exhibit #7)***; and 7) General Fund Revenue Summary ***(Exhibit #8)***.

Mr. Scott Koenig, City Manager, explained that the All Funds - Breakdown of Increases for Non-Bargaining Unit (Exhibit #2) reflected the total budgetary impact of the proposed 3% increase to non-bargaining employees, except for department heads who would receive a 2% increase plus a bonus. He advised members that the cost of this proposal, including fringes, would be $81,750. In reference to the Summary of Wage increases Recently Issued Non-Bargaining, FOP, IUE/DOE, and IBEW Employees (Exhibit #3), Mr. Koenig advised members that this document provided a summary of wage increases that had recently been issued to various employee groups and reminded members that the City did not have a signed contract with the American Federation of State, County,

and Municipal Employees (AFSCME); therefore these employees (approximately 40) were not included in this summary, noting that in the past AFSCME employees were included with non-bargaining employees. In reference to the Non-Bargaining Employee Raises since Fiscal Year 2011 (Exhibit #4), Mr. Koenig advised members that this document listed information regarding the 34 non-bargaining employees, ranging from the City Manager to Administrative Assistants, who were labeled as confidential and were ineligible to be included in the bargaining unit. He noted that some proposals for promotions were included in this group.

REVIEW OF CAPITAL INVESTMENT PLAN (CIP)

Referring to the FY 2015 Draft Capital Investment Plan FY 15 thru FY 19 on Page 105 of the draft budget, Mr. Koenig reviewed a summary of the Capital Investment Plan (CIP) for the General Fund by Department. He indicated that a contribution to the Robbins Hose Company was listed in the CIP as debt that the City pays on fire trucks. For FY 15, approximately $146,000 was budgeted for the Parks and Recreation Capital Plan, including approximately $80,000 which was allocated as a placeholder for the demolition of the Dover Park Recreation Center. Mr. Koenig noted that approximately $3.952M was allocated for Public Works - Streets. He explained that in previous years amounts ranging from $100,000 to $500,000 had been budgeted for the Street, Concrete, and Alley Program; however, noting that Councilmen Slavin and Lynn had advocated returning to improving the infrastructure, Mr. Koenig stated that it was proposed to spend approximately $1M per year for street maintenance in the five (5) year plan. The Street Program and the Concrete Program had been combined into one (1) program, with the intent to issue a street contract and a concrete contract that would equate to $1M in improvements in FY 15 for existing roads within the City.

In reference to Stormwater Utility Planning, Mr. Koenig explained that it was planned to apply for a grant through the Department of Natural Resources and Environmental Control (DNREC) to perform a related feasibility study. He reminded members that the City is non-compliant with the Municipal Separate Storm Sewer System (MS4) permit and that this feasibility study would provide a template for the City to create a stormwater utility so that a revenue stream could be developed to improve the City's stormwater management systems, reduce flooding, and potentially manage some components of the MS4 program. In addition, $150,000 was included to issue a design and feasibility study of Public Works Site 2 (PW2) PW2 as well as the tar ditch, with the hope that the State would provide 50% funding. It was hoped that, over the long term, this site could be abandoned, its features (except for the well) could be demolished, and it could potentially be redeveloped as part of the Capital Trail System and/or a park along the riverfront. Mr. Koenig explained that there were related concerns with flooding at Bayhealth Hospital and old infrastructure in this area which occasionally floods when the river gets too high. Mr. Koenig advised members that an inspection of the Silver Lake Dam is required by the City's insurance company and a mitigation plan must be developed because the Silver Lake Dam is considered a high-risk dam by the U. S. Army Corps of Engineers.

Mr. Koenig stated that spending for the components of the General Fund Capital Plan for FY 15 was estimated at approximately $4.33M.

Mr. Hutchison inquired whether the work associated with the $1M per year being set aside for the Street Program for the next five (5) years would be performed in-house or outsourced. Responding, Mr. Koenig explained that staff has a pavement condition indicator list that ranks all road segments owned by the City. Contracts are developed in-house by the engineering inspectors, who survey the streets, identify concrete that needs replacement, and estimate the cost of pavement milling and resurfacing. A program is then put together, based on estimates from the previous year, that is expected to cost $1M, it is bid out, and a third-party contractor is hired. The City has a standard contract in place for the Street Program that is modified from year to year.

Noting that the Splash Pad/Skate Park projects had been moved out to FY 19, Mr. Anderson inquired if staff was awaiting the results of the Recreation Needs Assessment to determine where these projects would be placed, and this was confirmed by Mr. Koenig. He explained that as the Needs Assessment identifies where the City should place its financial resources, staff would reserve the right to reposition projects in the five (5) year plan.

Mr. Dixon expressed his concern regarding the Dover Park Improvement Program. He reminded members that a study had been requested to determine the needs of all the parks; however, $190,000 had been designated in FY 16 for Schutte Park, while the City was still trying to determine what would be done with the $80,000 set aside for FY 15. Responding, Mr. Koenig noted that no improvements had been identified to couple with that $80,000 and it was intended that the Recreation Needs Assessment would address how these funds would be invested. He noted that this $80,000 placeholder was included based on the motions that were brought forward by Council in the FY 14 budget.

Mr. Bonar questioned the status of concerns expressed by constituents in District 3, including a family that lives behind Luther Towers and a gentleman with a drainage issue on North Governors Avenue extended at the corner of Walker Road. He noted that water was running into this resident's garage and he had offered to give the City land if a connection could be made to the drain. In regard to the concern near Luther Towers, Mr. Koenig stated that a design contract was underway and a meeting was scheduled with the engineers during the current week to discuss the status. It was expected that, as long as the improvements that come out of the design work were within the right-of-way, the State legislators would fund this project, just as they funded the design of potential improvements. In reference to the problem on North Governors Avenue, Mr. Koenig explained that staff had looked into this issue and there was no simple way to address it. His personal feeling was that the intrusion that the City would make on the resident's property to remedy this problem would be more of a disadvantage to the resident than the water. Mr. Koenig was unsure if this had been communicated to the property owner and indicated that he would follow up on this.

Mr. Bonar stated that several members of Council were very concerned with the Dover Park facility and the City's ability to serve the children in this area. He expressed his desire to explore all possibilities to get a new building in the Park in the next year, including the possibility of a public/private partnership. In response, Mr. Koenig stated that staff was open to the ideas that would be brought forth by the community in response to the Recreation Needs Assessment.

Mr. Bonar indicated that former Councilwoman Sophia Russell had wanted a splash pad very badly over the last several years and he was concerned "that her grandchildren would not be around" to see this project completed. Responding, Mr. Koenig stated that the City must determine the best location for it: Silver Lake Park, Schutte Park, etc., noting that there were pros and cons to each location. A water source and a drain source must be available, it must be located where it would be used, and the long-term population in different parts of the City must be gauged.

In response to Mr. Anderson regarding the future location of the Simon Circle Boys and Girls Club, Mr. Koenig expressed his understanding that the new Kent County Recreation Center would be a combined facility with the Boys and Girls Club. He indicated that Boys and Girls Club will not completely leave Simon Circle until the new facility is built and, from discussions with the Boys and Girls Club, it was his understanding that vans would be available to transport children to the new facility. To his knowledge, the current building would continue to be used as a community center for the Dover Housing Authority (DHA) and would be available for programming through the DHA.

Mr. Anderson questioned the reason for the $1M allocation for the Street, Concrete, and Alley Program and whether this amount was related to a "cost break." Responding, Mr. Koenig stated that in 2005 an assessment was done and it was believed at that time that the City should be spending at least $1.5M, in 2005 dollars, on the road system. $1M was designated because it was desired for the City to "attain seven (7) figures" on its funding of streets. Traditionally, the City had been able to couple its money with funds from area legislators through the Community Transportation Fund (CTF) and it was hoped that City funds could be matched one (1) to one (1) with these funds; however, the match was $0.50 to each City $1.00; therefore, the total for the street program would be closer to $1.5M. Mr. Koenig stated that $1M was selected in order to equalize the budget. In years past, it was determined that the City needed to spend approximately $1M in pipe replacement on the water system to address Inflow and Infiltration (I & I), and the road system was tagged at the same dollar amount.

Mr. Koenig reviewed the portion of the CIP associated with the Water and Wastewater Fund (Page 118).

In regard to future well installation, Mr. Anderson inquired how many wells $1.2M would purchase. Responding, Mr. Koenig stated that the City was abandoning a well at the old PW2 site and a new well was drilled at Schutte Park. He advised members that the Piney Point well was estimated to produce approximately 625 to 650 gallons per minute and the City was paying just under $1M to have this facility designed, constructed, and ready to place in operation, including all contact chambers, chemical injection equipment, a Supervisory Control and Data Acquisition (SCADA) system, and a back-up generator for power outages. In discussions with the State regarding the City's water allocation permits, the State had indicated that they would like the City to consider a Frederica aquifer, which would be deeper than the Piney Point well and likely more costly. Mr. Koenig stated that there are many unknowns when searching for water; however, the best estimate to dig a future well was approximately $1.2 - $1.3M. Mr. Koenig stated that "the City must stay on the front of the curve," noting that Calpine is a big user and the second block of Calpine cannot be built unless additional water resources are developed. He stated that the City must search

for more water to allow for continued growth in the manufacturing industry and that this is the groundwork for the future of the water utility.

Responding to Mr. Lynn regarding the time frame for the Lakeview Drive Pump Station Replacement project, Mr. Koenig stated his belief that the City would be ready to bid this project in the Fall of 2014 and, if the project came in on budget, the contract would be awarded and construction would begin in late 2014 and be completed in FY 2015.

Mr. Koenig reviewed the portion of the CIP related to the Electric Fund (Page 144). In reviwing the Electric Engineering projects, he noted there would be a number of improvements in the Towne Point subdivision over the five (5) year horizon, including replacement/repair of the Sanitary Sewer System, replacement of the electric system (in some cases dropping lines underground), water service replacement, and then paving of roads after these projects were completed. Mr. Koenig explained that this subdivision was constructed in the late 1960s and its infrastructure had come to the end of its service life and was being replaced.

In regard to Electric Transmission and Distribution (T&D) projects - New Developments - Mr. Koenig explained that approximately $600,000 was proposed in FY 15 for new developments including Chestnut Grove, Jefferson Terrace, Garrison Oak, and the Uzin Utz manufacturing facility. He stated that in some cases customers would pay for a portion of the electric upgrade; however, the City would front the cost for portions of these developments because of other demands in the system. He explained that these projects would address the growth component of the system to service electric customers.

In regard to Capital Plan projects related to the Power Plant, Mr. Koenig noted that improvements were needed for Units 1 and 2 to keep them operational and that the City had bid these units into the market until Power Year 2018; therefore, minor maintenance must be performed. The City wished to avoid large costs; however, still had some obligations because the units must be able to run at the expected loads if called upon. It was proposed to spend approximately $2.2M in power generation needs for the system.

Mr. Hutchison inquired if many of the projects described would be outsourced. Responding, Mr. Koenig stated that there would be a combination of City and private contractor work. He stated that the costs for electric engineering and transmission and distribution (T & D) projects would be mostly material costs since these projects would be done by staff. Power plant projects would be done through third-party contracting through NAES or a subcontractor/contractor hired by NAES.

Referring to Page 182, Mr. Koenig reviewed the proposed Vehicle & Equipment Replacements, indicating that it was proposed to replace the Emergency Management Coordination vehicle at a cost of $32,800. He explained that this 1998 Ford Explorer was in definite need of replacement as it had failed almost every review. Mr. Koenig noted that two (2) components were proposed for purchase under Fire/Robbins Hose, including radios and Self-Contained Breathing Apparatus (SCBA). He stated that the purchase of seven (7) cars and two (2) motorcycles was proposed for the Police Department, in addition to radio replacement; therefore, total capital spending for the Police Department would be approximately $542,500. Two (2) vehicles were proposed for replacement

in the Grounds Department, including a utility dump and utility crew cab with a dump. In Sanitation, one (1) automated trash truck was proposed for replacement at a cost of $256,500. Mr. Koenig noted that it was important to keep this fleet fresh because it is heavily used, in high demand, and has high impact.

Mr. Perza noted questioned whether the the radios for the Fire Department would be compatible with those being used in the 911 system if the City's dispatch operations merged with the Kent County 911 Center in the future. Responding, Mr. Koenig stated that these 800 MHz radios conform to a State-wide protocol and would work regardless of location.

Mr. Koenig noted that it was proposed to replace a utility truck in the Streets Department for $32,400 and that a 1992 international leaf truck was also tagged for replacement at a cost of approximately $146,500. This would be a single-use piece of equipment that would run eight (8) to 14 hours per day during leaf season and would be parked during other seasons.

Mr. Koenig explained that the grand total proposed for vehicle spending for FY 15 under the General Fund would be approximately $1.667M. Referring to Page 186, he noted that additional vehicle purchases were proposed under the Water/Wastewater Fund, including a dump truck (50% charged to water and 50% to sewer), a 2003 jet truck at a cost of $210,400, and a utility truck at the Water Treatment Plant. Mr. Koenig noted that it was intended to transfer the old jet truck to the General Fund in the Streets Program and use it to clean the storm sewer system, which would allow the City to take an additional step toward compliance with its MS4 permit. The proposed total for vehicle purchases for the Water/Wastewater Department in FY 15 would be $382,300.

Referring to Page 189, Mr. Koenig noted that purchases proposed in the Electric Department including battery replacements, an Explorer replacement, and a Dodge Ram replacement. Total vehicle and equipment purchases for the Electric Department in FY 15 would total $86,100.

Mr. Lynn questioned if the cost would be the same for the Ford Explorer proposed under the City Manager's budget and the Ford Explorer proposed under the Electric budget. Responding, Mr. Koenig explained that the baseline vehicle was the same price; however, the Emergency Management vehicle must have light bars and special mounting for an 800 MHZ radio, and this resulted in a $4,000 disparity. He stated that Ford Explorers were proposed because these vehicles were available through the State contract.

By unanimous consent, the meeting recessed at 6:47 p.m. and reconvened at 6:59 p.m.

FINANCIAL FORECAST BY FUND

General Fund

Mrs. Donna Mitchell, Controller/Treasurer, reviewed the City of Dover General Fund Financial Projections - 2015-2019 in the draft budget (Page 61). In reference to Page 62, Key Assumptions - Transfers In Other (Funds), she explained that State Code does not allow certain funds to be co-mingled; therefore, a separate fund had been set up for these funds; however, 100% of these revenues are transferred to the General Fund. These transfers must be justified and forms must be completed to do so. She explained, for example, that transfers from the Red Light Program fall into this category.

Mrs. Mitchell noted that some of the key assumptions for the 2015 - 2019 projections included the phase-in of $50,000 annual increase in both Water and Wastewater transfers each year through 2020, and a recommendation for a change in the City's Financial Policy before FY 16, noting that these transfers would not meet current City policy starting in FY 16.

Referring to Page 64 - Revenue Assumptions, Mrs. Mitchell advised members that revenues were not keeping pace with expenditures; however, revenue assumptions were conservative. A -0.3% property tax increase in revenue was projected for FY 14, a 20.6% increase in FY 15 (with a tax rate increase), and a 1.0% increase was projected in the out years. She noted that revenues predicted for Licenses and Permits (Line 03) were 2.0% for the out years because the City was beginning to see growth.

In regard to Page 65 - Expenditure Assumptions, Mrs. Mitchell informed members that an increase for Salaries and Wages for FY 15 was projected at 0.5%. She indicated that this smaller wage increase was partially due to attrition, noting that new employees had been hired at lower wage rates and some positions had been moved. Increases were projected at 2.5% for the out years because most of the labor contracts included 3% raises and it was believed that 2.5% would allow for some attrition. Mrs. Mitchell indicated that Retiree Health Care was projected to increase by 6% each year. She explained that Lump Sum Pension had been removed in Line 06 due to changes in pension accounting and these costs were now included in the departmental expenses, rather than in a fund expense, and were listed in Line 07 - Pension. Pension and OPEB expenses were projected to increase by 2% each year in FY 16 and following, 1% increases were projected for Materials & Supplies, and 2% increases for Administrative Expenditures, which were related to contractual increases. Transfer-to-Debt increased due to the debt increase for the purchase of radios and SCBA; however, she expected that this figure would decrease when the City pays off a debt issue in 2018. She noted that transfers to CIP were projected to increase in an attempt to keep up with infrastructure improvements.

Referring to Page 63 - Current Economic Statistics, Mr. Anderson referenced the CPI inflation and housing price indexes and questioned if an inflation rate of 1% had been included in revenue assumptions for the out years. Responding, Mrs. Mitchell stated that inflation had not been built into the revenue projections. She indicated that the Current Economic Statistics were provided as background and did not tie to the Revenue Assumptions on Page 64.

In regard to the Revenue Assumptions, Mr. Anderson noted that the amounts for transfers in from the Electric and Water/Wastewater funds were static, in spite of the fact that there would be population changes and inflation. He questioned why $8M was used, rather than adjusting to inflation and population. Responding, Mrs. Mitchell stated that the use of $8M was policy compliant and the balance in the Electric Fund was needed to protect bondholders and to make sure that no more than necessary was taken from this fund. She noted that staff was attempting to balance the bondholders' requirements with the City's needs. Mrs. Mitchell indicated that indirect services (support divisions) increase with the with cost of living, this would be charged to the Electric Fund, and these costs were increasing because the General Fund was being paid by the Electric Fund.

For further clarification, Mr. Koenig explained, additionally, that a couple of years ago the Governor had indicated that he was unhappy with municipal electric rates and a number of conversations were held between the City of Dover with the Governor's Office. Ultimately, the City of Dover recommended that its transfer to the General Fund be $8M across the board, which represented slightly more than 8% of the total revenue in the Electric Fund.

Mr. Anderson stated that previously this transfer was based on a percentage, and the City changed its policy to utilize a flat rate. He noted that the value of this transfer would erode and questioned why the City did not look into benchmarking it to the wholesale or consumer price index (CPI). Responding, Mr. Koenig explained that this amount was flatlined in the budget as a policy statement that established that the City will transfer $8M. If this figure were benchmarked, the question would arise as to which indicator should be used, i.e., the CPI, CPI less energy, etc. He stated that $8M was recommended because it was easy to communicate. Mr. Koenig advised members that at the time this amount was established, electric revenues were approximately $100M. Since then, they had decreased only because the cost of purchase power had decreased; therefore, if this amount had been kept as a percentage of total revenue, that $8M transfer would have been approximately $7.7M or $7.8M, which would have had an additional effect on the General Fund. He noted that as the cost of electricity and the future of the hedge program starts to tick up, the total revenue in the Electric Fund will begin to increase; however, the $8M was the easiest way to communicate to everyone that this was the policy across the City at this time.

Mr. Anderson questioned if staff was looking at adjusting water revenue transfers in the future. Responding, Mrs. Mitchell confirmed this, noting that these revenues had not been increased, as was done with the Electric Fund, because the Water/Wastewater Fund was running deficits. As the electric rates had come down and the revenue decreased, the Electric Fund transfer was kept to $8M, which eroded the profit margin in the Electric Fund. The City had "managed to live with that" in terms of the Electric Fund; however, had been unable to do so with the Water/Wastewater Fund. Mrs. Mitchell explained that staff was recommending increasing the Water/Wastewater fund transfers at this time because it was believed that the Calpine project would help to cover this profit margin.

Referring to Page 66, Revenues, Expenditures & Fund Balance, Mrs. Mitchell stated that the figures in the chart for FY 14 included figures from a revised budget ordinance that was recently presented. She informed members that a surplus of a $63,400 was reflected for FY 15 with the inclusion of the proposed tax increase. In FY 16, the budget balance was projected at 6.5% with a shortfall of $892,200. A shortfall was also projected in the out years; however, Mrs. Mitchell noted that expenditure increases that were higher than revenue increases were included in those assumptions and it was not known whether this would truly happen. She stated that transfer tax is always projected conservatively and that transfer taxes received in FY 14 varied from projections.

In reference to Page 67, Sensitivity Analysis - Water & Wastewater Transfer Increase, Mrs. Mitchell explained that the model used to generate this information allowed changes to be made to see how the budget balance would be affected. She advised members that the chart reflected the impact of $50,000 per year increases in both Water and Wastewater transfers, which would provide an additional $100,000, bringing the budget balance for next year from 6.5%% to 7.0% and would also bring the City closer to the budget balance in the out years. Page 68, Sensitivity Analysis - Water

& Wastewater Transfer & Inspection Fees, reflected a projection that included increasing the Planning and Inspection fees, as presented by Mrs. Townshend during the previous evening, as well as increased Water and Wastewater transfers. Noting that the original variance projected for FY 16 (Page 66) was $892,000, she explained that the model including the Water and Wastewater Transfer Increase resulted in a variance of approximately $792,000 (Page 67). If increased Inspection Fee revenues were added, the variance would be reduced to approximately $780,000 (Page 68). Mrs. Mitchell stated that Page 69, Revenue Options, reflected these increases on an annual basis.

Mrs. Mitchell explained that Page 70 Capital Projects - Funding Sources included information regarding the funding sources for the CIP projects that had been previously described by Mr. Koenig. She advised members that the expenses for FY 15 included temporary financing for the purchase of radios and SCBA equipment, bond proceeds for the Garrison Park, a recreation grant of $33,000, and Public Works grants from DNREC of $120,000 related to stormwater and the Tar Ditch Project.

Referring to Page 72 - General Fund Projected Debt Service, Mrs. Mitchell explained that in FY 17, the City's Series 2003 bonds would be fully paid and the tax exempt loan for 2014 (for SCBA equipment and radios) were financed over five (5) years.

Water/Wastewater Fund

Mrs. Mitchell reviewed the City of Dover Water and Wastewater Fund - Financial Projections - 2015 - 2019 in the draft budget (Page 74) beginning with the FY 15 - FY 19 Key Assumptions (Page 75). In reference to Page 76 - Inflow/Infiltration (I & I) Capital Maintenance Program, Mrs. Mitchell advised members that this information was included to show the impact of an I & I surcharge to help cover the annual increase in the capital cost of approximately $560,867. She noted that the additional capital revenue would be approximately $559,000 and would result in rate increase of approximately $5.65 to the average homeowner.

Referring to Page 77 - Net Margins - Combined Water & Wastewater, Mrs. Mitchell indicated that debt margins were positive. She stated that the amount of $4,560,600 in Cash from Operations for FY 15 covers all transfers to the Improvement and Extension (I & E) fund, capital projects, and all principle and debt service, resulting in a positive net cash of $725,300 in FY 15. Positive margins and positive cash flow were reflected throughout all five (5) years in this schedule.

In reviewing Page 78 - Net Margins - Water, Mrs. Mitchell explained that net margins were positive, the debt service ratio would be covered, and there was positive cash flow in all five (5) years. She noted that the proposed FY 15 cash flow was down to $120,000; however, the Calpine project would be operating for the full year in FY 16 and this number was projected to increase at that time.

In reference to Page 79 - Net Margins - Wastewater, Mrs. Mitchell stated that positive cash flow and net margins were projected until FY 19, when a negative cash flow of approximately $28,000 was forecast. Assumptions for division expenses of 3% were included, although it was unknown whether or not this would occur. Mrs. Mitchell noted that these forecast models were slightly different from those for the General Fund because the General Fund model includes categories, such as salaries, wages, etc., whereas this forecast model did not include these breakdowns.

Referring to Page 80 - Revenues, Mrs. Mitchell stated that this chart included details regarding revenues. She noted that the rate increases for water and wastewater, as well as the I & I increase were listed separately, so that the revenue components prior to the increases could be seen, as well as revenue totals with the increases.

In reviewing Page 81 - Expenses, Mrs. Mitchell explained that some of the amounts listed were fund expenses. She informed members that expenses projected using the forecast models are based on Generally Accepted Accounting Principles (GAAP), which are used for the City's Comprehensive Annual Financial Report (CAFR). These expenses include depreciation and non-capital expenses. In the capital funds, some items are included that are not capitalized, such as small projects that are under $5,000 or do not have a long-term life. These projects must be reflected as expenses and the City must meet its debt covenant when these expenses are shown. These projects are budgeted in order to make sure that the City is meeting its debt covenants.

Mrs. Mitchell advised members that Pages 82-83 - Capital Improvement Plan reflected CIP projects and showed the financing sources for these projects. She noted that some of these projects were being financed with the help of wastewater impact fees.

Electric Fund

Mrs. Mitchell reviewed the Electric Revenue Fund Financial Projections - 2015-2019 in the draft budget, beginning with the FY15 - F19 Key Assumptions (Page 90). She noted that the 1.0% annual growth rate for kWh demand was based on the City's prior experience and the power supply forecast that was provided to the City by The Energy Authority (TEA). She noted that the projection assumed fully funding the OPEB liability for this fund, which would have an indirect benefit to the General and Water/Wastewater Funds. She advised members that a new cost item was included in the FY 14 budget because the City would have to purchase renewable energy credits this year and explained that the Delaware Municipal Electric Cooperative (DEMEC) would be handling this program for the City. The associated $481,000 cost was included in the revised FY14 budget.

Mrs. Mitchell indicated that Page 91 - Net Margins showed positive cash from operations. She noted that in FY 17, the positive cash amount would increase to approximately $4.6M due to the debt service being paid off.

In regard to Page 92 - Debt Service Coverage - and Cash Flow position, Mrs. Mitchell stated that the cash balance in FY 15 after meeting all obligations and the transfer to the General Fund would be $145,400. This was projected to increase to approximately $2.8M in FY 16 and to $5.3M (due to debt service payoff) in FY 17, before decreasing in subsequent years. The City is not fully hedged on the out years; therefore, if the cost of power increases in the out years, the cash balance will decrease.

Mrs. Mitchell noted that Page 93 - Energy Sales & Power Supply kWh provided an understanding of the volumes and changes in volumes in power from year to year. Sales in FY 14 were decreased 0.27% from FY 13 and, based on TEA projections, FY 15 sales were expected to decrease by 1.20%.

Referring to Page 94 - Purchased Power Expense, Mrs. Mitchell pointed out that the Municipal Renewable Portfolio Standard included renewable energy credits that the City is required to purchase at a cost of $481,200 in FY 14 and as much as $814,400 in FY 19, according to DEMEC projections.

Responding to Mr. Bonar, Mrs. Mitchell stated that she was unsure of the basis of the DEMEC projections.

In reference to Page 95 - Net Electric Generation Benefit, Mrs. Mitchell indicated that this chart detailed the benefits of the City's Power Plant operations.

Mrs. Mitchell explained that Page 97 - Projected Operating Expenses followed the same format as the Water/Wastewater Fund, including depreciation and capitalized costs that are not capitalized but are expensed, noting that these entries are not included in the budget report because they are non-cash entries.

In regard to Page 98 - Improvement & Extension Fund, Mrs. Mitchell stated that the funding sources were listed for these projects and that Developer Contributions had "trickled down," therefore, staff had been conservative in the estimate of $250,000 for these projects.

In reference to Page 102 - FY 15 - FY 19 Reserve Account Projections, Mrs. Mitchell stated that all reserve funds for the Electric Fund were within policy except the Electric Rate Stabilization Reserve. She noted that during the previous year it was decided that the Electric Rate Stabilization Reserve was to cover rate decreases over the three (3) or four (4) year period of the forecast. However, she stated that the City would not have funds coming into the operating fund from the Rate Stabilization Reserve in FY 15. Due to the extreme winter weather in January and February 2014, it was necessary to pull $7M from the Rate Stabilization Reserve. Mrs. Mitchell stated that $4M of this amount was planned; however, an additional $3M was pulled out to pay the power supply bills caused by the winter weather, resulting in a $5M negative variance. She indicated that if this were to happen again, funds would available. Mrs. Mitchell stated that an possible alternate proposal would be to do a Power Cost Adjustment (PCA) credit if it were necessary to pull money from this reserve to help mitigate some of the increases on the other utility funds and the General Fund.

Referring to Mrs. Mitchell's proposal, Mr. Anderson questioned if this would amount to a "grand swap," i.e., a reduction of the Electric Fund, which would basically offset a proposed $200,000 property tax increase. Responding, Mrs. Mitchell confirmed that this would help to mitigate these increases. If the Electric Fund used some of the Rate Stabilization Reserve, the electric customers that had paid into that reserve would be getting that benefit back if the City were to do a PCA credit this year. Mrs. Mitchell stated that this would be a temporary solution, expressing her belief that the General Fund should be shored up with a tax increase because expenses for public safety, etc., would be increasing every year. It was her opinion that this was a structural issue in the General Fund, as had been stated previously by Mr. Koenig. She stated that when the Rate Stabilization Reserve PCA credit was put into the model for all five (5) years of the forecast, the result was positive cash, and the margins for the debt covenants were met. She explained that the debt service drop-off helped with this.

Mr. Hutchison inquired, based on the January and February 2014 market power supply market, if Mrs. Mitchell projected market changes. Mrs. Mitchell reiterated that there were many open positions on the City's hedges; therefore this was unknown, and it was also unknown whether or not the City would have another winter like the previous winter that resulted in a large unfavorable variance. She noted that the City was buying hedges five (5) years out, noting that purchases were previously made three (3) years out. She indicated that the City's target was to be 80% hedged by July 1, 2014; however, was not close to 80% for FY 16 and FY 17.

Responding to Mr. Bonar regarding whether the City would be penalized for previously being unable to meet the load during three (3) or four (4) days when the City did not have fuel, Mrs. Mitchell stated that if the City had been penalized, PJM would have included this in their monthly bill. Mr. Bonar stated that much discourse could be expected over the next several months over the high spike in electricity prices during those several days. Referring to Page 94 - Purchased Power Expense, Mrs. Mitchell stated that the hedge percentage was 78% in FY 14, 66% in FY 15, 53% in FY 16, 18% in FY 17,10% in FY 18, and 0% in FY 19; therefore, it was unknown what the City's costs would be when those hedges were in place. The target would be 80% by July of each year.

CITY POLICIES AND PROCEDURES

Financial Policy/Budget Amendment Procedure

Mrs. Donna Mitchell, Controller/Treasurer stated that the City of Dover Financial Policies and Budget Amendment Procedure were provided to familiarize members with these policies and procedures and to see if Council would like to discuss these policies. She suggested that she develop recommendations regarding these documents for presentation to the Legislative, Finance, and Administration Committee for future discussion. Concurring, Mr. Bonar stated that this matter would be discussed at the next Council President's agenda meeting scheduled for May 28, 2014.

QUESTIONS, ANSWERS, AND OPEN DISCUSSION

Mr. Koenig indicated that, as stated in the beginning of the budget presentations, there was some unrest regarding proposed tax and rate increases and he wished to put this in perspective. He reminded members that staff had been saying for some time that there was a structural problem in the General Fund; therefore, a tax rate increase of $0.0722 cents was proposed. He also expressed his wish to provide additional information in regard to concerns about the proposed increase in contributions from the water and sewer utility. Mr. Koenig advised members that staff had been working through the uni-directional flushing program and the CIP and he felt that staff had responded very well to some of the water quality concerns with a combination of operational and capital improvements. He indicated that he and Mrs. Mitchell had discussed whether the water and sewer utility could afford to contribute extra to the General Fund. Mr. Koenig stated that staff had spent a lot of time and effort running a water and sewer utility for a reason, and that is to help offset costs in the General Fund. Over the five (5) year horizon, it was proposed to increase the $500,000 contribution to the General Fund to $1M, which would equate to a little more than $0.03 on the tax rate. Mr. Koenig advised members that the City sells water to its residents at $3.00 per 1,000 gallons and it was being proposed to increase the customer charge to $2.50 from $1.25. He indicated that a private market utility is located very close to the City, is a City customer and is

authorized by the Public Service Commission to sell to the residential market at $8.49 per 1,000 gallons. The City sells at $3.00 per 1,000 gallons to the commercial market. The private sector is authorized to sell to the commercial market at $8.71 per 1,000 gallons. Mr. Koenig felt that this illustrated the economic value that is on the table for the City when comparing to the private market.

Although he did not have the exact numbers relating to wastewater, Mr. Koenig stated that, in regard to the energy market, a great deal of time, effort, and energy is spent to deliver municipal power to the City's customers. He noted that this is probably the most complicated business operation that the City has; however, it has a large economic value to the City and allows the City to transfer $8M in cash into the General Fund annually, plus offsets the cost of a number of other services. Mr. Koenig estimated the total value of the electric utility to the General Fund at approximately $11M - $12M. It was expected that the June 1 residential rate would reveal the City to be either the second cheapest or the cheapest provider in the State of Delaware for residents. In regard to the possibility of a power cost adjustment, it was Mr. Koenig's recommendation that the City focus on a PCA to commercial customers, not residential customers since the City was trying to foster the economic community. He did not wish to discount how the proposed tax increase would affect residential property, but felt that commercial properties would be significantly more impacted by a tax increase. Mr. Koenig stated that he was "lukewarm" in regard to a PCA; however, stated that he would like to focus on the commercial side rather than across the board. He indicated that if the City, under current conditions (without a PCA), was determined to be the cheapest residential provider, a PCA would drive this number down even further. He reminded members that City was attempting to focus on the business development side of the utility, so that jobs could be created and people could afford to live in the City of Dover and enjoy the bundle of services offered. When looking at this matter solely in the lens of the electric or water/wastewater utilities, he believed that a portion of the total perspective would be lost.

Mr. Koenig thanked staff for their efforts in putting the budget together. He felt that the proposed budget would maintain the level of services that the City enjoys and sets the City up to improve those services each year going forward.

Mr. Lynn requested elaboration on the funding request submitted by the Downtown Dover Partnership (DDP) and the proposed allocation in the budget. Responding, Mr. Koenig stated that the DDP sent a budget in January 2014 that indicated a deficit of $202,000 and requested that the City transfer cash in this amount. That budget included a line item called staffing/salaries and benefits that totaled $118,000. Mr. Koenig reminded members that Council had voted earlier in the calendar year to continue to provide the DDP with the services of staff including Mr. Bill Neaton, Economic Development Director; Ms. Beverly Jackson, Administrative Assistant; and Mr. Ed Perez, Main Street Coordinator, through FY 15, since the Executive Director of the DDP had resigned. For this reason, it was Mr. Koenig's belief that the DDP did not need funds for salaries and, in his opinion, this $118,000 request could be zeroed out. In addition, $20,000 was included for accounting services, which he felt that the City could provide services in-house through the Finance Department since they had been performing this function, although this would create additional work; therefore, this $20,000 could be removed from the budget. If the $118,000 and $20,000 were removed from the budget, a $64,000 gap would remain, and Mr. Koenig rounded this number to include a $60,000 allocation in the budget. This would require the DDP to amend their budget by

$4,000, which he felt was not a large task, and the City would contribute $60,000 in cash to the DDP, which would be made up of $50,000 from the Business Improvement District (BID) tax and an additional $10,000 in cash. He indicated that the DDP would not have to change any other programs and would only have to adjust their budget by $4,000 and continue with the assumption that the City would provide staff and accounting services.

In response to Mr. Lynn in regard to whether the DDP was actively looking for a new Executive Director, Mr. Koenig stated that, to his knowledge, they were not but were accepting of the premise that the City would provide staff for FY 15. In response to Mr. Lynn, Mr. Koenig stated that he had sent an email to the DDP detailing this information on May 19, 2014 before the first Budget Hearing. He explained that there was some related discussion at the Economic Development Committee meeting held on May 21, 2014; however, there had been no communication from the DDP expressing agreement or disagreement with the City's proposal. He noted that a DDP Board meeting was scheduled for May 28, 2014 and this matter would be discussed at that time.

Responding to Mr. Lynn, Mr. Koenig stated that the DDP did not have its own staff at this time and was utilizing City of Dover staff.

Mr. Bonar stated that additional Budget Hearings were scheduled for May 22, 2014 and June 2, 2014; however, noting that some members were unable to attend the Hearing scheduled for May 22, 2014, he suggested that the meeting be recessed until June 2, 2014 to allow members time to review the budget and formulate questions. He urged members to contact staff if they had any questions.

By unanimous consent, members agreed to recess until Monday, June 2, 2014 at 6:00 p.m.

Meeting recessed at 7:53 p.m.

MONDAY, JUNE 2, 2014 - 6:30 p.m. - 9:00 p.m.

The Special Council Meeting reconvened on Wednesday, June 2, 2014 at 6:30 p.m. with Council President Bonar presiding. Council members present were Mr. Anderson (arrived at 7:22 p.m.) Mr. Dixon (arrived at 6:31 p.m.), Mr. Lynn (arrived at 6:34 p.m.), Mr. Perza (arrived at 6:35 p.m. and departed at 7:19 p.m.), Mr. Slavin, Mrs. Williams, Mr. Hare, and Mr. Hutchison.

Council staff members present were Deputy Police Chief Mailey, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, and Mrs. McDowell. Chief Carey and Mr. Rodriguez were absent.

MISCELLANEOUS INFORMATION

Members were provided with additional documents, as follows: 1) FY 15 Sample Customer Calculations with Customer Details - June 2, 2014 ***(Exhibit #9)***; 2) Presentation - City of Analysis of Policies, Budget Balances & Reserves - June 2, 2014 ***(Exhibit #10)***; and 3) City of Dover Electric Revenue Fund Five Year Forecast with Power Cost Adjustment (PCA) Credit - June 2, 2014 ***(Exhibit 11)***.

RESPONSES TO COUNCIL MEMBERS' QUESTIONS AND INQUIRIES/QUESTIONS, ANSWERS, AND OPEN DISCUSSION

Mr. Scott Koenig, City Manager, advised members that staff had been through a long internal budget process this year and continued to recommend a $0.0722 tax increase to close a gap of approximately $2.3M in the General Fund budget for FY 15. He stated that the proposed budget also included an increase in the water customer charge, sewer customer charge, and the groundwater Inflow and Infiltration (I & I) charge of approximately $0.45 per 1,000 gallons. Mr. Koenig indicated that the estimated spending plan for FY 15 would be roughly $138M City-wide to provide the levels of service currently enjoyed, as well the addition of a few items including additional manpower to comply with the Municipal Separate Storm Sewer System (MS4) permit and to run the water plant so that the Calpine project could be serviced through the water utility. The addition of an Assistant City Manager position was also included.

Mr. Koenig noted that the public safety components in the City included the Mayor's Office, Police Department, Fire Department, Emergency Management Coordinator, and life safety expenses associated with the Fire Marshal's Office. If these components were added together, the total amount allocated to public safety would be approximately $16.4M. Mr. Koenig informed members that if these public safety costs were completely funded through property tax, an additional $0.11 would have to be added and the tax rate would be $0.52 per $100 of assessed value; however, the proposed tax rate for FY 15 was $0.41 per $100 of assessed value. He stated that the $0.41 rate would cover all governmental operations, including the Street Program and all other services associated with the General Fund.

Mr. Koenig explained that, since the last Budget Hearing held on May 21, 2014, he had received no questions, comments, or feedback on the budget other than from the Downtown Dover Partnership (DDP), who had requested an increase from $60,000 to $80,000 for FY 15. This increase was requested to cover $10,000 for a newly formed Merchants Committee and $10,000 relating to an anticipated decline in parking revenue for FY 15.

Noting that representatives from the DDP were present, Mr. Bonar requested that these representatives provide an understanding regarding the requested increase.

Mr. Gregory Moore, President, DDP, advised members that the DDP's Merchants Committee was formed approximately one (1) month ago, consisted of approximately 40 members, and was in the process of submitting a budget request. Discussions and meetings had been held with the Chair of this Committee and a number of projects were proposed, including an Oktoberfest. This event would be held in the downtown plaza, the streets would be closed, and the community would be invited to participate in a block party. Other events were being planned to bring people to the downtown area and help improve commerce for the estimated 40 participating businesses, such as a First Saturday event to add to the current First Friday offering. Mr. Moore stated that the Merchants Committee would present the DDP with a list of proposed projects, and funds would be dispatched upon acceptance of the individual projects by the DDP Board of Directors. If funds remained unused, they would again be made available to the City.

Responding to Mr. Hare regarding how much funding the merchants would be contributing, Mr. Moore responded that the merchants were willing to raise money. He informed members that the Main Street program had recently been reinstated as a 501(c)(3) entity and this designation would allow tax benefits for those who contribute, which had not been available over the last few years. Mr. Hare questioned if each of the 40 merchants would be willing to contribute $150. In response, Mr. Moore explained that merchants were willing to contribute "sweat equity" to raise money to help offset the cost of the projects. Mr. Hare suggested that if the merchants raised $8,000, the City of Dover would only need to provide $2,000. Mr. Moore stated his belief that $10,000 was the appropriate amount to keep the merchants energized and invested in working with the DDP and improving the downtown area. He stated that, for the first time in years, merchants were working with the DDP toward improvements in both the downtown and residential areas. He indicated that merchants were showing that they were invested in the downtown area and expressed his opinion that this was a positive sign that should be seized upon.

Noting that the DDP had been working with the Governor's Office regarding the Governor's vision and commitment regarding downtown communities, Mr. Bonar asked Mr. Moore to share his insight on this matter. Responding, Mr. Moore stated that the Governor had invited Mr. Moore, as well as Mr. Gerald Street and Mr. Gary Patterson, members of the DDP Board of Directors, to a brainstorming session where the DDP provided ideas to help improve the downtown area, including incentives and money for small and large residential and commercial development. The DDP expressed a need for invested money to stimulate other projects and the Governor's Office then developed a downtown development district initiative. Mr. Moore stated that a related bill was recently passed by the State legislature and that he and other members of the DDP were invited to attend the bill signing at the Governor's Office scheduled for June 5, 2014. It was the DDP's belief that Dover was an earmarked community to receive a portion of the $7M that was allocated by the State. He stated that the DDP was instrumental in explaining to the Governor's Office what was needed and it was the DDP's belief that they were in a very good position to seize this opportunity.

Mr. Hutchison inquired about the amount of funding that had been received by the DDP over the last couple of years. Responding, Mr. Moore stated that two (2) years ago, a $3M grant was received from the State of Delaware for improvements, noting that a pocket park was currently under construction, as well as a Transportation Enhancement Fund grant of up to $1M for improvements to North Street. In addition, the DDP was in line to receive up to $1M for improvements at Bradford Street.

Mr. Hutchison noted that the DDP had recently upgraded parking and meters. Mr. Moore stated that two (2) new meters were installed which cost $13,000 each, are capable of credit card swipes, and have a high monthly cost of connectivity to allow access by credit card. He stated that the DDP had discussed raising parking rates, which had been met with opposition, and revenues were not great enough to offset these parking costs. This was the genesis for the additional request for $10,000 in addition to the funds for the Merchants Committee.

Mr. Slavin stated that a number of merchants may be arriving at the meeting later in the evening; therefore, it might be possible to get additional information from them. He reminded members that, as property owners, merchants were essentially paying an additional tax by being in the Business Improvement District (BID). It was his feeling that it would be unfair to ask them to pay a third fee to access the additional funds being requested.

Mr. Hare stated that the BID tax is given back to the merchants. Responding, Mr. Moore stated that the DDP is the entity that oversees the use of the BID tax. The things that are done with the DDP budget benefit the BID tax payers and some of these funds are given directly to merchants on Loockerman Street and elsewhere in the BID; however, he noted that merchants from all over the downtown area were included in the 40 participants in the Merchants Committee. Some were located on Loockerman Street; others were on Division Street and other areas around the central core of the downtown area.

Mr. Bonar stated that he was very supportive of the DDP's efforts and had seen significant improvements over the last five (5) years in the appearance of the downtown area, some were cosmetic and some business-related, including the location of EZ-Pass and its approximately 80 employees downtown, the North Street improvement projects, the plans for the downtown corridor that will extend to the St. Jones River and eventually include a nice park, the Wesley Streetscape improvements, the new nursing facility put in by Wesley College that the DDP was part of, the pocket park under construction, and many other projects that had been completed and planned. Mr. Bonar felt that this was the type of organization that revitalizes a downtown area and that the long-term goal of the DDP was to become akin to the Riverfront Development Corporation in Wilmington. To his recollection, that organization had received $300M from the State to revitalize a downtrodden area and now had a a baseball stadium, several good restaurants, business complexes, and a hotel with conference facilities. Mr. Bonar believed that Dover could accomplish something similar on a smaller scale in its downtown area and applauded the DDP for having the foresight to think along those lines. He reminded members that there would be approximately one (1) million sq. ft. of open commercial space when K-Mart closes and the Economic Development Office (EDO) would have to consider attracting people to that site. He was 100% supportive of the EDO and the DDP teaming up to leverage funding from the State of Delaware.

Mr. Moore stated that the DDP was pushing for a new riverwalk and had shown plans to the government, the Delaware Department of Transportation (DelDOT), and the Department of Natural Resources and Environmental Control (DNREC). Part of this work had been started with work done on Martin Luther King Boulevard behind Legislative Hall. Mr. Moore stated that it was the DDP's hope that this project would be funded by DelDOT and DNREC and that the DDP would work in cooperation with them to bring related funding to the downtown area.

Mr. Bonar questioned if Mr. Moore was satisfied with the financial and working arrangements worked out with the City Manager and Controller/Treasurer so that the DDP could become an offshoot of the City, and Mr. Moore confirmed that this was so. He indicated that Mr. Koenig and Mrs. Donna Mitchell, Controller/Treasurer, had worked hard to accommodate the DDP and felt that the City and the DDP had been working cooperatively all year.

Mr. Koenig stated his understanding that finalizing the FY 2015 budget was a difficult task. He reminded members that the stability of the General Fund had been discussed for a number of years. He explained that the City's financial policies go back approximately 12 years ago when it was attempted to begin building reserve balances, making sure that the City could "weather the storms" when they come. Mr. Koenig reviewed the FY 15 Sample Customer Calculations with Customer Details (Exhibit #9). He explained that staff looked at the proposed tax increase from the perspective of what the impact of taxes would be for the properties owned by members of Council, as the representative governing body, and stated that for these residential properties, the tax increase

would represent an increase of between $36.17 and $165.12 on an annual basis. Mr. Koenig did not feel that these were extravagant or insurmountable numbers. If the additional budget requests related to water and sewer customer charges and I & I were included, based on the meter readings for these properties, he stated that these numbers would increase to $81.02 - $228.64. He felt that this increase would also be reasonable as it would amount, on the higher end of these properties, to approximately $20 per month. Mr. Koenig stated that these numbers would be higher for commercial and industrial properties. He explained that six (6) sample customers are examined every year and the tax increase for the City's highest assessed value tax property would be as much as $106,000. He noted that some had expressed concerns over this particular property; however, in staff's opinion, there were ways that this increase could be offset. He indicated that when the I & I and customer charges were added, the highest impact in the system would be $129,390 and reminded members that it was believed that there would be ways to offset this cost.

Mr. Koenig explained that a presentation entitled City of Dover - Analysis of Policies, Budget Balances & Reserves - June 2, 2014 (Exhibit #10) had been prepared in regard to budget reserves, and included information on how the amounts of these reserves are determined and how they benefit the City and its utility funds. Referring to Page 12 - Schedule of Reserve Accounts - By Account Type - Fiscal Year 2014/15 Proposed Budget, Mr. Koenig stated that approximately $56.56M in reserves was reflected on the balance sheet; however, this did not mean that the City had $56.56M in cash available for use. He explained that the City had worked hard to develop policies that would lay out budget balances in 2002, noting that there are budget balance requirements in the General Fund, Water Fund, Wastewater Fund, and Electric Fund. Mr. Koenig indicated that these balances total $14.24M, which is a combination of cash, inventory, and bills that are owed to the City, and policies state that these reserves should be between 8% and 12%; however, the City had struggled to attain 8% and rarely, if ever, had exceeded12%. He stated that the Government Finance Officers Association (GFOA) was currently encouraging municipalities to change these requirements to 8% to 17% because of unknowns in the economy and problems experienced by local governments recently.

Mrs. Williams inquired how much of the total operating budget balance of $14.24M included non-collectible items. Responding, Mr. Koenig estimated that this would amount less than 1% of revenue, noting that some of this some of this included billed taxes that had not been paid. Mrs. Mitchell estimated that this percentage was approximately 1% - 2% in the Electric Fund; however, she was unsure about the percentage in the General Fund. Mr. Koenig explained that these were items that had been billed and were expected to be collected. He indicated that approximately 99.7% of billed items had historically been collected. Mrs. Mitchell explained that this percentage varied in the General Fund because it contained items such as $0.5M in demolitions and $0.5M in property taxes that would affect this figure. She advised members that the approximate $14.24M budget balance in the Electric Fund included at least $2M - $2.5M in receivables and $3.5M in inventory. She reminded members that she had been working on the "Just in Time" inventory project, and that inventory "turns" were less than 0.5%. Mrs. Mitchell stated that this was cash that was tied up but not turning and was related to old inventory that was not moving.

Mrs. Williams inquired how much of the $3.5M of inventory was inventory loss. Responding, Mrs. Mitchell stated that this had yet to be determined and that she was working on this project. Mrs. Williams requested that this figure be provided.

Mr. Hare inquired how much cash the City had in reserve. Responding, Mrs. Mitchell explained that the City's cash balances are its reserve balances, which consist of capital asset and project reserves, future capacity, depreciation reserves, impact fee reserves, etc. She noted that budget balances are not cash; however, the reserves are cash. Mr. Hare inquired, of the ending balance of approximately $5M in the General Fund, how much of this was cash in the All Funds Summary. Mrs. Mitchell stated that she did not have this information immediately available, as the cash balance changes daily.
Noting staff's proposal for a 21% tax increase, an increase in water rates and fees, as well as a 3% pay increase, Mr. Hare stated that he felt all of the information should be available.

Mrs. Williams stated that there is a balance question every year and this information is not brought forward. Mrs. Mitchell stated that she did not recall being asked in the past what the cash balance or budget balance components were.

Mr. Hare expressed his interest in knowing how much cash the City had in reserve in all funds.

Mrs. Mitchell stated that, according to the investment report of the City's investments as of April, the City had $56.M in cash, $3.7M of which was in the General Fund. Of this $3.7 in the General Fund, she had sent a request to the bank to redeem $1.5M to finish out the City's Other Post-Employment Benefit (OPEB) and pension fund transfers for the current fiscal year, with a remaining $2.5M in the General Fund. She explained that this was cash that was held in the City's investment account and was not all reserves; it included operating cash and as funds are needed to pay bills, they are pulled out. If there is excess cash in the operating account, it is added in.

Mrs. Williams explained that she was interested in the figure that would be obtained if the City's accounts were liquidated as this would reflect the amount of money that the City of Dover has. For clarification, Mr. Hare stated that the request was for the amount of money that the City had that was not committed to any budget or expense.

Mrs. Mitchell stated that by reviewing Schedule of Reserve Accounts - By Account Type report, she could advise members which portion of the funds was truly cash and investment accounts that were not committed.

Mr. Bonar requested that members of Council who had questions email Mrs. Mitchell between the current and next budget hearing so that responses could be provided at the next meeting and stated that he felt it unfair to expect staff to have this information at their fingertips. He reminded members that Mr. Koenig had stated previously that no direct questions from Council had been relayed to Mr. Koenig or Mrs. Mitchell during the budget making process.

In regard to the reserve balance, Mr. Hutchison stated that it should be understood that this is "a moving target" and only a rough balance could be provided.

Mrs. Williams stated that, as far as collectibles were concerned, if there was less than a 1% collection failure, the City was collecting well.

In response to Mr. Bonar regarding the amount of time that would be required to compile the information being requested by Mrs. Williams and Mr. Hare, Mrs. Mitchell stated that she could provide a rough estimate within 30 minutes. Mr. Hare clarified that he was interested in knowing the amount of uncommitted cash available.

Mr. Lynn requested, when performing this analysis, that Mrs. Mitchell keep in mind that the figure being sought was how much cash the City had above policy limits. He noted that the City could have plenty of funds on hand; however, would "hurt ourselves" if amounts below the policy limits were taken out.

Mrs. Williams stated that she was not concerned with policy limits since this could be changed by the majority of Council and wanted to know the actual cash amount.

Referring to Mr. Koenig's statement that taxes for one (1) of the customers sampled would increase taxes by $129,000, but this could be offset, Mr. Hare questioned the reason for raising taxes if they would be offset elsewhere. Responding, Mr. Koenig stated that this was the result of fund accounting, which was the proper way to run three (3) separate corporations, noting that the City has an electric corporation, a water/sewer corporation, and a general fund corporation. He explained that there are covenants and commitments to each of those business lines. In his opinion, because the Electric Fund has cash did not mean that this cash should be transferred to the General Fund because it was being attempted to offset the baseline increase in cost related to the General Fund. He noted that the City had always been reluctant to make the General Fund stand on its own.

Mrs. Williams questioned when the General Fund had last been solvent. Responding, Mr. Koenig stated that this fund had never been solvent.

Mr. Hare expressed his opinion that the Electric Fund had been created in the 1960s to support the other funds. He felt that Mr. Koenig was implying that a pay raise could not be justified for those employees in the General Fund because this fund was not making any money. Responding, Mr. Koenig stated that there were services in the General Fund that were not intended to make money, such as police, fire, and streets since these are services that have only costs and minor revenues and, as a corporation, they would never be able to break even.

Mr. Hare stated his belief that this fund would never stand on its own.

Mrs. Williams stated the business plan for the City of Dover that had historically been to have an electric company that subsidized the General Fund. As the Chair of the Utility Committee, she stated that the Electric Fund had nearly run its course and the City should change to water. Responding, Mr. Koenig stated that the Electric Fund for FY 15 was proposed to contribute $8M in direct cash and an additional $4M in indirect contributions to the General Fund; therefore, the electric utility was contributing significantly to the health of the General Fund.

Mrs. Williams stated that fund balance arguments should not be made on a business model that had been successful for over 50 years.

Mr. Koenig reiterated his belief that the level of services identified in the General Fund would require a $0.0722 increase in the property tax to support the demand on expenses in the General Fund. If Council believed that this would be too much, staff's recommendation would be to take the over-collection of revenues in the Rate Stabilization Fund on the electric side and offer a credit on the electric bill. He indicated that the net increase to households and businesses would be offset.

Mr. Hare questioned why the money that would be offered as credit was not applied to the General Fund. Responding, Mr. Koenig stated that some people would say that it was more appropriate to be taxed because taxes can be written off if a mortgage is held on the property. If cash were transferred and electric rates were kept elevated, these electric costs could not be written off.

Mrs. Williams noted that the City of Dover has a growing retirement community on fixed incomes. She stated that everyone in the community was an electric customer and questioned how many owned property. Responding, Mr. Koenig stated that there were approximately 10,000 parcels in that City that are owned individually or corporately. Responding to Mr. Hare, he stated that he was unsure what percentage of these parcels were tax-free.

Mrs. Williams suggested that the City look at properties that are not paying taxes, i.e., making Payments in Lieu of Taxes (PILOT) and Mr. Koenig concurred with this; however, he stated that this issue could not be fixed within the next 29 days (prior to the beginning of FY 15).

Mr. Hare questioned if increases in water rates and fees and property taxes for the people of Dover were justified in order to generate $3M and provide 3% pay increases. In response, Mr. Koenig stated that, if adopted as proposed, the pay increase would have a sum cost of $81,000 out of $138M. All of the rest of the raises in the budget were contractual obligations. Mr. Hare stated that his concern was not with the amount of the pay increases but the fact that the City was saying that there was not enough money and it must get more money to run and so that pay increases could be granted. He stated that, although the proposed pay increases may not be much to some, it was a lot to those on fixed incomes. He felt that it would be a "slap in the face" to raise fees and taxes and provide pay raises.

Mrs. Williams concurred that the $81,000 was a small amount in a huge budget; however, she felt that the cost of the union contracts also contributed to the cost of employees. Responding, Mr. Koenig stated that in the General Fund summary, the employee increases across the workforce, including the raises as proposed, would result in a net increase of approximately $16,000 in total cost for the 348 employees.

Mrs. Williams stated that the $81,000 discussed would equal the fixed incomes for three (3) separate households on a normal social security yearly income. Responding, Mr. Koenig stated that if these investments were not made in the General Fund, the City would continue to attract people on fixed incomes, businesses would not be able to expand, and street infrastructure would continue to deteriorate. He stated that last year Council discussed boosting the Street Program from approximately $200,000 to $1M and this was supported by several Council members. Of the $2.3M deficit, approximately $800,000 was related to this action and to the request to make sure that the City was maintaining its street infrastructure. Mr. Koenig expressed the need to invest in the infrastructure and services so that the City could maintain the levels of service and that there would

be a cost to doing this. He noted that on a number of occasions, cost-saving measures had been brought forward; however, there was an inability obtain a consensus of Council to implement them. He stated that the proposed budget reflected all of the requests that Council had made for inclusion.

Mr. Lynn stated that he was uncomfortable with the tone of the conversation, noting that all were frustrated with the budget, including the presenters; however, this was the reality that the City was faced with. He reminded his colleagues to make sure that they engage in cordiality and decorum, noting that the situation was not the fault of Mr. Koenig or Mrs. Mitchell, who were doing the best that could be done with the "cards that they have been dealt."

Mr. Lynn stated that he had asked during a prior year whether street lights could be moved out of the General Fund into the Electric Fund, which would save approximately $1M out of the General Fund. To his recollection, the dialog with bond counsel had been truncated and there was no chance to engage in this dialog. He asked if members would be willing to consider this.

Mr. Koenig stated that the FY 15 value of street lights was $774,500, and the difference between this total and the amount in previous years was the result of a reduction in energy costs over the last couple of years.

By unanimous consent, the meeting recessed at 7:29 p.m. and reconvened at 7:42 p.m.

Mr. Lynn requested that Mr. Koenig provide the development of a "Plan B budget" that would include taking the Electric Fund transfer to the maximum policy limit. He noted that a Memorandum of Understanding (MOU) had not been executed with the Governor's Office that would bind the City to an Electric Fund transfer of $8M. In addition, he requested that a dialog be set with bond counsel regarding funding of the street lights. He felt that there would not be one (1) big band-aid to fix this problem and that the band-aid would be an aggregate, which would probably involve a tax hike, a transfer of the street lights, an Electric Fund transfer, and "raiding the reserves" over the 12% policy limit. Mr. Lynn stated that it was not desired to have these issues cost money in terms of interest rates and bond rating. He stated his recollection that in 2011, the former City Manager put together a budget packet that included three (3) budget proposals, i.e., a Plan A, B, and C. He requested that Mr. Koenig prepare a "Plan B" that would include the three (3) items he specified.

Mrs. Williams suggested that a "Plan C" also be developed to include zero growth, as if everything were frozen today, including any commitments at the current time. For clarification, Mr. Bonar stated this budget would include strictly staying by the obligations that the City had at this point. Responding, Mr. Koenig stated that he was reluctant to say that he could do this, especially in regard to the water utility because an increase in the water utility had been included in the City's five (5) year forecast models for the General Fund, Water/Sewer Fund, and the Electric Fund. However, at Mrs. Williams request, he agreed to "do the best that he can."

Mr. Hare requested a plan that showed the budget for next year including anticipated revenues and anticipated expenses with no changes from the current year and showing the cash on hand reserves. He requested that projections for increases be shown on a separate sheet, e.g., the personnel being asked for and the associated cost.

Mr. Bonar expressed appreciation for Deputy Chief Marvin Mailey's attendance and for his serving as Deputy Chief.

Mr. Lynn noted that the downtown merchants were present and requested their input regarding the previous discussion pertaining to the DDP.

Ms. Lauren Tinsley, 233 Quail's Nest Drive, Co-Chair of the Downtown Merchant's Committee, stated that she is the owner of A Center for Mental Wellness, 121 W. Loockerman Street, and Foundation for a Better Tomorrow at the same address. She expressed her excitement about the newly re-formed Merchants Committee, noting that there had been a great deal of enthusiasm, with approximately 20-30 dedicated and excited merchants attending meetings and putting together projects and activities that it was believed would bring a lot of people into downtown Dover. The merchants were aware of Main Street's 501(c)(3) status and were also trying to put projects in place to create their own funding. She explained that Ms. Erin Barrett, a downtown merchant committed to this cause, was working on a co-ed event to be sponsored by Gals that Give at the Outlook at Duncan Center. She explained that Gals that Give sponsors charity events and donates proceeds to a different charity every month and that the Merchants Committee could be the charity for the group's one (1) year anniversary. In addition, an Oktoberfest was being planned for October 16, 2014 at the Plaza and several restaurant and bar owners had formed a related subcommittee that was working on obtaining necessary permits. A fashion show at the Plaza had also been proposed that different stores could participate in. Ms. Barrett advised members that the merchants believed that they could at least double the funding provided by the City as the year goes on with planned events and it was hoped that the enthusiasm would continue among merchants who were learning the ropes regarding how the different DDP committees work. She explained that she had been operating downtown for approximately six (6) years and that this was the most enthusiasm and dedication that she had seen from the other merchants who were putting in a lot of time, outside of time spent in their stores, toward bringing more people downtown.

Mr. Bonar reiterated that those with questions should relay them to staff so that they could provide the answers needed.

By unanimous consent, the meeting was recessed until Thursday, June 5, 2014 at 6:30 p.m.

Meeting recessed at 7:52 p.m.

THURSDAY, JUNE 5, 2014 - 6:30 p.m. - 9:00 p.m.

The Special Council Meeting reconvened on Thursday, June 5, 2014 at 6:30 p.m. with Council President Bonar presiding. Council members present were Mr. Anderson (arrived at 6:39 p.m.) Mr. Dixon, Mr. Lynn (arrived at 6:57 p.m.), Mr. Perza (arrived at 6:38 p.m.), Mr. Slavin (arrived at 6:34 p.m., departed at 8:58: p.m., returned at 9:10 p.m.), Mrs. Williams, Mr. Hare, and Mr. Hutchison.

Council staff members present were Police Chief Bernat, Mrs. Mitchell, Mr. Koenig, Mrs. Townshend, and Mrs. McDowell. Chief Carey and Mr. Rodriguez were absent.

MISCELLANEOUS INFORMATION

Based on the previous discussion and requests, staff provided members with additional documents as follows: 1) Correspondence from Mrs. Donna Mitchell to Mrs. Williams dated June 5, 2014 - Response to Budget Request, and Support Documentation ***(Exhibit #12***); 2) Correspondence from Mrs. Donna Mitchell to Mr. Anderson dated June 5, 2014 - RE: Budget Ideas, and Support Documentation ***(Exhibit #13)***; 3) Correspondence from Mrs. Donna Mitchell to Mr. Lynn dated June 3, 2014 - RE: Street Lights, and June 4, 2014 - Subject: Shifting the Cost of Street Lighting, and Support Documentation ***(Exhibit #14)***; 4) Correspondence from Mrs. Donna Mitchell to Mr. Slavin dated June 4, 2014 - RE: Budget Questions ***(Exhibit # 15)***, and Support Documentation; 5) Correspondence from Ms. Kathleen Stiller, Director, Division of Water, Delaware Department of Natural Resources and Environmental Control (DNREC) dated June 5, 2014 regarding the City's Municipal Separate Storm Sewer System (MS4) permit ***(Exhibit #16)***; 6) Presentation - City of Dover Fiscal Year 2015 Proposed Budget - Proposed Changes to Original Budget Presentation - June 5, 2014 ***(Exhibit #17)***; 7) FY 2015 Annual Operating Budget - Dover Delaware - General Fund Cash Receipt Summary ***(Exhibit #18)****;* and 8) FY15 Sample Customer Calculations with Customer Details - June 5, 2014 ***(Exhibit #19)***.

RESPONSES TO COUNCIL MEMBERS' QUESTIONS AND INQUIRIES/QUESTIONS, ANSWERS, AND OPEN DISCUSSION

Mr. Scott Koenig, City Manager, advised members that a number of questions had been sent to staff by Council members following the session on June 2, 2014. In response to Mrs. Williams' request for a zero growth budget, Mr. Koenig reviewed the email from Mrs. Mitchell to Mrs. Williams dated June 5, 2014 - Response to Budget Request and supporting documentation (Exhibit #11). Mr. Koenig stated that this budget would reflect no tax increase and would remove the Assistant City Manager and Environmental Scientist positions, the Property Revaluation, the K-9 dog in the Police Department, all non-bargaining raises, the debt service for the purchase of Self-Contained Breathing Apparatus (SCBAs) and radios, and the adjustment to the Downtown Dover Partnership (DDP). He stated that it would also reduce the vacation sell back, education reimbursements, and retirement payouts to the FY 14 level. Mr. Koenig noted, in addition, that to balance this budget, the City would have to cancel all Capital Improvement Program (CIP) projects planned, including the Street Program and all vehicle purchases in the Police Department, Grounds Department, and Sanitation. He explained that there would not be a General Fund capital plan, except for improvements related to the Municipal Separate Storm Sewer Systems (MS4) permit, as well as commitments to the Garrison Oak Technical Park. He noted that this budget would have total revenues of $36,581,700 and total expenses of $36,398,900. To come into compliance with policy and the Charter, the budget would have a positive cash balance of $182,800. Mr. Koenig indicated that this budget would essentially bring the capital plan in the General Fund to a halt for FY 15, and the needs related to vehicle purchases and the Street Program would roll forward; therefore, there would be an increase in regard to these items when the FY 16 budget was considered.

Responding to Mrs. Williams regarding the revenue assumptions used for this budget, Mr. Koenig stated that revenue assumptions included maintaining an $8M transfer from the Electric Fund to the General Fund. Other revenue projections would remain the same, except for the exclusion of the proposed tax increase.

Noting that Mr. Lynn had previously proposed transferring the Street Light Program from the General Fund to the Electric Fund, Mrs. Williams inquired if this had been included in the zero increase budget. Mr. Koenig stated that street lights were included in the General Fund and that if the street light expense were transferred to the Electric Fund, this would amount to approximately $775,000.

Responding to Mr. Hutchison regarding the amount of funds expended on capital projects during the last couple of years, Mr. Koenig stated that, without considering the Dover Public Library, spending in the capital plan had been approximately $1M - $2M. He stated that the City owned and operated approximately105 miles of streets and 200 miles of underground water main pipe, some of which was substantially over 50 years old. In addition, there were approximately 150 - 160 miles of sanitary sewer pipe, some of which was over 50 years old. He estimated that approximately 70 - 80 miles of existing storm sewer pipe was aging and that there were approximately 500 miles of electric lines in service.

Mr. Hutchison questioned how much money the City commits each year to capital projects. Responding, Mr. Koenig stated that staff had recommended spending $1.5M or more on the Street Program per year, $1M per year on the Inflow and Infiltration (I & I) program, and $1M on the water line program. He indicated that the City had spent from $500,000 to $2M in renewals and replacements each year in the capital plan for electric service. He emphasized that infrastructure must function 24 hours per day, seven (7) days per week, 365 days per year.

In regard to electric, noting that Units 1 and 2 were no longer in service, Mrs. Williams questioned if staff was anticipating the purchase of any related equipment. Mr. Koenig reminded members that Council voted to remove Units 1 and 2 from use in Power Year 18; therefore, the City still had commitments for Units 1 and 2 through 2017 and some capital expenses, mostly related to maintenance, were proposed. He stated that there would also be some decommissioning costs once Power Year 18 begins.

Mr. Koenig stated that the budget for the capital funds projects for the current fiscal year was $1.554M and that $1.451M had been spent on General Fund capital projects. He explained that if the City were to adopt the zero growth budget, there would be a significant decrease in the capital plan, as well as significant pressure from State communication systems because the City's 800 MHz radios would not be compliant with the new standard. This would increase the risk to Police and Fire Department staff. Mr. Koenig stated that the City would also be at risk in regard to its MS4 program and that the State had encouraged the City to hire a dedicated staff person to assist with compliance with the MS4 permit. Referring to correspondence from Ms. Kathleen Stiller, Director, Division of Water, Delaware Department of Natural Resources and Environmental Control (DNREC) dated June 5, 2014 regarding the City's Municipal Separate Storm Sewer System permit (Exhibit #16), Mr. Koenig reminded members that the State had advised the City that it was not in compliance and had been relatively lenient toward helping the City to become compliant. It was Mr. Koenig's feeling that the fines and legal costs that could be levied against the City for non-compliance would significantly exceed the cost of the proposed $50,000 salary for an Environmental Scientist. He reminded members that this permit had been discussed for a number of years and stated that "this is the way the City has to do business" and the focus in the Street Division must be turned to the MS4 permit.

Responding to Mrs. Williams regarding the total cost of the MS4 program, Mr. Koenig stated that this cost would vary. In FY 2015, staff would like to hire an Environmental Scientist, with a salary of $49,000 plus benefits, and begin improving public outreach and further developing the program. In the long run, this program would address public outreach, best practices, and improvements to the system.

In response to Mrs. Williams regarding the cost of replacing the emergency communication system, Mr. Koenig stated that the cost would be slightly more than $300,000 for police radios, slightly more than $300,000 for Fire Department radios, and just under $300,000 for the breathing apparatus for the Fire Department. Staff was proposing to borrow just under $1M over a five (5) year period, and the debt service of roughly $190,000 would be levied in the next five (5) budget cycles; therefore, the combined cost of the debt service and the Environmental Scientist would be approximately $230,000 in FY 15.

Responding to Mr. Hutchison, Mr. Koenig stated that the Environmental Scientist position was proposed as a permanent position.

In response to Mr. Bonar regarding possible fines from DNREC related to MS4 requirements, Mr. Koenig stated that he was not aware of the amount that DNREC was authorized to fine the City; however, he stated that there was a minimum of $5,000 per day. He noted that these fines are passed down by the U. S. Environmental Protection Agency (EPA).

Mr. Koenig stated his opinion that it would not be a service to the City or community to defer the capital plan because these costs would escalate over time. If the $850,000 for street program were deferred for one (1)year, the cost of this work would increase by an inflationary factor. The amount of work would also increase because if investment is not made at the top of the "peak in infrastructure," the cost of milling and overlay increases substantially because the base of the road must be worked on, which drives the cost up significantly; therefore, the work budgeted for $850,000 in FY 15 could cost 3% to 10% more in the future, depending on weather.

Mrs. Williams inquired if the City Manager had to choose five (5) additional items to include in the budget, which items he would choose. Responding, Mr. Koenig stated that he would include the Environmental Scientist position, radio communications improvements, and all of the capital spending for vehicles and projects. He stated that the amount of spending for the Street Program could be discussed.

Mr. Hutchison inquired if the SCBA equipment would be included, stating his opinion that public safety comes first. Mr. Koenig stated that the Fire Chief had been asked if the Fire Department would be willing to split the cost of the SCBA with the City, and the Fire Chief responded that he did not have the ability to make this decision in this short time frame. Mr. Koenig indicated that the SCBA packs must be replaced before they expire; therefore, the City would pay either 100% or 50% and this must be done in the next 12 months.

Mr. Hutchison stated his feeling that the air packs and radios were absolutely essential for the Fire Department and that the radios currently being used were placing people in harm's way due to their poor condition.

Mr. Hutchison expressed his opinion that the City must pay now or pay later for infrastructure and that funds should be spent every year to maintain it.

Mr. Koenig advised members that more time was spent this year evaluating the City's fleet than had been done in years past. A new supervisor was hired in the Public Works Department who rated each of the vehicles proposed for replacement, each of the departments also rated them, and ratings were reviewed. A conscious choice had been made to phase out the construction crew in the water and sewer utility. Mr. Koenig explained that approximately $500,000 of equipment was proposed for replacement in the original draft budget; however, this equipment would not be replaced in the capital plan and, as the City's existing equipment ages out and is no longer in use, it will be auctioned.

Mr. Koenig stated that one (1) position was proposed for addition to the City's budget, which was the Assistant City Manager position. He indicated that when the budget was developed, the Environmental Scientist position and the Water Treatment Plant Operator positions were offset by taking two (2) vacant positions from the water and sewer utility from the construction crew. He stated that the total manpower count for the City would be 348; however, the accounting for this change would be "slightly skewed" because the Environmental Scientist position was a General Fund position and the construction crew was a combination of water and sewer; therefore, the dollars would not be "one to one."

Mrs. Williams inquired why Mr. Koenig had left other budget items off the list of five (5) projects chosen. Responding, Mr. Koenig stated that raises for non-bargaining employees had been omitted because they were not contractually obligated; these employees serve "at the whim" of Council and are not protected by a collective bargaining unit. He indicated that this was a subjective number in the budget that Council must provide direction on. He felt that the property revaluation should be performed because it would be equitable and would add to the validity that the City was keeping systems up to date; however, it was not legally prescribed that it must be done at this time. Mr. Koenig reminded members that the request for the Assistant City Manager position was the result of his performance review when a number of members of Council indicated that he was not responding quickly enough, having difficulty "being in two (2) places at the same time," or spending too much time in labor negotiations. He stated that the assistant position was an administrative recommendation to improve the function of the City Manager's Office and develop succession planning in case something were to happen to Mr. Koenig, and this was a subjective component of the budget.

Mrs. Williams requested that the cost of these items be added. Responding, Mr. Koenig provided the following figures:

Assistant City Manager position @ 10 months	$119,000
Property Revaluation	108,000
Raises for Non-Bargaining Employees including OEC's (against all funds)	81,000
K-9 Dogs	12,000
Total	$320,000

Mr. Koenig stated that this $320,000 would equate to approximately $0.01 on the tax rate.

Responding to Mr. Hutchison regarding whether there was any flexibility with the funds in the City's reserve funds, Mr. Koenig stated that the Rate Stabilization Reserve Fund was $5.1M over the policy maximum and had the most flexibility. This was excess electric revenue that had been collected.

Mrs. Mitchell explained that the Rate Stabilization Reserve Fund currently had $10M and the policy states that the maximum is 10% of the purchase power supply. She stated that when the last rate study was performed and electric rates were reduced, it was planned to use this reserve to allow for the City to get through the next three (3) years with the reduced rates. Mrs. Mitchell advised members that Mr. Koenig would be providing a presentation with a revised budget proposal, and that in this "Plan B" budget, a 3.1% Power Cost Adjustment (PCA) credit was included that would offset nearly all of the proposed tax increase at $2.2M; therefore, staff was planning to use some of these reserve funds. She reminded members that $7M had previously been pulled from the Rate Stabilization Fund because the City was $5M over budget in January and February 2014 due to the extreme winter weather. Mrs. Mitchell indicated that if these funds had not been available, the City might have had to implement a rate increase. In addition to helping with weather fluctuations, she advised members that this reserve helps with power purchases because the City is not 100% hedged and also helps with the forecast in relation to the PCA credit.

Mr. Slavin questioned what the policies were that govern the reserve fund and the uses for which the fund was set up. Responding, Mrs. Mitchell referred members to the Draft Budget For Fiscal Year 2013-2014 (original draft proposed budget), Page 48, City of Dover Financial Policies - Budget Balance/Reserve Policy - Electric Revenue Fund and quoted the following passage:

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

Mr. Hutchison questioned Mrs. Mitchell regarding her comfort level with using $2.2M from the Rate Stabilization Reserve Fund. In response, Mrs. Mitchell reiterated that in the past the fund had been used to ensure that the City is covered for power purchases, since it is not 100% hedged, and to ensure that the City can manage the rate decreases over the next several years in the forecast. She advised members that when the rate study was done last year, it was decided to reduce this fund to the minimum over three (3) years in order to keep the rates stable. However, she indicated that Council could choose to do this all in one (1) year and bring it down to the policy level; this would be their decision.

Stating her understanding that the City was not fully hedged, Mrs. Williams indicated that the City was only one (1) year away from receiving money from the sale of water for the Calpine plant, as well as a Purchase Power Agreement. She questioned why these monies would not be used to refinance the Rate Stabilization Fund. Responding, Mrs. Mitchell stated that she was unsure at this time what the Purchase Power Agreement rates would be and if they would be different from the City's budgeted rates for its current hedges and current power supply.

As a follow-up to his request during the previous meeting for the amount of uncommitted cash that the City of Dover had, Mr. Hare inquired if this information was available. Responding, Mrs. Mitchell stated that the City's cash balance, as of the current date, was $5.1M, the investment balance that was uncommitted or unrestricted by policy was $8.9M, and the City had $53M in total investments. She advised members that the depreciation reserve and the future capacity reserve in the Electric Fund and the I & E Fund were restricted by bond covenant; however, the bond covenant did not specify at what level they must be funded. Mrs. Mitchell explained that in the last couple of days, she had made transfers to finish out appropriations in the FY 14 budget and that details were provided in the email from Mrs. Mitchell to Mrs. Williams dated June 5, 2014 - Response to Budget Request (included in Exhibit 12). She noted that the cash amount fluctuates every day based on bill payments, tasks performed by staff, and appropriations that must be made in the budget.

Mr. Hare stated his desire to know how much money was uncommitted. Mrs. Mitchell stated that the City had $53M in total investments and $5.2M was in cash as of the current date.

Mr. Slavin stated his hope that the answer to Mr. Hare's question regarding the amount of uncommitted cash would be $0.00 and that all funds were governed by policy because that is the way the City was set up to do business. He stated his understanding that some of the reserve policies were changed three (3) years ago.

Mr. Hutchison stated that he was grateful for the Financial Policies, expressing his opinion that if there were not policies in place, the $53M in total investments would not be there.

Mrs. Mitchell explained that the Financial Policies were developed and approved by Council in 2002 and that when she came to the City in 2000, there were no policies and the budget for that year had a $9,300 budget balance in the General Fund and $3,600 in the Electric Fund. She explained to Council President Christiansen at that time that the City was spending everything being brought in, doing nothing for assets, and not setting aside funds for the future. She stated that the policies may not be perfect; however, they provide a start to managing finances better and providing for the future, and it was her opinion that this approach had done very well for the City.

Noting that the policies were developed to put money aside for the future, Mr. Hare questioned if this was done to allow funds to continue to build up. Mrs. Mitchell explained that reserves had been used, for example, depreciation and future capacity reserves had been used when the Cartanza Substation was built and the future capacity reserve was used to help with the streets related to the Calpine project, stating that reserves had been used for capital. She advised members, in her professional opinion, that $2M of the Rate Stabilization Reserve could be used to rebate to the customers who paid into this fund.

Mr. Hare felt that the suggestion to raise taxes 21% and then use $2M to rebate was "smoke and mirrors," noting that next year the tax rate would stay the same but no rebate would be granted. Responding, Mrs. Mitchell stated that the rebate was included in the forecast for all five (5) years. In response to Mr. Hare regarding why it had been proposed to raise taxes rather than taking funds from the Rate Stabilization Fund, Mrs. Mitchell stated this was because these funds belong to the electric customers.

Mr. Perza inquired if the budget proposed by Mrs. Williams was used as a baseline budget, and the items that Mr. Koenig stated were necessary were added back in, what the result would be. Responding, Mrs. Mitchell stated that the resulting budget would be approximately $2.7M "in the red." Mr. Koenig stated that the reason the numbers were different from those presented previously was because of changes in pension accounting, etc.

Mr. Perza questioned where the $2.7M could be obtained and how much flexibility was available to move funds around without creating too much risk for the future. In response, Mr. Koenig reviewed a presentation of the City of Dover Fiscal Year 2015 Proposed Budget - Proposed Changes to Original Budget Presentation - June 5, 2014 (Exhibit 17), referring to this as staff's "Plan B" budget. He stated that adjustments had been made to the budget previously proposed as a result of direct requests from Council members or changes made by Mrs. Mitchell and Mr. Koenig. In regard to financial policies, he explained that staff had been working on financial policies for approximately 13 years, noting their importance from the standpoint of administrators, bondholders, and reviewing agencies and advised members that such policies were the foundation of why the budget is prepared as it is. He noted that rating agencies and accountants do not view funds as City monies and that the City is effectively running three (3) types of public corporations: an electric corporation, a water/sewer corporation, and a general fund, which are tied together but must try to stand as independently as possible.

By Unanimous Consent, the meeting recessed at 7:20 and reconvened at 7:29 p.m.

Mr. Koenig reminded members of the importance of policies and that the City's Charter requires that revenues meet or exceed expenses. He stated that in years past, there was a practice of carrying forward a budget balance to help fill a gap in the next fiscal year. Last year, when the five (5) year forecast was prepared, it was stated that in FY 14 a $0.03 tax increase would be necessary to balance the FY 14 budget, an additional $0.03 tax increase to balance the FY 15 budget, no change was included for FY 16, and an $0.03 tax increase was included for FY 17. Mr. Koenig explained that this would have involved a $0.09 tax increase over a five (5) year period, which was stated at the start of budget discussions last year. Instead of recommending the tax increase, which would have been the most conservative way to balance the budget from a policy standpoint, Council waived the policy and took approximately $550,000 in cash from FY 13 and moved it forward to FY 14, so that it was not necessary to raise taxes. Mr. Koenig explained that this $550,000 gap had now rolled forward into current year; however, this practice was stopped in building the current budget. He explained that in the proposed budget, FY 15 revenues were equal to or greater than FY 15 expenses in each of the three (3) funds.

In regard to revenue, Mr. Slavin noted that the Charter specifies that the City's total expenditures shall not exceed the total of anticipated income. He inquired if money on hand at the close of the fiscal year that gets rolled forward or redirected could legally be counted as anticipated income.

Responding, Mrs. Mitchell stated her belief that revenue and income were the same. Her interpretation was that income would be anticipated income for the year, which is revenue, and the difference between revenue and expenses would be net income.

Mr. Slavin stated that he was unsure of the answer; however, he was very concerned because Council's charge is to uphold the Charter, and failing to do so would be breaking the law of Delaware. He was concerned about the term "anticipated income," noting that the strict constructionist's point of view might say it is any income derived after opening for business on July 1st, for purposes of collecting taxes and fees. Mrs. Mitchell stated that she concurred with this interpretation.

In response to Mrs. Williams as to whether this would include the balance brought forward, Mrs. Mitchell stated that she felt that the balance brought forward was not anticipated income, it was income that was corrected during the prior year and then applied to another fiscal year.

Referring to Page 2 of the presentation, Policy Compliance, Mr. Hare inquired if the figures reflected surpluses for FY14. Responding, Mr. Koenig stated that these amounts were anticipated revenues, expenses, and surpluses for FY 15. Noting that at the end of FY 13 the City brought forward a $550,000 surplus to balance FY 14, Mr. Hare questioned if a surplus was available at the end of FY 14. Responding, Mr. Koenig stated that if there were a surplus at the end of FY 14, the policy states that such surpluses are to go to unfunded liabilities. Concurring, Mrs. Mitchell indicated that the policy states that if there is a surplus of revenues over expenditures at the end of FY 14, this would be a reservation of fund balance and would be added to the budget balance, which is set by policy at a minimum of 8%. Mrs. Mitchell noted that funds in excess of the policy requirement would go toward unfunded liabilities.

Mr. Hare questioned if the approximately $3.3M listed as the beginning budget balance for FY 15 was the FY 14 budget balance. Confirming, Mrs. Mitchell stated that policy requires a budget balance of 8% - 12%. She explained that the amounts listed as the beginning balances for the FY 15 proposed budget are the budget balances used to pay bills and that one (1) month of the budget is set aside for cash flow.

Responding to Mr. Hare regarding the amount of anticipated bills for the month of June 2014. Mrs. Mitchell explained that this amount was usually 1/12 of the budget expenses; however, there are fluctuations. For example, she reminded members that the City experienced high electric bills during the months of January and February. This is the cash flow that allows for bills to be paid on an ongoing basis until receipts are received, since there is a 30-day lag.

Mrs. Williams inquired if June had been a flux or a stable month. Responding, Mrs. Mitchell stated that it was probably a stable month and that approximately $14M should be available for carry forward for the next year.

Mr. Hare questioned the point of carrying forward $14M from the previous year if $2M could not be used to balance the budget for the next year.

Mr. Slavin questioned if one (1) month's worth of bills in the budget would be approximately $12M - $13M and this was confirmed by Mrs. Mitchell.

Referring to Page 3 of the presentation, Revenue Changes Since 6/2/14, Mr. Koenig stated that, in the General Fund, the "Plan B" budget would decrease the proposed tax increase from $0.0722 to $0.0622, which would represent an 18% increase in property tax. In addition, it was proposed to reduce the gaming license fee by 15%, which would result in a reduction in revenue of $52,700. Non-bargaining raises would be reduced across the board to 2%. In addition, Mr. Koenig stated that it was proposed to increase the contribution to the DDP from $60,000 in the original budget to $70,000, which would be $10,000 less than the $80,000 requested by Mr. Moore during the previous Budget Review Session held on June 2, 2014. Utility credit card fees, which were previously allocated as an interservice fund expense, would be moved from Customer Service to the Electric Fund. Mr. Koenig advised members that the Storekeeper/Courier position would be changed from permanent full-time to permanent part-time. Training/conference/and travel would be eliminated for the Mayor and Council, leaving some small items in that budget for local events. Interfund service allocations would be reduced as a result of division changes. Mr. Koenig advised members that in the Water/Wastewater Fund, the only changes in the Plan B budget were related to the interfund service allocations. In the Electric Fund, to offset the tax increase, a 3.1% PCA credit was proposed for all classifications in the electric utility. There would also be an adjustment of the interfund service allocations as a result of these changes to the General Fund, and the PCA credit would result in a transfer of $2.5M from the Rate Stabilization Fund.

Mr. Koenig reviewed the FY15 Sample Customer Calculations with Customer Details - June 5, 2014 (Exhibit #19) that included the proposed changes, stating that property taxes would be increased; however, electric rates would be decreased. In some cases, homeowners or business owners would experience a net increase. He reviewed payments for six (6) sample commercial electric customers, and nine (9) sample residential customers, explaining that these residential customers represented members of Council. With the proposed property tax increase of $0.0622, the sample residential customers would experience an impact ranging from $31.16 to $142.25 annually. Mr. Koenig stated that no changes were made in the revised proposal for the water and sewer utilities; therefore, the $1.25 customer charge in the water utility, the $1.25 customer charge in the sewer utility, and the $0.45/1,000 gallon charge in the I & I component of the bill would remain. He noted that the increased cost for residential customers would range from $76.01 per year to $204.68 per year. If the proposed PCA were applied, these credits would be added to the bill, resulting in a net cost to the sample residential customers ranging from $52.40 per year to as high as $137.95; therefore, if the revised FY 15 budget as generally proposed with some changes were adopted, it would cost the sample residential customers $4.37 to $12.11 per month. In regard to the sample commercial customers, Mr. Koenig indicated that one (1) of the City's largest customers, Dover Downs, would be affected by as much as $114,705.31; however, if the proposed PCA were applied, the increase in cost would be reduced to $62,845.56. If the gaming license fee were reduced by $52,700, the net impact to this customer would be approximately $10,000. Mr. Koenig expressed his opinion that the City was running out of options and his belief that the compromise proposal presented in the presentation was a fair application of the capital, personnel, and operations plans for the City to continue to maintain the current level of service, noting that numbers could be adjusted based on requests.

Mr. Hare questioned if taxes were raised and approximately $2.5M were rebated as an electric credit, why this amount was not put into the budget, stating he did not see the purpose of the "smoke and mirrors." Responding, Mr. Koenig stated that although the outcome would be the same, using Mr. Hare's suggested approach would distort the cost of the budget components.

Mrs. Williams stated that she was not aware of any budget where the City had not made such a transfer from the Electric Fund.

Mr. Koenig stated that the Electric Fund was a "magnificent economic tool" for the City. He explained staff's position that the City had over-collected revenue from its electric customers and these monies were included in the Electric Rate Stabilization Fund. He stated that, due to the "roll-off" of very expensive hedges over the last few years, the City had been able to purchase long-term hedges at a much cheaper rate than anticipated, which had allowed that fund to grow. Mr. Koenig advised members that the amount of the funds transferred by the City from the Electric Fund to the General Fund had been as low as 5.5% in years when the price of electricity skyrocketed; however, an $8M transfer would represent approximately 10% of the total electric revenues received and would be used to help offset the cost of General Fund services in the City of Dover, including police, fire, planning, the City Manager, and streets. He indicated that a heated discussion had been held with the Governor's Office about electric rates throughout the State, and the State's position was that electric rates were a hindrance to economic development. Mr. Koenig stressed the need to be concerned about economic development, noting that the City's budget would not be healthy unless there was active construction going on throughout the City. Mr. Koenig felt that the over-collection of revenue should be rebated back to customers and that the City must be very careful about how much of the General Fund expenses should be subsidized with transfers from the Electric Fund because the City would be subject to scrutiny. He explained that this would be important when the City is responding to the questions of bond rating agencies. In addition, he indicated that there were discussions about how City Hall could be replaced, issues regarding the 5 East Reed Street and Electric Administration buildings, as well as power generation, noting that these discussions would help frame the City's bond rating. He emphasized the importance of making sure that the City is in a good position financially and policy-wise to be able to withstand scrutiny if there were a need to borrow funds in the future. Mr. Koenig stated that if all funds were viewed as City money, it would be easy to lose sight of how costs are controlled in each of these funds. He reminded members that Council had been very adamant in their desire to control the budget, and the only way to do so, in his opinion, was to account for spending in accordance with how individual services and funds are impacted. Mr. Koenig indicated that, as an administrator, it would be complicated to defend the action proposed by Mr. Hare.

Mrs. Williams indicated that she was fiscally conservative and did not spend money that she did not have. On a personal level, she indicated that if her roof needed replacement and she did not have funds in her checking account, rather than borrowing funds, she would take monies from a savings fund and recover from this over the next few months. She expressed appreciation for Mr. Koenig's argument regarding infrastructure, noting that she would not desire to let her roof go and risk that "something horrible" would happen. Mrs. Williams expressed her opinion that if the Rate Stabilization Fund had $5M more than was intended, these funds should be used until the City can build revenue. She concurred that the City needed to learn to live within its means, but until these revenue sources are built, she did not feel that the City should keep asking the public to put in more money. She felt that the City should spend the money it has to clear the books out and develop additional funding streams, e.g., making the water utility as lucrative for Dover as the electric utility was.

Responding, Mr. Koenig stated that both he and Mrs. Mitchell were fiscally conservative and had worked very hard to bring forth a personnel budget of approximately $32M that would add employees to the rolls but would add only approximately $16,000 of total cost to the budget. In addition, he stated that staff had worked extremely hard in contract negotiations to change the long-term trajectories of the unfunded liabilities and felt that the City was on the right track in this area. Mr. Koenig felt that it was a mistake not to include a tax increase during the previous year, because "this was on the plate last year and it was kicked down the street 12 months." In his opinion, the City could not keep doing this, noting that last year, there were no fee increases, no tax increase, and an electric rate reduction and the budget was balanced in that manner. Mr. Koenig reiterated that the proposed budget before members would cause a monthly impact as low as $4.37 and as high as $12.11 for the sample customers, which he felt would not cause constituents walk away from the quality of life and services in the City of Dover.

Mr. Koenig indicated that the complaints that he had heard about the budget were in regard to the proposed raises for the non-bargaining raises. He advised members that if it were determined that the non-bargaining group was only worth 1.5%, which is the amount of the Consumer Price Index (CPI), the cost would be $32,953; however, he had included a 2% raise in the revised budget, at a cost of $43,938, resulting in a difference of approximately $11,000. Mr. Koenig said that if it were determined that non-bargaining employees were worth 0% because they are not protected by a contract, approximately $33,000 would be saved, but a very detrimental message would be sent to the workforce. He reminded members that over the last three (3) years, the City had "tough" labor negotiations, and changes to the health care trajectories and unfunded liabilities had directly resulted in the establishment of a fourth union in the City's workforce, noting that the workforce was approximately 88% - 89% unionized. He advised members that the non-bargaining workforce was worth every penny of the original request; however, he must obtain a proposal that would be palatable to Council Members. It was his hope that 2% would be palatable, because he felt that these employees had earned much more than 2% since a number of them were driving forces in keeping the budget in line.

Referring to Mr. Koenig's previous comment that managing the City was like running three (3) different corporations, Mr. Hare stated that if the City were being run in this fashion, funds would not be transferred from one (1) corporation to another; therefore, he felt that the current discussion was only semantics about how much would be taken from one (1) corporation to support another. In regard to electric rates being an economic development factor, he stated that the City of Dover's electric rates were the second lowest in the State and lower than the Delaware Electric Cooperative. Mr. Hare felt that economic development in the City was a separate issue. In regard to the proposed 2% or 3% increase for non-bargaining employees, he stated he had no problem with either rate and felt that these were all very good employees. Mr. Hare stated that there was an anticipated carryover from FY 14 of approximately $14M, yet the City was saying that more money was needed. He reiterated that giving back funds PCA credits versus raising taxes was "smoke and mirrors" since the City would end up at the same place using either approach. He felt that Mr. Koenig and Mrs. Mitchell could explain what had been done to the bond rating agencies. He stated that the funds should be taken from the reserves which would allow for the items in the budget without a raise in taxes.

Mr. Hutchison questioned if the total amount of taxes covered the expenses of the Police Department. Responding, Mr. Koenig stated that the cost of the Police Department, including extra duty, would be $14.7M. Referring to Page 4 of the Presentation - City of Dover Property Assessment Projection, Mr. Koenig noted that under the current tax rate, including all of the Payment in Lieu of Taxes (PILOT) and Business Improvement District (BID) taxes, the City raised $11.049M. Under the proposed rate at $0.40 per $100 of assessed value, the City would raise approximately $13M. If the City was paying all of the expenses and there were no revenues associated with the Police Department, the tax revenue would not equal the cost of the Police Department.

Mr. Lynn moved to eliminate the Training/Conference/Travel budget for the Mayor and Council, seconded by Mr. Hutchison.

Mr. Slavin stated that the cost of this item was approximately $13,000 and represented approximately 6% of the training budgeted City-wide.

Mr. Perza questioned if this item was being eliminated from the original budget or the Plan B budget. Responding, Mr. Koenig stated that it was included in both the original proposed and Plan B budgets.

The motion to eliminate the Training/Conference/Travel budget for the Mayor and Council was carried by a unanimous roll call vote.

Mr. Lynn moved to eliminate the purchase of all seven (7) Police Department vehicles and the Ford Explorer for the Emergency Management Coordinator, seconded by Mr. Perza.

Responding to Mrs. Williams regarding the amount of this item, Mr. Perza stated that this would be approximately $300,000.

Mr. Lynn noted that the Ford Explorer for the Emergency Management Coordinator had approximately $4,000 of optional equipment and that the purchase of a second Ford Explorer was also proposed. He was unsure for which Department these purchases were planned.

At Mr. Hutchison's request to provide input on the effect of the motion, Police Chief Paul Bernat stated that this action would defer this issue; however, next year there would be a need for 14 vehicles rather than seven (7). He stated that the vehicles that were being replaced had an average of 85,000 miles on them. Mr. Hutchison stated that these vehicles are run 24/7, and Chief Bernat concurred, stating that these were "hard miles."

Mr. Perza questioned if the City had the ability to modify its policy to replace police vehicles every six (6) years rather than every five (5) years. Mrs. Williams expressed her belief that it was possible, noting that this had been done before.

Mr. Lynn moved to amend the motion to eliminate the purchase of both Ford Explorers and all seven (7) Police Department vehicles from the budget, seconded by Mr. Perza.

Mr. Koenig stated that the amount budgeted in the General Fund for the Emergency Management Ford Explorer was approximately $32,000 and the amount budgeted in the Electric Fund for the second Explorer was approximately $26,000.

Mr. Koenig stated that the amended motion would result in a reduction in spending of $245,800 in the General Fund and a reduction of $28,600 in the Electric Fund, for a total reduction of $274,400.

Mr. Anderson indicated that the vehicles in question were not equal, noting that the condition of the vehicles had been rated. In addition, he stated that he was unsure why the vehicle in the Electric Fund was being considered since it would not impact the budget. Responding, Mr. Koenig stated that all vehicles, except the police vehicles, are rated internally. He explained that the Police Department has a schedule for anticipated replacement for Police Department vehicles and that Chief Bernat would determine which vehicles he felt would be ready for disposal when the new contract is complete. Mr. Koenig advised members that six (6) to seven (7) months may elapse between the time the City puts vehicles in the budget and the time when the vehicles are purchased, so the prioritization may change. Typically, in the rest of the City's fleet (other than the Police Department) the vehicle prioritization does not change.

Mr. Hutchison expressed his opinion that no other police department in the State could compare to the City of Dover Police Department in terms of response time, clearance percentage, etc. He felt that the Police Department vehicles are different from others in the City because they are run 24/7 and 85,000 miles on this type of vehicle was significant. He felt that if officers are placed in harm's way to respond to complaints, the desire was to have the best equipment that can be bought. Mr. Hutchison stated that he would not support this motion.

Mr. Lynn concurred with Mr. Hutchison's comments; however, he noted that if the Police Department had not filed a grievance which cost the City $300,000 he might be more willing to favor the purchase of seven (7) new vehicles.

Mr. Perza stated that the City was in a different financial era than five (4) or ten years ago. He indicated that decisions must be made about what expenses would be paid and in what year, and if this meant stretching out policies on equipment replacement, in all departments, he felt that this should be considered. Mr. Perza was willing to change the policy to replace the vehicles every six (6) years rather than every five (5) years, or perhaps 95,000 miles rather than 85,000. He did not view this as an affront to the Police Department but an economic reality.

Chief Bernat noted that the Police Department was over budget in maintenance this year and it was believed that a lot of this was due in part to the use of Dodge Chargers, which had brake issues and front end differential mechanical issues. It was his belief that if the replacement period were longer, maintenance would continue to rise in the budget. His recommendation would be to replace (3) police cars, but not to defer all seven (7), which would create a bigger impact to the Police Department in the future.

Mr. Lynn stated that he respected the Chief's opinion; however, he suggested that the cost of the vehicles could be paid from the overtime budget and indicated that his motion remained as stated.

Mr. Hare stated that the City had $2.5M that could be transferred to take care of these vehicle purchases. As a resident, he indicated that he would not want a police vehicle to break down on the way to his home if called.

Mr. Koenig stated that the next vehicles purchased would be from the 2015 model year and that vehicles from model year 2007 were proposed for replacement, as well as one (1) vehicle that was a little older. He explained that the request, from an administrative standpoint, was not to look at the seven (7) cars individually but to consider a funding stream for police vehicles at a specified dollar amount. Mr. Koenig stated that this had been attempted in the sanitation fleet, where it was known that vehicles would be replaced, so staff attempted to level out the spending.

Mr. Hare stated that the City had an extra Crown Victoria that was used by the former Mayor that had close to 21,000 miles on it and questioned if this vehicle could be transferred to the Police Department. Responding, Mr. Bonar indicated that this car was transferred to the Police Department two (2) months ago. Chief Bernat stated that the vehicle had not been used.

Mr. Perza stated his desire to get close to balancing the budget and then possibly add items back into the budget once the situation was controlled.

The motion to eliminate the purchase of both Ford Explorers and all seven (7) Police Department vehicles from the budget failed by a roll call vote of seven (7) no (Anderson, Dixon, Slavin, Williams, Hare, Hutchison, and Bonar), and two (2) yes (Lynn and Perza).

Mr. Lynn moved to transfer the street lights from the General Fund to the Electric Fund, seconded by Mr. Hare.

Mr. Koenig stated that the total impact of this action would be $774,500.

Mr. Hutchison questioned if a legal opinion had been obtained to determine if this could be done. Responding, Mrs. Mitchell referred members to correspondence from Ms. Emilie Ninan, bond counsel, dated August 24, 2012 - RE: Street Lights and Electric Fund and correspondence from Mr. Graylin Smith, SB & Company, LLC, the City's auditors, dated August 13, 2014 (both included in Exhibit #14). Mrs. Mitchell stated that bond counsel's opinion was that this transfer would be against the City's bond covenants and that the City had the wherewithal to transfer funds to the General Fund rather than moving the street lights, which bond counsel believed belonged in the General Fund. Mrs. Mitchell stated that the auditors had concurred with bond counsel; however, they indicated that "GAAP does not specify which funds operations must be reported in as long as the funding source for these operations complies with the intent of the fund. Thus, if the street lights are put in the Electric Revenues fund for GAAP purposes, they would need to be funded with user fees." Mrs. Mitchell stated that street lights were included in the governmental fund because these are services provided to the general public, and if the City didn't have an electric utility, another utility would have to be paid for street lights. In addition, she explained that, for GAAP purposes, if street lights were placed in the Electric Fund, user fees must be charged; however, user fees cannot be charged because the street lights cannot be metered.

Mrs. Mitchell referred members to Form D-9 - City of Dover Electric Revenue Fund - Comparative Statement of Revenues, Expenses, and Changes in Unreserved Retained Earnings for the Fiscal Year Ended June 30, 2002 and 2001(included in Exhibit #14). Mrs. Mitchell stated that at the time this report was prepared, a consultant came to help staff to implement a new accounting standard and there was a major overhaul of the City's Comprehensive Annual Financial Review (CAFR). She noted that in the Form D-9, the Street Light Contributions were reflected under Net Income, Other Changes in Unreserved Retained Earnings, Decrease and charged to the Electric Fund. Mrs. Mitchell stated that this was a way of disguising the expense for the street lights. The City was billing itself in the Electric Fund for the street lights and showing the expense as a transfer to the reserve; therefore, the revenue was being canceled out by this item. Noting that Mr. Lynn had suggested that perhaps the City could return to using the method of accounting that was previously used, Mrs. Mitchell expressed her opinion that this method was not correct to begin with.

Mrs. Williams questioned if a legal opinion had been obtained regarding the street light transfer, other than from the bond counsel. Mrs. Mitchell stated that the bond counsel's opinion was that this approach would not be in agreement with the bond covenants. She reiterated that bond counsel recommended that if it were desired to place this money in the General Fund, that this be done as a transfer of funds rather than moving the street lights.

On a call for the question by Mr. Lynn, the motion to transfer the street lights from the General Fund to the Electric Fund was carried by a roll call vote of six (6) yes (Anderson, Dixon, Lynn, Williams, Hare, and Bonar) and three (3) no (Perza, Slavin, and Hutchison).

Responding to Mr. Lynn regarding the number of vehicles that were needed by the Police Department, Chief Bernat stated that seven (7) cars were needed.

Mr. Lynn moved to eliminate the replacement of three (3) police cars and the Ford Explorer designated for use by the Emergency Management Coordinator from the General Fund budget.

Responding to Mrs. Williams, Mr. Koenig stated that total cost of those four (4) vehicles, which were 100% funded in the General Fund, would be $104,700.

Mrs. Williams stated that approximately $892,700 had been cut from the budget thus far.

Noting that he had not considered the former Mayor's vehicle, Chief Bernat stated that he would be comfortable with purchasing six (6) vehicles for the Police Department and that the purchase of one (1) motorcycle could be eliminated.

Mr. Lynn moved to amend the motion to take into consideration Chief Bernat's proposal to eliminate one (1) police car, one (1) motorcycle, and one (1) Ford Explorer, seconded by Mr. Anderson.

Upon request for restatement, stated that the motion was to to eliminate from the proposed budget one (1) motorcycle, one (1) police car, and one (1) Ford Explorer designated for use by the Emergency Management Coordinator. The motion was seconded by Mr. Anderson.

Mr. Hare suggested that the old police car could be given to the Emergency Management Coordinator. Mr. Bonar stated that this vehicle was in the Police Department's inventory; therefore, the Chief could do with it what he wished and could donate it to the Emergency Management Coordinator if he chose to do so.

Mr. Perza stated that this would be repurposing rather than donating this vehicle.

Responding to Mr. Slavin, Mrs. Mitchell stated that the amount saved by the proposed action would be $76,200.

The motion to eliminate the replacement of from the proposed budget one (1) police car, one (1) motorcycle, and one (1) Ford Explorer designated for use by the Emergency Management Coordinator from the General Fund budget was carried by a unanimous roll call vote.

Mr. Lynn moved to change the storekeeper courier position to permanent part-time, seconded by Mr. Hare.

Mr. Koenig stated that the motion would result in a savings of $21,500.

The motion to change the storekeeper courier position to permanent part-time was carried by a unanimous roll call vote.

Mr. Lynn moved to move the utility credit card fees from Customer Service to the Electric Fund, seconded by Mr. Hare.

Responding to Mr. Perza, Mr. Koenig stated that this transfer was acceptable to the City Manager's Office and would result in an impact of $146,800 to the General Fund.

The motion to move the utility credit card fees from Customer Service to the Electric Fund was carried by a unanimous roll call vote.

Mr. Lynn moved, in the interest of parity, to give a 3% increase to non-bargaining employees, seconded by Mr. Hare.

Mr. Hare suggested providing a bonus of $2,000.

Mr. Slavin questioned how much additional money would be paid in payroll and other employment costs if a 3% increase were provided to non-bargaining employees. Responding, Mr. Koenig stated that total cost across all funds plus load would be $77,138, which would be an increase of $962 from the amount proposed in the original General Fund budget. He stated that, of this total cost, 34.199% would be in the General Fund, noting that the figure that was provided in the original budget book was 33.236%. He stated that the five (5) year aggregate cost, assuming 75% retention of those employees, would be $289,268.

Mr. Hare noted that the cost to the General Fund would be approximately $34,000.

The motion, in the interest of parity, to give a 3% increase to non-bargaining employees failed by a roll call vote of five (5) no (Anderson, Perza, Slavin, Williams, and Bonar), and four (4) yes (Dixon, Lynn, Hare, and Hutchison).

Mr. Lynn moved to amend the motion to give a 2% increase to non-bargaining employees, seconded by Mr. Anderson.

Mrs. Mitchell advised members that the cost would be approximately $65,000.

Mr. Anderson inquired how much of a savings this would be from the original draft proposed budget.

Responding, Mr. Koenig stated that the value in the original draft proposed budget was approximately $81,705, which was the total split among funds. This would have provided a 3% increase to non-bargaining employees, other than department heads, who would have received 2% plus a bonus. The cost of a 2% increase across the board would be $51,407, a difference of approximately $30,000.

The motion to amend the motion to give a 2% increase to non-bargaining employees failed by a roll call vote of five (5) no (Perza, Slavin, Williams, Hutchison, and Bonar) and four (4) yes (Anderson, Dixon, Lynn, and Hare).

Mr. Lynn moved to increase the contribution to the Downtown Dover Partnership (DDP) by $20,000 over the DDP's request, seconded by Mr. Dixon.

Mr. Koenig stated that this would be an increase from $60,000 to $80,000.

Mr. Slavin questioned if members of the DDP Board of Directors should recuse themselves from this matter.

Mr. Bonar noted that this would include Mr. Slavin, Mr. Bonar, and Mr. Dixon.

Mr. Anderson stated that according to normal rules, when more than one (1) member is involved, recusal is not usually required.

Mr. Slavin stated that his appointment to the DDP Board of Directors was not via the City and that he would have to abstain.

By a roll call vote of four (4) yes (Lynn, Hare, Hutchison, and Bonar), three (3) no (Anderson, Perza, and Williams), and two (2) abstentions (Dixon and Slavin), the motion to increase the contribution to the Downtown Dover Partnership (DDP) by $20,000 over the DDP's request failed for lack of a majority vote of members.

Mr. Lynn moved to increase the DDP contribution by $10,000, seconded by Mr. Anderson. By a roll call vote of four (4) yes (Anderson, Lynn, Hare, and Bonar), three (3) no (Perza, Williams, and Hutchison), and two (2) abstentions (Dixon and Slavin), the motion failed for lack of a majority vote of members.

Mr. Lynn stated, as a point of order, that there was no requirement for City appointees to abstain; therefore, abstention from the first motion was not binding on abstention from the second vote. It was his opinion that Mr. Dixon was never required to abstain from the vote to begin with.

Mr. Hare felt that there was a requirement to give a reason for abstention.

Mr. Lynn moved to recall the previous vote, seconded by Mr. Hare and carried by a vote of eight (8) yes and one (1) no (Williams).

On a recall of the vote, the motion to increase the DDP contribution by $10,000 was carried by a roll call vote of five (5) yes (Anderson, Dixon, Lynn, Hare, and Bonar), three (3) no (Perza, Williams, and Hutchison), and one (1) abstention (Slavin).

Mr. Slavin stated that he abstained from the vote due to his appointment to the DDP.

By unanimous consent, the meeting recessed at 8:58 p.m. and reconvened at 9:08 p.m.

Mr. Anderson stated, on behalf of staff, that an adjustment in the transfer tax revenue from $1,100,000 to $1,250,000 had been inadvertently omitted from the Plan B budget. He noted that transfer tax revenue had been approximately $1.3M fairly consistently. He stated that the resulting difference would be approximately $150,000.

Mr. Anderson moved to increase the transfer tax estimated revenue to $1,250,000, seconded by Mrs. Williams and unanimously carried (Slavin absent).

Referring to the previous discussion regarding the DDP, Mr. Perza expressed his opinion that Council members who are members of the DDP should take part in discussions and votes on DDP matters and advise Council in this regard. He felt that forcing Council members to abstain because of membership on some of these City committees would open up proceedings to potential manipulations. For example, if someone had knowledge some Council members were not in favor of an issue, it could be decided to appoint these members to the DDP because they would not be allowed to vote on this issue during Council meetings. He suggested that perhaps the City Solicitor should be consulted on this matter. For future purposes, he stated that he had no problems with Council members who are DDP Board members participating and voting on these matters.

Mr. Lynn concurred with Mr. Perza and stated that financial gain is considered when determining a conflict. Noting that he respected Mr. Slavin's ethical concerns, he felt that even Mr. Slavin, although he was not a City appointee to the DDP, would derive no financial gain from voting on the DDP issues.

Mr. Perza stated that he was not implying that the present or past Council Presidents had performed such manipulations; however, he felt that forcing these members not to vote almost created a conflict.

Mr. Anderson stated that the Council President had favored this argument, noting that there had not been abstentions in the past and this was for good reason. He stated that if there were a full complement of Council members on the DDP and an additional member was appointed by the State, it would be difficult to obtain a vote on DDP matters. He felt that this was why Robert's Rules and Laws makes exceptions in this regard.

Mr. Dixon stated that he also abstains from voting at the DDP meetings and Mr. Bonar stated that this was his prerogative.

Mr. Anderson moved that the property tax increase be stricken from the budget and that the Electric Fund transfer be amended to $9.5M, seconded by Mr. Hare.

Mrs. Williams questioned if the purpose of Mr. Anderson's motion was to increase the transfer beyond the policy, rather than using funds from the Rate Stabilization Fund. Responding, Mr. Anderson stated that the proposal was to change the transfer amount. He stated that the Rate Stabilization Fund could be adjusted accordingly to keep this consistent.

Responding to Mr. Hutchison regarding the City Manager's feelings about the proposed action, Mr. Koenig stated that this proposal was completely contrary to the budgets that had been presented.

Mr. Hare moved to amend the motion to state that the funds would be transferred from the Rate Stabilization Fund to the General Fund and the amendment was accepted by Mr. Anderson and Mrs. Williams.

In response to Mr. Perza regarding the amount of the deficit in the current proposed budget, Mrs. Mitchell stated that, including the motion on the floor, the General Fund surplus or deficit (revenues less expenses) would be $1,235,400. She stated that an additional $27,000 would have taken $0.04 off the tax rate increase.

At the request of Mr. Bonar to restate the motion, Mr. Anderson indicated that the motion was that the property tax increase be eliminated and that $1.5M be transferred from the Rate Stabilization Fund to the General Fund.

Mr. Perza inquired if the intent of the $1.5M transfer was to close the deficit. Responding, Mr. Anderson stated that the intent was to close the deficit and allow flexibility for additional issues in the budget that Council members may like to discuss.

Mr. Koenig stated that amount needed to close the deficit would be $1,042,000. Under this motion, an unobligated amount of $450,000 would be brought forward to the continued budget discussion scheduled for consideration during the Regular Council Meeting scheduled for June 9, 2014.

Mr. Anderson stated that this would allow flexibility, for example, when the Recreation Needs Assessment study is complete.

Mr. Hare stated his belief, if the tax and fee increases were eliminated, that non-bargaining employees were entitled to an increase since bargaining employees had received increases. Mr. Anderson concurred, noting that the motion would provide enough money to allow for this discussion during the subsequent budget sessions.

Mr. Slavin stated that he favored elimination of the property tax increase but was troubled by the Electric Fund transfer. He asked the maker of the motion to consider decoupling the two (2) actions to make them two (2) separate motions.

Mr. Anderson stated that Mr. Slavin had the right to move the division of the question; however, he would not choose to separate the motions.

Mr. Hare moved to call the question, seconded by Mr. Hutchison and carried by a roll call vote of seven (7) yes (Anderson, Dixon, Slavin, Williams, Hare, Hutchison, and Bonar) and two (2) no (Lynn and Perza).

On a call for the question, the motion to eliminate the property tax increase and transfer $1.5M from the Rate Stabilization Fund to the General Fund was carried by a roll call vote of five (5) yes (Anderson, Dixon, Williams, Hare, and Bonar) and four (4) no (Lynn, Perza, Slavin, and Hutchison).

Mr. Bonar stated that there would now be approximately $450,000 "to play with" and it was up to Council to decided whether to discuss what should be done with these funds.

Mr. Hare moved that the raises for all non-bargaining employees be reinstated at 3%, as recommended by Mr. Koenig, seconded by Mr. Dixon.

Mr. Koenig stated that the total cost of this item would be $77,138.

The motion to reinstate raises for non-bargaining employees at 3% was carried by a roll call vote of six (6) (Anderson, Dixon, Lynn, Hare, Hutchison, and Bonar) and three (3) no (Perza, Slavin, and Williams).

Mr. Anderson moved that $100,000 be put in the Recreation Reserve Fund, with spending depending on Council approval after the Recreation Needs Assessment, seconded by Mr. Dixon.

Mr. Koenig stated that $80,000 had already been budgeted in the capital fund for whatever may come out of Recreation Needs Assessment.

Mr. Anderson clarified that the motion was that an additional $100,000 be put in the Recreation Reserve Fund, for a total of $180,000.

Mr. Slavin stated that he appreciated the recreation need; however, given the tenor of the conversation earlier in the meeting regarding excess money in reserves, he felt it illogical to take funds from one (1) reserve and put them in another reserve and indicated that he could not support this.

Mr. Perza stated his preference, if a transfer were made, that only the amount needed to balance the budget be transferred. If the addition of items was to be considered, he felt that there was a need to evaluate the status first. Mr. Perza stated that the accomplishment for the evening was that members had walked into the room with a massive deficit that apparently had been closed; however, he did not wish to go on another "spending spree" and create another problem down the road. His preference was to wait until the next budget session.

Mr. Anderson expressed his opinion that a need was becoming critical with the pending demolition of the Dover Park facility and the relocation of the Boys and Girls Club. He felt it would be foolish, knowing that these events would be occurring, not to budget for them and that some money should be reserved for one (1) time projects. Mr. Anderson stated that the City should wait for the results of the Recreational Needs Assessment to identify what the needs would be; however, the money should be set aside in the budget and if it were decided not to spend it, it could be given back to the people.

Mr. Slavin questioned if money had ever been given back to the people by the City and if the City ever found itself with money that it had decided not to spend. Responding, Mr. Anderson stated that this had been done two (2) years in a row with electric rate cuts.

Mrs. Williams stated that these funds were returned to customers because the City had overcharged them.

Mr. Dixon stated that he had promised to get something done at the Dover Park.

Mr. Perza stated that $80,000 had been reserved in the budget for recreation needs and was available for expenditure when a project is approved, but the City was six (6) months or more away from having the results of the Recreational Needs Assessment. He indicated that once the study is complete, more time will be spent discussing what to do with the money and that the City was probably one (1) year away from spending that money. Mr. Perza noted that members did not know where the City would be financially in six (6) to nine (9) months and expressed discomfort with adding dollars.

Mr. Anderson moved that $100,000 be put in the Recreation Reserve Fund, with spending depending on Council approval after the Recreation Needs Assessment, seconded by Mr. Dixon and carried by a vote of five (5) yes (Anderson, Dixon, Lynn, Hare, and Bonar) and four (4) no (Perza, Slavin, Williams, and Hutchison).

Mr. Koenig stated that motions would be required to address Water/Wastewater and I & I charges so that ordinances could be prepared.

Mr. Anderson moved to accept staff's recommendation to increase the sewer customer charge from $1.25 to $2.50, the water customer charge from $1.25 to $2.50, and increase the per 1,000 gallon rate for I & I from $1.05 to $1.50 per 1,000 gallons.

Responding to Mr. Anderson, Mr. Koenig confirmed that this funding was critical to the wastewater infrastructure, where this funding would primarily be directed.

In response to Mr. Perza, Mr. Koenig stated that these increases were included in the original budget proposal which had not yet been approved by Council. He stated that approving the motion at this time would allow for adding this revenue when preparing the budget document based on the motions passed.

Responding to Mrs. Williams regarding the source of this funding, Mr. Koenig stated that both the original budget and the Plan B budget included increases in water, sewer, and I & I charges and that this would be a rate and fee hike.

Responding to Mr. Hare, Mr. Koenig stated that the Electric Fund transfer previously discussed would go to the General Fund. No monies from the Electric Fund were proposed for transfer to the water/wastewater utility.

The motion to accept staff recommendations to increase the sewer customer charge from $1.25 to $2.50, the water customer charge from $1.25 to $2.50, and increase the per 1,000 gallon rate for I & I from $1.05 to $1.50 per 1,000 gallons was carried by a roll call vote of six (6) yes (Anderson, Dixon, Lynn, Perza, Hutchison, and Bonar) and three (3) no (Slavin, Williams, and Hare).

Mr. Bonar invited members of the public to comment.

Mr. Alan Gaddis, 448 N. State Street, stated that in ninth grade he was told that if you want services from the government, you must be ready to pay for them. He stated that he was ready to pay for the original tax increase proposed as he wanted to see Dover grow. In listening to the discussion, he felt that some things were good and he was disappointed in others. He hoped that his adoptive City would flourish and stated he would not mind a tax increase if it would help Dover to grow and maintain services, noting that he was receiving better services in Dover than he did in his previous state, was willing to pay for them, and felt others were also willing to do so. He urged members to do what was right for Dover and its residents and not to be afraid to raise taxes now and then.

Mr. Bob Hartman, 35 Lotus Street, stated his opposition to a tax increase, believing that Council should spend money wisely, as he has to spend wisely. He stated his opinion that Council had done "a marvelous job" tonight in talking about each item with all participating. However, he stated when $1.5M was found, members began spending this immediately and he expressed disappointment in this. He felt that the City had been operating from an "if you have it, spend it" approach and expressed disappointment. He congratulated members on their efforts put in during the evening.

Mr. James Long, 323 Columbia Avenue, affirmed the comments made by Mr. Gaddis. He felt that Dover is a great place to live, noting that he had lived here for 15 years and was thrilled and impressed with City services. He felt that the City did a grand job with expense management; however, not with revenue management. He stated that the City had two (2) major sources of revenue, including property taxes and the electric and other utility funds. However, he felt that during the year the funds are not "worked" the way they should be. Mr. Long suggested that revenue planning be done. He stated that there had not been a real tax increase in six (6) to eight (8) years, although there were some smaller increases surrounding reassessments. Mr. Long advised members that the tax rates provided by the Delaware Economic Development Office for all of the cities in towns in Delaware reflect that Dover has the lowest tax rate of all the bigger cities and this had been true for a couple of years. Mr. Long stated that there was room to spend, that the City could do better, and that he was ready to pay the property tax increase. He expressed his opinion that Mrs. Mitchell and Mr. Koenig and their staff had done a great job.

On behalf of Council, Mr. Perza thanked Mr. Koenig, Mrs. Mitchell, and City staff for putting the budget and revisions together, answering all of the questions, taking all of the criticism, and doing this in relatively short time frame. He assured them that none of the criticism was personal or directed toward staff, but everyone was trying to get to the right answer and provide for the City's best interests.

Mr. Dixon concurred with Mr. Perza's remarks and expressed appreciation for staff's work and patience.

Mr. Bonar stated that the process undergone during the meeting was similar to that used in the Joint Finance Committee's mark-up session. He encouraged Council, during the budget session next fiscal year, to have a specific night set up for mark-up before the budget gets "down to the wire." Mr. Bonar explained that the State holds a mark-up session in May, which allows an additional month and a half to review the issues and make informed decisions before the budget must be passed. He suggested that Council hold a similar Retreat in which members can discuss budget numbers.

Mr. Bonar noted that this was the last budget for the City in which he would participate, noting that he did not plan to run for office next year. He indicated that he was very proud of staff, including those who collect trash, protect streets, and work in administration. Since he had been acting as Mayor over the last several weeks, he had learned a great deal about how the City operates and felt that all should be proud of the City's staff. Mr. Bonar noted that, in spite of arguing on the floor, everyone had the best interests of the constituents at heart and he congratulated members on the progress made.

By unanimous consent, the meeting adjourned at 9:44 p.m.

TRACI A. McDOWELL
CITY CLERK

All orders, ordinances, and resolutions adopted by City Council during their Special Meeting of May 20, May 21, June 2, and June 5, 2014, are hereby approved.

DAVID L. BONAR
COUNCIL PRESIDENT/
VICE-MAYOR ACTING

/TM
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Exhibits

Exhibit #1 - Presentation - City of Dover Fiscal Year 2015 Proposed Budget, Highlights of the Overall Budget
Exhibit #2 - All Funds - Breakdown of Increases for Non-Bargaining Unit
Exhibit #3 - Summary of Wage Increases Issued to Non-Bargaining, FOP, IUE/DOE, and IBEW Employees
Exhibit #4 - Non-Bargaining Employee Raises Since FY 2011
Exhibit #5 - Alternative Budget Proposal - PCA Credit 3.1% to Offset Impact - Tax/Sewer Rate Increase
Exhibit #6 - Analysis of 2% Reduction of Department Expenses Submitted vs. Used
Exhibit #7 - General Fund Budget with Pension Unfunded Liability Within Department Expenses vs. Fund Expense
Exhibit #8 - General Fund Revenue Summary
Exhibit #9 - FY 15 Sample Customer Calculations with Customer Details - June 2, 2014
Exhibit #10 - Presentation - City of Dover - Analysis of Policies, Budget Balances & Reserves - June 2, 2014
Exhibit #11 - City of Dover Electric Revenue Fund Five Year Forecast with Power Cost Adjustment (PCA) Credit - June 2, 2014
Exhibit #12 - Correspondence from Mrs. Donna Mitchell to Mrs. Williams dated June 5, 2014 - Response to Budget Request, and Support Documentation
Exhibit #13 - Correspondence from Mrs. Donna Mitchell to Mr. Anderson dated June 5, 2014 - RE: Budget Ideas, and Support Documentation
Exhibit #14 - Correspondence from Mrs. Donna Mitchell to Mr. Lynn dated June 3, 2014 - RE: Street Lights, and June 4, 2014 - Shifting the Cost of Street Lighting, and Support Documentation
Exhibit #15 - Correspondence from Mrs. Donna Mitchell to Mr. Slavin dated June 4, 2014 - RE: Budget Questions, and Support Documentation
Exhibit #16 - Correspondence from Ms. Kathleen Stiller, Director, Division of Water, Delaware Department of Natural Resources and Environmental Control (DNREC) dated June 5, 2014 regarding the City's Municipal Separate Storm Sewer System Permit
Exhibit #17 - Presentation - City of Dover Fiscal Year 2015 Proposed Budget - Proposed Changes to Original Budget - June 5, 2014
Exhibit #18 - FY 2015 Annual Operating Budget - Dover, Delaware - General Fund Cash Receipt Summary
Exhibit #19 - Revised FY15 Sample Customer Calculations with Customer Details - June 5, 2014

City of Dover Fiscal Year 2015 Proposed Budget

Highlights of Overall Budget

May 2014

EXHIBIT #1
2014 Budget Review
Special Council Meeting of 05/20/2014

Policy Compliance

- Revenue Policy
  - #7 – The City will project current revenues on a conservative basis so the actual revenues will consistently meet or exceed budgeted revenues. Revenues greater or less than the original budget will flow through to the audited Ending Budget Balance.
- Expenditure Policy
  - #2 – The City will adopt a balanced budget, by fund, for all funds maintained by the City, in which total anticipated revenues must equal or exceed the budgeted expenditures to budgeted amounts. The Beginning Budget Balance will not be considered a revenue source.
- Budget Balance Policy – General Fund
  - #1 – The City will strive to maintain a minimum Budget Balance, of at least 8% and no greater than 12% of the current year operating revenues for the General Fund, excluding the carry forward balance. (8.33% = 1 month, 12% = 45 days)
- Budget Balance Policy – Water & Wastewater Fund
  - #1 – The City will strive to maintain a minimum Budget Balance, of at least 8% and no greater than 17% of the current year operating revenues for the Water/Wastewater Fund, excluding the carry forward balance. (17% = 2 months)
- Budget Balance Policy – Electric Fund
  - #1 – The City will strive to maintain a minimum Budget Balance, of at least 8% and no greater than 12% of the current year operating revenues for the Electric Fund, excluding the carry forward balance.

Policy Compliance (continued)

	General Fund	Water Utility	Wastewater Utility	Water/Wastewter Fund	Electric Fund
Revenus	$39,147,700	$5,508,300	$8,992,100	$14,500,400	$80,306,500
Expenses	(39,084,300)	(5,160,200)	(8,544,900)	(13,705,100)	(80,286,100)
Surplus/(Deficit)	$63,400	$348,100	$447,200	$795,300	$20,400
Ending Budget Balance	$3,456,400	$1,006,500	$503,700	$1,510,200	$9,274,000
% of Revenue	8.8%	18.3%	5.6%	10.4%	11.5%
Beginning Budget Balance	$3,393,000	$658,400	$56,500	$714,900	$9,253,600

Revenue Changes

- General Fund
  - ✓ Proposed tax increase $.0722 or 21%
  - ✓ Proposed increase in Water/Wastewater Transfers FY16 – FY19
  - ✓ Proposed change to billing for Extra Duty Services
  - ✓ Proposed changes for Planning & Inspection fees for discussion
    - (not included in the Draft Budget)
  - ✓ No proposed sanitation fee increase
  - ✓ No proposed fine increases
  - ✓ No PILOT changes
- Water/Wastewater Fund
  - ✓ Ground water surcharge for Inflow/Infiltration increase $.45 or 42.9%
  - ✓ Customer Charge is increased from $1.25 to $2.50 each water and wastewater
  - ✓ No proposed water fee increases
  - ✓ No proposed sewer fee increases
  - ✓ No proposed impact fee increase
- Electric Fund
  - ✓ No proposed changes

Applicable to All Funds

- Pay increases in accordance with collective bargaining agreements
- Department Heads proposed to receive a 2% pay increase and a $1,250 bonus
- Other Non-bargaining employees proposed to receive a 3% pay increase
- Total Headcount – Added 1 full-time and 8 casual/seasonal positions
  - 2 positions transferred from Water/Wastewater to General Fund
- Personnel Cost Increases – Net increase $16,000, after adjusting for the Pension Accounting change of $2,783,600 in the original FY14 budget
  - Wages decreased $53,500, with the reduction of Police overtime $100,000 and bonus payments
  - Health Care Premiums – The proposed budget continues with the change in the cost sharing allocation for health care premiums to 15%. The medical premiums decreased $115,300 attributed to changes in coverage, new hires at 15%, and a less than a half percent premium increase.
  - Pension & OPEB cost are calculated using actuarial percentages resulting in an increase of $183,800.
- Continues to segregate all vacation sell-back, retirement payouts, and education assistance from Department/Division budgets by transferring estimated cost to a fund expense.

General Fund

- Proposed revenue increased $2,869.700 or 7.9% and expenditures increased $2,250,800 or 6.1%
- Major contributing factors to revenues
  - Property Taxes – $2,207,700 or 20.0%
  - Court of Chancery Fees – $159,800
  - Internal Service Allocations – $577,000 related to pensions
  - Planning/Inspections Permits & Fees – $186,700
  - Municipal Street Aid – $136,500
  - Transfer Taxes – ($215,500)
  - Civil Traffic Penalties – ($100,000)
  - Sanitation Revenues – ($80,900)
- Major contributing factors to expenditures
  - Budget Deficit from FY14 – $555,500
  - Capital Projects – $993,900
  - City Police Pension Required Contribution – $347,600
  - Debt Service for Public Safety Equipment (Fire & Police) – $190,100
  - Pension & Other Post Employment Benefits (Retirement medical) – $97,000
  - Other employment expenses – $100,000
  - Insurance – $65,900
  - Contribution to Downtown Dover Partnership – ($102,400)
  - Street Lights – ($61,500)

Property Taxes

TAXABLE ASSESSED VALUE AS OF DECEMBER 31, 2013	$3,176,191,100
Filed Tax Exemption Requests (scheduled for Annual Appeals)	(229,600)
Supplemental Billing (April)	2,000,000
Annual Appeals	(3,000,000)
Expired Abatements (Capitol Green)	2,822,100
Senior Citizen/Disability Exemption (approx 425 approved; revenue loss $74,316)	(22,000,000)
TOTAL ASSESSED VALUE	$3,155,783,600

CITY OF DOVER
PROJECTED PROPERTY TAX RECEIPTS
ACCRUAL METHOD OF ACCOUNTING
7/01/14 - 6/30/15

	Curent Rate	Proposed Rate
	$0.3378	**$0.4100**
Using a tax of $0.3378 per $100 of assessment, the estimated gross 7/01/14 billing will be	$10,660,200	$12,938,700
Penalties	50,000	50,000
Estimated Quarterly Billing	22,000	22,000
PROJECTED PROPERTY TAX RECEIPT SUBTOTAL	**$10,732,200**	**$13,010,700**
BID 1 - Using a rate of $0.0634 per $100 of assessment, the estimated gross 7/01/14 billing will be	24,400	24,400
BID 2 - Using a rate of $0.0349 per $100 of assessment, the estimated gross 7/01/14 billing will be	20,500	20,500
BID 3 - Using a rate of $0.0156 per $100 of assessment, the estimated gross 7/01/14 billing will be	5,100	5,100
TOTAL BID TAXES	**$50,000**	**$50,000**
Pay In Lieu of Taxes		
Luther Towers $27,200; State of Delaware $285,000;	**$317,000**	**$317,000**
Delaware State Housing Authority $4,000; St Andrews $800		
PROJECTED PROPERTY TAX RECEIPTS FOR FY 2015	**$11,049,200**	**$13,327,700**
$0.01 of tax rate equates to: $ 315,578.36		
PROJECTED DOVER REALTY TRANSFER TAX RECEIPTS	**$1,100,000**	

City of Dover, Delaware
Computation of Legal Debt Margin
General Obligation Bonds
(amounts expressed in thousands)

	Projected 2015	Projected 2014	2013	2012	2011	2010	2009
Debt Limit	$ 159,295	$ 157,718	$ 157,186	$ 156,429	$ 155,838	$ 144,341	$ 144,965
Net (Taxable) Assessed Value on Books	3,185,898	3,154,354	3,143,717	3,128,585	3,116,765	2,886,826	2,879,943
Total net debt applicable to limit	7,335	4,049	4,479	2,127	1,550	1,820	2,080
Legal Debt Margin	$ 151,960	$ 153,669	$ 152,707	$ 154,302	$ 154,288	$ 142,521	$ 142,885
Total Net Debt applicable to limit as a percentage of debt limit	4.60%	2.57%	2.85%	1.36%	1.00%	1.26%	1.44%

Legal Debt Margin Calculation for Fiscal Year 2015

Net (Taxable) Assessed Value on Books	$ 3,185,898	$ 3,154,354	$ 3,143,717	$ 3,128,585
Debt Limit - 5 Percent of Total Assessed Value	$ 159,295	$ 157,718	$ 157,186	$ 156,429
DEBT (For which the City's full faith and credit has been pledged)				
Gross Bonded Debt	7,335	4,049	4,479	2,127
LEGAL DEBT MARGIN	$ 151,960	$ 153,669	$ 152,707	$ 154,302

IMPORTANT NOTE: The Total Net Debt applicable to the debt limit includes the remaining Series 2003 Bonds, Series 2014 Bonds, 2014 tax exempt loan and the 2012 PNC Loan.

Source: City of Dover Financial Reports, City of Dover Charter, Section 50(b), and Tax Assessor's Office
July 2009 the Charter was amended and the debt limit was reduced from 25% of the total assessed value to 5%.

Water/Wastewater Fund

- Proposed revenue increased $703,200 or 5.1% and expenses increased $436,400 or 3.3%
- Major contributing factors to revenues
  - Groundwater inflow adjustment – $537,900 or 40.6%
  - Customer charge – $185,800 Water & $174,900 Wastewater
  - Water Service fees – ($300,100)
  - Wastewater Service fees – $64,100
  - Wastewater Treatment fees – ($77,700)
  - Wastewater Impact Fees – $104,900
  - Water Impact Fees – $115,700
- Major contributing factors to expenses
  - Wastewater Capital Projects – $470,000
  - Kent County Treatment fees – $130,200
  - Internal Service allocations – $157,300 related to Pensions
  - Debt Service – $132,500
  - Transferred two positions to General Fund – ($134,500)
  - Phase-out of Construction Division – ($98,900)

Inflow/Infiltration Capital Maintenance Program

Proposed Revenue Increase - Based on FY13 Actual Results

County Treatment Fee Revenue	$ 2,926,616
Groundwater Revenue	1,314,033
Subtotal	4,240,649
Less County Treatment Expense	(3,631,516)
Difference	$ 609,133
5 Yr Avg. I & I CIP Expense	$ 1,170,000
Annual Increase to cover Capital cost	$ 560,867
Current Rate for I & I	$ 1.05
Revised Rate to cover CIP	$ 1.50
FY13 T/Gallons	1,242,238
Additional Calculated Revenue	$ 559,000

Water & Wastewater In City Utility Rates

	Current Rate	Proposed Rate	% Change
Water	$ 3.00	$ 3.00	0.0%
Wastewater	2.65	2.65	0.0%
KC Treatment	2.34	2.34	0.0%
Groundwater I & I	1.05	1.50	42.9%
Customer Charged	2.50	5.00	100.0%
Total	$ 11.54	$ 14.49	25.6%

Average Household - 7,000 gallons

	Bill	Bill	Change
Water	$ 21.00	$ 21.00	0.0%
Wastewater	18.55	18.55	0.0%
KC Treatment	16.38	16.38	0.0%
Groundwater I & I	7.35	10.50	42.9%
Customer Charged	2.50	5.00	100.0%
Total	$ 65.78	$ 71.43	8.6%
		$ 5.65	Increase

Electric Fund

- Proposed revenue decreased ($2,679,100) or 3.2% and expenses decreased by ($890,000) or 1.1%
- Major contributing factors to revenues
  - Transfer from Rate Stabilization Reserve – ($4,000,000)
  - Customer sales – $1,756,300
  - Utility taxes – ($195,300) (Sales on customers required to pay taxes are down)
  - Interfund service allocations from Water/Wastewater have been discontinued ($98,500)
  - Interest earnings – ($107,400)
- Major contributing factors to expenses
  - Power Supply – ($6,075,900)
  - Power Generation – $5,842,700
  - Division expenses $1,134,500 offset by pension change ($1,314,200)
  - Utility taxes – ($195,300) in conjunction with revenue decrease
  - Internal service allocations – $321,200, related to pensions
  - Inventory write off expense - ($175,000) was re-implemented to cover any obsolete adjustments needed this next fiscal year
  - Fully funded OPEB liability rather than Phase-In Plan over 10 years – $34,100

All Funds
Breakdown of increases for NB Unit

		2% & 3% Raises	D/H Bonus	FICA	LID	Worker's Comp	Pension	OPEB	Increases w/fringes
1	**General Fund**								
2	CITY CLERK	5,500	1,250	600	-	100	200	600	8,250
3	COUNCIL	-	-	-	-	-	-	-	-
4	TAX ASSESSOR	1,200	1,250	200	-	-	100	200	2,950
5	FIRE	-	-	-	-	-	-	-	-
6	GROUNDS MAINTENANCE	-	-	-	-	-	-	-	-
7	LIBRARY	4,000	1,250	300	-	-	100	400	6,050
8	RECREATION	2,300	-	100	-	-	100	200	2,700
9	LIFE SAFETY	-	-	-	-	-	-	-	-
10	CODE ENFORCEMENT	1,600	-	100	-	-	100	200	2,000
11	PLANNING	4,200	1,250	400	-	-	300	500	6,650
12	INSPECTIONS	-	-	-	-	-	-	-	-
13	ECONOMIC DEVELOPMENT	1,300	1,250	200	-	-	100	100	2,950
14	POLICE	-	1,250	-	-	-	-		1,250
15	POLICE EXTRA DUTY	-	-	-	-	-	-	-	-
16	STREETS	-	-	-	-	-	-	-	-
17	SANITATION	1,600	-	200	-	-	-	200	2,000
18	CITY MANAGER	1,100	-	100	-	-	-	200	1,400
19	INFORMATION TECHNOLOGY	1,700	1,250	300	100	-	-	200	3,550
20	FINANCE	5,800	1,250	600	-	-	300	700	8,650
21	PUBLIC WORKS - ADMINISTRATION	4,400	1,250	500	-	-	200	500	6,850
22	FACILITIES MANAGEMENT	-	-	-	-	-	-	-	-
23	PUBLIC WORKS - ENGINEERING	-	-	-	-	-	-	-	-
24	PROCUREMENT & INVENTORY	2,000	-	200	-	-	100	200	2,500
25	FLEET MAINTENANCE	1,300	-	100	-	100	100	100	1,700
26	CUSTOMER SERVICE	2,800	1,250	300	-	-	100	300	4,750
27	HUMAN RESOURCES	4,400	1,250	500	-	-	200	500	6,850
28	MAYOR	-	-	-	-	-	-	-	-
29	**TOTAL**	**45,200**	**13,750**	**4,700**	**100**	**200**	**2,000**	**5,100**	**71,050**
30	**Water Wastewater Fund**								
31	ENGINEERING & INSPECTION	2,300	-	200	-	-	100	200	2,800
32	WATER CONSTRUCTION	-	-	-	-	-	-	-	-
33	WATER DEPARTMENT	1,900	-	100	-	100	-	100	2,200
34	WATER TREATMENT PLANT	2,000	-	200	-	100	100	200	2,600
35	WASTEWATER DEPARTMENT	-	-	-	-	-	-	-	-
36	**TOTAL**	**6,200**	**-**	**500**	**-**	**200**	**200**	**500**	**7,600**
37	**Electric Fund**								
38	TRANSMISSION/DISTRIBUTION	2,400	-	200	100	100	100	200	3,100
39	ELECTRICAL ENGINEERING	-	-	-	-	-	-	-	-
40	ADMINISTRATION	-	-	-	-	-	-	-	-
41	METER READING	-	-	-	-	-	-	-	-
42	SYSTEMS OPERATIONS	-	-	-	-	-	-	-	-
43	**TOTAL**	**2,400**	**-**	**200**	**100**	**100**	**100**	**200**	**3,100**
44	**TOTAL ALL FUNDS**	**53,800**	**13,750**	**5,400**	**200**	**500**	**2,300**	**5,800**	**81,750**

EXHIBIT #2
2014 Budget Review
Special Council Meeting of 05/20/2014

CPI, All items excluding Energy

	Feb of each year	Non - Bargaining	FOP	IUE/DOE	IBEW
Contract Wage Increases:					
1997-2007					3% with .5% off set, or .4975 cents,me too clause, health care. On 1/7/01 rec'd 50 cent for me too.
7/1/2003			3.00%	50 cents and 2.5%	
7/1/2004			3.00%	3%, E & F goes to Step G (new), eliminate step on anniversary	
7/1/2005			3.00%	3%	
7/1/2006		PFP Scale, 1.50% - 7.20%	3.00%	3%	
7/1/2007 - 6/30/08 (FY08)		PFP Scale 2.0% - 6.5%	3.50%	3.50%	3.00%
7/1/2008 - 6/30/09 (FY09)	Feb 2008, 2.6%	3.5%, 3.66%, or 4.0%	4.00%	3.50%	3.50%
7/1/2009 - 6/30/10 (FY10)	Feb 2009, 2.2%	3.5%, nine (9) days of furlough	3.5%, nine (9) days of furlough	3.5%, nine (9) days of furlough	4%, nine (9) days of furlough
7/1/2010 - 6/30/11 (FY11)	Feb 2010, 1.1%	PFP Scale, % of midpoint, 2.5%, 3.3% or 4%; Actually Increases 0% to 4.7%	3%, based on CPI	8/15/2010 --3.0%, step A eliminated, B becomes A	3% eff. 1/25/11 plus $500
7/1/2011 - 6/30/12 (FY12)	Feb 2011, 1.3%	0.00%	2% , 1/1/2012, Arbitrator decision	2.00%	2.00%
7/1/2012 - 6/30/13 (FY13)	Feb 2012, 2.4%	0.00%	0.00%	0.00%	0.00%
7/1/2013 - 6/30/14 (FY14)	Feb 2013, 1.9%	3% of 7/1/12 salary	0.00%	0%, Three (3) $600 bonuses	0%
7/1/2014 - 6/30/15 (FY15)	Feb 2014, 1.5%	Proposed: For DHs,2% to base and $1,250 bonus; For everyone else 3% to base	New Salary chart implemented, no general wage increase	2% steps added to scale. Range of increase 2-3.5%	3.25%, drop step A
7/1/2015 - 6/30/16 (FY16)			To Be Negotiated	To Be Negotiated	3% step
7/1/2016 - 6/30/17 (FY17)			To Be Negotiated	To Be Negotiated	3%, step

EXHIBIT #3
2014 Budget Review
Special Council Meeting of 05/20/2014

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

CITY OF DOVER

NON-BARGAINING EMPLOYEES RAISES SINCE FISCAL YEAR 2011

	Job title	7/1/2010 Salary	7/1/2010 Bonus	7/1/2011 Salary	7/1/2011 Bonus	7/1/2012 Salary	7/1/2012 Bonus	7/1/2013 Salary	7/1/2013 Bonus	% increase excluding bonus
1	CITY MANAGER	110,811	-	118,000	5,000	118,000	-	118,000	-	6%
2	CONTROLLER/TREASURER	117,146	-	117,166	-	117,166	-	120,682	-	3%
3	CHIEF OF POLICE	103,376	-	106,769	-	106,769	-	109,970	-	6%
4	PLANNING & COMM DVLPMNT DIR.	91,775	-	91,775	1,925	107,315	3,500	110,074	-	20%
5	PUBLIC WORKS DIRECTOR	88,078	-	88,078	4,070	100,000	3,700	102,648	-	17%
6	City Clerk/Dir CouncilAffairs&Constituent Svc	66,456	-	86,538	-	86,538	-	89,128	-	34%
7	HUMAN RESOURCES DIRECTOR	82,983	-	82,983	-	82,983	-	85,467	-	3%
8	INFORMATION TECHNOLOGY DIR.	76,314	-	76,314	-	82,059	-	84,344	-	11%
9	LIBRARY DIRECTOR	72,746	-	72,746	-	72,746	-	74,922	-	3%
10	CITY ASSESSOR	57,410	-	57,410	-	57,410	-	59,134	-	3%
11	CUSTOMER SERVICES MANAGER	62,730	-	62,730	-	62,730	-	64,605	-	3%
12	ECONOMIC DEVELOPMENT MANAGER	61,396	-	61,396	-	61,396	-	63,232	-	3%
13	LINE CREW SUPERINTENDENT	-	-	71,448	-	71,448	-	78,624	-	10%
14	WATER/WASTEWATER MANAGER	61,288	-	61,288	-	75,000	-	76,835	-	25%
15	FINANCIAL REPORTING & ACCT MGR	68,835	-	68,835	963	71,594	525	73,653	-	7%
16	CONTRACT & PROCUREMENT MANAGER	64,861	-	64,861	-	64,861	-	66,810	-	3%
17	PRINCIPAL PLANNER	64,259	-	64,259	-	64,259	-	66,186	-	3%
18	WATER PRODUCTION SUPERVISOR	63,731	-	63,731	-	63,731	-	65,645	-	3%
19	WATER/WASTE MAINTENANCE SUPER.	54,576	-	54,576	-	61,000	-	62,629	-	15%
20	GIS MANAGER	57,783	-	57,783	6,930	57,783	15,120	59,509	13,860	3%
21	ASST LIBRARY DIRECTOR	-	-	54,000	-	54,000	-	55,619	-	3%
22	FIELD SUPERVISOR I	53,660	-	53,660	-	53,660	-	55,266	-	3%
23	LIBRARIAN I PT	26,555	-	26,555	-	26,555	-	27,352	-	3%
24	INSPECTOR III	50,504	-	50,504	-	50,504	-	52,021	-	3%
25	CUSTOMER SERVICE SUPERVISOR	46,684	684	46,684	-	49,712	-	51,106	-	9%
26	Asst City Clerk/Dep Dir CouncilAffrs&Const Sv	30,680	-	40,452	-	48,763	-	50,232	-	64%
27	RECREATION CENTER COORDINATOR	46,195	-	46,195	-	46,195	-	47,590	-	3%
28	HUMAN RESOURCES COORDINATOR	40,152	-	40,152	-	40,152	-	46,197	-	15%
29	FIELD SUPERVISOR II	-	-	-	-	-	-	44,970	-	0%
30	ADMINISTRATIVE ASSISTANT	41,607	-	41,607	-	41,607	-	42,848	-	3%
31	Asst to Dir Council Affairs & Constituent Svc	31,443	-	31,443	-	39,724	-	40,914	-	30%
32	PAYROLL SPECIALIST	-	-	-	-	39,520	-	40,706	-	3%
33	ADMINISTRATIVE ASSISTANT	34,001	-	34,001	-	34,001	-	35,027	-	3%
34	ADMINISTRATIVE ASSISTANT	-	-	-	-	33,010	-	34,008	-	3%

EXHIBIT #4
2014 Budget Review
Special Council Meeting of 05/20/2014

City of Dover
Alternative Budget Proposal
PCA Credit 3.1% to offset the impact of tax rate & sewer rate increase

	Electric Utility			Sewer Utility		Property Taxes		Annual Impact - Calendar Year 2013						w/o PCA CR	w/PCA CR
Name	KWH Used	Energy Rate	Energy $	T/Gal	Sewer T/Gallons	Assessed Value	Taxable Value	Customer Charge	I & I Surcharge	Tax Increase	Total	PCA Credit	Adjusted Total	Average Monthly	Average Monthly
WESLEY COLLEGE	4,257,049			16,944	16,944	49,743,300	-								
WESLEY COLLEGE	1,486,139														
WESLEY COLLEGE	172,703														
WESLEY COLLEGE	91,234														
WESLEY COLLEGE	70,880														
WESLEY COLLEGE	54,971														
WESLEY COLLEGE	38,261														
WESLEY COLLEGE	34,363														
WESLEY COLLEGE	18,725														
WESLEY COLLEGE	13,985														
WESLEY COLLEGE	2,566														
Total	6,240,876			16,944	16,944	49,743,300	-	30.00	7,624.80	-	7,654.80			637.90	-
BAYHEALTH ENT-PHYSICIAN SERVIC	121,438			45,659	45,659	109,272,600	6,951,700								
BAYHEALTH MEDICAL CENTER	1,984,080														
BAYHEALTH MEDICAL CENTER INC	160,790														
KENT GENERAL HOSPITAL	23,978,514														
Total	26,244,822	$0.06450	$1,692,791.02	45,659	45,659	109,272,600	6,951,700	30.00	20,546.55	5,019.13	25,595.68	($52,476.52)	(26,880.84)	2,132.97	(2,240.07)
DOVER DOWNS INC	25,936,360	$0.06450	$1,672,895.22	51,858	51,858	146,847,600	146,847,600	30.00	23,336.10	106,023.97	129,390.07	($51,859.75)	77,530.32	10,782.51	6,460.86
KRAFT FOODS GLOBAL, INC	41,260,545	$0.06090	$2,512,767.19	23,014	31,251	19,565,300	19,565,300	30.00	14,062.95	14,126.15	28,219.10	($77,895.78)	(49,676.69)	2,351.59	(4,139.72)
PLAYTEX PRODUCTS INC-ACCT PAY	24,135,896			5,319	5,319	17,726,100	17,726,100								
PLAYTEX PRODUCTS INC-ACCT PAY	685,800														
Total	24,821,696	$0.06450	$1,600,999.39	5,319	5,319	17,726,100	17,726,100	30.00	2,393.55	12,798.24	15,221.79	($49,630.98)	(34,409.19)	1,268.48	(2,867.43)
PROCTER AND GAMBLE COMPANY	14,509,767	$0.06090	$883,644.81	65,299	38,463	11,778,000	11,778,000	30.00	17,308.35	8,503.72	25,842.07	($27,392.99)	(1,550.92)	2,153.51	(129.24)
Residential Customer	26,836	$0.12040	$3,231.05	63		228,700		30.00	28.35	165.12	223.47	($100.16)	123.31	18.62	10.28
Residential Customer	13,689	$0.12040	$1,648.16	76		164,400		30.00	34.20	118.70	182.90	($51.09)	131.80	15.24	10.98
Residential Customer	9,017	$0.12040	$1,085.65	21		166,600		30.00	9.45	120.29	159.74	($33.66)	126.08	13.31	10.51
Residential Customer	10,982	$0.12040	$1,322.23	41		153,100		30.00	18.45	110.54	158.99	($40.99)	118.00	13.25	9.83
Residential Customer	17,880	$0.12040	$2,152.75	57		239,600		30.00	25.65	172.99	228.64	($66.74)	161.91	19.05	13.49
Residential Customer	14,322	$0.12040	$1,724.37	38		150,900		30.00	17.10	108.95	156.05	($53.46)	102.59	13.00	8.55
Residential Customer	15,180	$0.12040	$1,827.67	54		237,400		30.00	24.30	171.40	225.70	($56.66)	169.04	18.81	14.09
Residential Customer	6,327	$0.12040	$761.77	33		50,100		30.00	14.85	36.17	81.02	($23.61)	57.41	6.75	4.78
Residential Customer	8,280	$0.12040	$996.91	19		169,200		30.00	8.55	122.16	160.71	($30.90)	129.81	13.39	10.82

Last 3 fiscal years - estimated impact of rate reductions - Source: FY14 Draft Budget

Reduction in cost based on FY12 kwh & kw					
		Energy Rate	Energy Rate	Proposed Rate	$.01 Tax Increase
Sample #	Customer	6/30/2012	7/1/2012	7/1/2013	= $315,700
Sample 1	Dover Air Force Base	($594,570.92)	($432,226.00)	($818,662.41)	*Exempt*
Sample 2	Kraft	($377,748.38)	($274,605.88)	($520,120.29)	$1,957
Sample 3	Proctor & Gamble	($113,997.33)	($82,870.87)	($156,962.48)	$1,178
Sample 4	Playtex	($147,593.45)	($95,238.25)	($187,720.96)	$1,136
Sample 5	Dover Downs	($225,875.26)	($145,751.48)	($287,285.92)	$8,203
Sample 6	Target	($13,272.53)	($8,564.42)	($16,881.05)	$927
Sample 7	Bay Health	($163,766.07)	($105,674.02)	($208,290.56)	*Largely Exempt*
Sample 8	Sheraton	($21,531.61)	($13,893.79)	($27,385.60)	$1,206
Sample 9	Lowes	($20,840.87)	($17,339.02)	($38,019.86)	$1,135

EXHIBIT #5
2014 Budget Review
Special Council Meeting of 05/20/2014

CITY OF DOVER
ANALYSIS OF 2% REDUCTION OF DEPARTMENTAL EXPENSES SUBMITTED VS. USED
FY 2014/15 BUDGET

Listing of 2% changes submitted by Department Heads:

	Total Budget on 4/27/14	10 Series	20 Series	30 Series	Net Budget	% Proposed	Actual Reduction used	% Used	Reduced	Was not Reduced
CITY CLERK	377,700			(6,000)	371,700	-1.59%	(1,800)	-0.48%	Telephone/Fax($500), Training($1300), Off Equip/repair($400)	Training($4200)
CITY COUNCIL	115,100			(2,300)	112,800	-2.00%	-	0.00%	Nothing was reduced, it was deemed that all expense budgeted is needed	Training($2300)
TAX ASSESSOR	339,900		14,800	(46,700)	308,000	-9.39%	(31,900)	-9.39%	postage $14800, Contractual Services($46,700)	Too much reduced - will need to add back $9,900 for annual maint agreement.
FIRE DEPARTMENT	718,300				718,300	0.00%	-	0.00%	No 2% reduction was received	
LIBRARY	1,395,700		(4,400)	(1,000)	1,390,300	-0.39%	(5,400)	-0.39%	Printing & Dup($100), Prog Exp($2600), Computer Software($500), Computer hardware($1300), Audio Visual($1100), Telephone($200), Training($200), Off Equip Rep & Maint($600)	
RECREATION	713,900	(5,800)	(3,500)	(5,000)	699,600	-2.00%	(7,700)	-1.08%	Playgrd Leader- Temp Help($5800),reduced: Office Supplies($500), Contr Services($1400)Porta Johns @ VFA Parade	Program Expenses($3000), African American Festival Contribution($3600)
LIFE SAFETY	511,400	(5,000)	-	(600)	505,800	-1.10%	(5,500)	-1.08%	1 month vacancy for Truax($4900) and reduce telephone($600)	Actual amount of one month vacancy was a little different $100
CODE ENFORCEMENT	418,400			(500)	417,900	-0.12%	(500)	-0.12%	Gasoline($500)	
PLANNING/CDBG	439,600			(100)	439,500	-0.02%	(100)	-0.02%	Subscriptions and Dues($100)	
INSPECTIONS	605,200			(33,300)	571,900	-5.50%	(200)	-0.03%	Training($200)	Demolition($33100)
TOTAL PLANNING AND INSPECTIONS	**1,974,600**	**(5,000)**	-	**(34,500)**	**1,935,100**	**-2.00%**	**(6,300)**	**-0.32%**	total for the P&I Division	
ECONOMIC DEVELOPMENT	221,600				221,600	0.00%	-	0.00%	Nothing was reduced, it was deemed that all expense budgeted is needed	
POLICE - ADMINISTRATION	14,821,800	(58,000)	(1,000)		14,762,800	-0.40%	(59,000)	-0.40%	Overtime($58,000), Computer Software($1,000)	
GROUNDS	1,077,400	(54,300)	(1,100)	89,100	1,111,100	3.13%	46,700	4.33%	Superint 75% of year($23000), 2 vacant MEO II's works 9 1/2 mos and step I($24200), Laborer $9000, N P I temp upgd $7400, N P II works 9 1/2 mos($23500), Safety&Security Mat($1100), Subs & Dues $300, Training $2500, Cont Serv $85000, Ag billing $14,300	Part of Reorganization. There was a late submittal to change Cont Services($13,000). It did not make it in the budget because it was too late. Change was dept. is outsourcing mowing but calculated with the wrong amt of time.
STREET	668,400		(4,500)	1,200	665,100	-0.49%	(3,300)	-0.49%	Sec&Safety Materials($1000), Street Repair Mat($10000), Sand & Salt($1200), Storm Sewer Supplies $7000, Ditch Maint. $700, Training $1200	
SANITATION	2,288,300		(1,400)	(44,300)	2,242,600	-2.00%	(45,700)	-2.00%	Sec&Safety Materials ($1400), Contr Serv($38800), Environmental expenses($1000), Agency billing temp help($4500)	
PUBLIC WORKS - ADMINISTRATION	490,600	21,900	(1,300)	(1,500)	509,700	3.89%	19,100	3.89%	Gen Svc to GIS Manager $21900, Computer hardware($1300), Telephone($1500)	
FACILITIES MANAGEMENT	677,900		(1,600)	1,800	678,100	0.03%	200	0.03%	Security&Safety($1600), Contr Services $1800	
PUBLIC WORKS - ENGINEERING	230,400	(36,400)	(1,700)		192,300	-16.54%	(38,100)	-16.54%	Env. Scientist 8 mos.($24000), Civil Eng 10 mos. ($12400)	
FLEET MAINTENANCE	776,700		(2,200)	600	775,100	-0.21%	(1,600)	-0.21%	Security & Safety($700), Bldg Maint Supplies($1800), Training($600)	
TOTAL PUBLIC WORKS DEPARTMENT	**6,209,700**	**(68,800)**	**(13,800)**	**46,900**	**6,174,000**	**-0.57%**	**(22,700)**	**-0.37%**		
CITY MANAGER	487,700	(500)		(10,500)	476,700	-2.26%	(11,000)	-2.26%	OT($500), Subs & dues($100), Training($400), Legal Exp.($10000)	
INFORMATION TECHNOLOGY	732,500		(6,450)	(8,200)	717,850	-2.00%	(6,000)	-0.82%	Computer Hardware($6,000)	Data Processing supplies($450), Training($1450), Training In-house($5,000), Office Equipment/repairs & Maint($1750)
FINANCE	959,100	(4,500)		(12,300)	942,300	-1.75%	(16,800)	-1.75%	Contractual Services($12,300), Retirement($4500)	
PROCUREMENT & INVENTORY	563,800			(10,000)	553,800	-1.77%	(10,000)	-1.77%	Postage($10000)	
CUSTOMER SERVICES	1,188,800		(23,700)		1,165,100	-1.99%	(3,800)	-0.32%	Office Equip Repair & Maint.($3800)	
HUMAN RESOURCES	373,500		(7,500)		366,000	-2.01%	-	0.00%	Nothing was reduced, it was deemed that all expense budgeted is needed	Advertising($6000), Personnel Related Supplies($1500)
MAYOR	81,400				81,400	0.00%		0.00%		
WATER/WASTEWATER ENGINEERING	497,500		(300)		497,200	-0.06%	(300)	-0.06%	Security Safety($300)	
WATER CONSTRUCTION	396,100	(114,100)	(5,900)	(12,800)	263,300	-33.53%	(132,800)	-33.53%	Utility Construction wrkr & MEO II Removed($114100), Security Safety($600), Medical Supp($300), Small tools($4500), Training($300), Gasoline($9800)	
WATER MANAGEMENT	485,700		(600)	(2,900)	482,200	-0.72%	(3,500)	-0.72%	Security Safety($600)	
WASTE WATER MANAGEMENT	974,100	(16,000)	(1,400)	9,700	966,400	-0.79%	(5,900)	-0.61%	UMMII to UMMI 10 mos.($16000), Sec/Safety Mat($1400), Contr Serv $11500	Contractual Services adjmt for mowing was rec'd late and did not make it in the budget($1,800)
WATER TREATMENT PLANT	1,543,500		(1,100)	26,300	1,568,700	1.63%	5,500	0.36%	Security & Safety($1100), Contr Serv $6600	Contractual Services adjmt for mowing was rec'd late and did not make it in the budget$19,700 (prev adjmt was $6600)
TOTAL WATER WASTEWATER FUND	**3,896,900**	**(130,100)**	**(9,300)**	**20,300**	**3,777,800**	**-3.06%**	**(137,000)**	**-3.52%**		
POWER PLANT OPERATIONS	6,141,100			(60,000)	6,081,100	-0.98%		0.00%	Nothing was reduced, it was deemed that all expense budgeted is needed	The amount provided to cut was already cut. ($60,000) for a study
ELECTRIC TRANSMISSION & DISTRIBUTION	4,046,300	(81,500)			3,964,800	-2.01%	(81,500)	-2.01%	3 linemen only working 10 of the 12 months.	
ELECTRIC ENGINEERING	1,381,800	(83,300)			1,298,500	-6.03%	(83,300)	-6.03%	Eng Services Supervisor & Electrical Engineer working 10 months.	
ELECTRIC ADMINISTRATION	618,000				618,000	0.00%		0.00%		
METER READING	272,800		(5,300)	(200)	267,300	-2.02%	-	0.00%	Nothing was reduced, it was deemed that all expense budgeted is needed	Small Tools($5300), Radio/Repairs Maintenance($200) or Meter reading Supplies($2000), Radio/Repair Maint($200), Gasoline(3,300)
SYSTEM OPERATIONS	674,400				674,400	0.00%		0.00%		
TOTAL ELECTRIC FUND	6,993,300	(164,800)	(5,300)	(200)	6,823,000	-2.44%	(164,800)	-2.36%		
	48,306,400	(437,500)	(60,150)	(129,500)	47,679,250	-1.30%	(484,200)	-1.00%		

EXHIBIT #6
2014 Budget Review
Special Council Meeting of 05/20/2014

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND
BUDGET WITH PENSION UNFUNDED LIABILITY BUDGETED WITHIN DEPT EXPENSE vs. SHOWN AS A FUND EXPENSE

		With Pension Chg	Without Pension Chg	Difference
1	**BEGINNING BALANCE**	**3,057,700**	**3,057,700**	-
2	**RECEIPTS SUBTOTAL**	**22,601,000**	**22,601,000**	-
3	**INTERFUND SERVICE RECEIPTS**			
4	INTRAFUND SERVICE RECEIPTS W/WW	1,390,700	1,254,500	136,200
5	INTRAFUND SERVICE RECEIPTS ELECTRIC	3,640,600	3,343,200	297,400
6	**INTERFUND SERVICE RECEIPTS SUBTOTAL**	**5,031,300**	**4,597,700**	**433,600**
7	**GRANTS SUBTOTAL**	**747,500**	**747,500**	-
15	**"TRANSFERS FROM" SUBTOTAL**	**10,767,900**	**10,767,900**	-
16	**TOTAL REVENUES**	**39,147,700**	**38,714,100**	**433,600**
17	**TOTAL BEGINNING BALANCE & REVENUE**	**42,205,400**	**41,771,800**	**433,600**
18	**DEPARTMENT EXPENSES:**			
19	CITY CLERK	383,000	349,500	33,500
20	COUNCIL	115,100	115,100	-
21	TAX ASSESSOR	310,000	297,400	12,600
22	FIRE	716,100	681,200	34,900
23	GROUNDS MAINTENANCE	1,123,800	972,400	151,400
24	LIBRARY	1,393,100	1,315,900	77,200
25	RECREATION	706,400	691,800	14,600
26	LIFE SAFETY	504,800	485,000	19,800
27	CODE ENFORCEMENT	418,400	365,100	53,300
28	PLANNING	444,000	444,000	-
29	INSPECTIONS	602,100	547,600	54,500
30	ECONOMIC DEVELOPMENT	223,600	223,600	-
31	POLICE	13,981,100	13,734,900	246,200
32	POLICE EXTRA DUTY	712,500	712,500	-
33	STREETS	665,100	610,500	54,600
34	SANITATION	2,248,000	2,143,000	105,000
35	CITY MANAGER	592,500	592,500	-
36	INFORMATION TECHNOLOGY	728,800	642,100	86,700
37	FINANCE	947,000	901,100	45,900
38	PUBLIC WORKS - ADMINISTRATION	514,600	433,600	81,000
39	FACILITIES MANAGEMENT	677,800	623,500	54,300
40	PUBLIC WORKS - ENGINEERING	192,600	192,600	-
41	PROCUREMENT & INVENTORY	556,000	514,600	41,400
42	FLEET MAINTENANCE	776,700	726,900	49,800
43	CUSTOMER SERVICE	1,185,300	1,078,500	106,800
44	HUMAN RESOURCES	379,900	330,200	49,700
45	MAYOR	79,400	79,400	-
46	**DEPARTMENT SUBTOTALS**	**31,177,700**	**29,804,500**	**1,373,200**
47	**OTHER EXPENDITURES:**			
48	GENERAL PENSION UNFUNDED LIABILITY	-	-	-
53	**OTHER EXPENSE SUBTOTAL**	**5,634,400**	**5,634,400**	-
50	**TRANSFERS SUBTOTAL**	**2,272,200**	**2,272,200**	-
51	**TOTAL EXPENDITURES**	**39,084,300**	**37,711,100**	**1,373,200**
52	**BUDGET BALANCE**	**3,121,100**	**4,060,700**	**(939,600)**
53	**TOTAL BUDGET BALANCE & EXPENDITURES**	**42,205,400**	**41,771,800**	**433,600**

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

WATER/WASTEWATER FUND SUMMARY
BUDGET WITH PENSION UNFUNDED LIABILITY BUDGETED WITHIN DEPT EXPENSE vs. SHOWN AS A FUND EXPENSE

		With Pension Chg	Without Pension Chg	Difference
1	**TOTAL BEGINNING BALANCES**	**714,900**	**714,900**	**-**
2	**TOTAL REVENUES**	**14,500,400**	**14,500,400**	**-**
3	**TOTAL BEGINNING BALANCE & REVENUES**	**15,215,300**	**15,215,300**	**-**
4	**DIRECT EXPENSES:**			
5	ENGINEERING & INSPECTION	500,900	470,800	30,100
6	WATER CONSTRUCTION	252,500	207,500	45,000
7	WATER DEPARTMENT	485,300	431,600	53,700
8	WATER TREATMENT PLANT	1,576,900	1,480,600	96,300
9	WASTEWATER DEPARTMENT	974,100	931,400	42,700
10	**DIRECT EXPENDITURE SUBTOTAL**	**3,789,700**	**3,521,900**	**267,800**
11	**OTHER EXPENSES:**			
12	PENSION UNFUNDED LIABILITY	-	-	-
14	INTRAFUND SERVICE FEES	1,390,700	1,254,500	136,200
15	**OTHER EXPENSES SUBTOTAL**	**6,415,400**	**6,279,200**	**136,200**
16	**"TRANSFER TO" SUBTOTAL**	**3,500,000**	**3,500,000**	**-**
17	**TOTAL EXPENSES**	**13,705,100**	**13,301,100**	**404,000**
18	**BUDGET BALANCE SUBTOTALS**	**1,510,200**	**1,914,200**	**(404,000)**
19	**TOTAL BUDGET BALANCES & EXPENSES**	**15,215,300**	**15,215,300**	**-**

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

ELECTRIC REVENUE FUND SUMMARY
BUDGET WITH PENSION UNFUNDED LIABILITY BUDGETED WITHIN DEPT EXPENSE vs. SHOWN AS A FUND EXPENSE

		With Pension Chg	Without Pension Chg	Difference
1	**BEGINNING BALANCE**	**9,483,100**	**9,483,100**	-
2	**TOTAL REVENUES**	**80,306,500**	**80,306,500**	-
3	**TOTAL BEGINNING BALANCE & REVENUES**	**89,789,600**	**89,789,600**	-
4	**EXPENSES:**			
5	**POWER SUPPLY & GENERATION SUBTOTAL**	**50,109,200**	**50,109,200**	-
6	**DIRECT EXPENDITURES**			
7	TRANSMISSION/DISTRIBUTION	4,028,700	3,256,200	772,500
8	ELECTRICAL ENGINEERING	1,370,900	1,173,500	197,400
9	ADMINISTRATION	636,600	610,600	26,000
10	METER READING	267,600	215,100	52,500
11	SYSTEMS OPERATIONS	686,300	557,100	129,200
12	**DIRECT EXPENDITURE SUBTOTALS**	**6,990,100**	**5,812,500**	**1,177,600**
13	TRANSFER TO PENSION UNFUNDED LIABILITY	-	-	-
14	INTRAFUND SERVICE FEES	3,640,600	3,343,200	297,400
15	**OTHER EXPENSES SUBTOTAL**	**10,436,800**	**10,139,400**	**297,400**
16	**"TRANSFER TO" SUBTOTAL**	**12,750,000**	**12,750,000**	-
17	**TOTAL EXPENSES**	**80,286,100**	**78,811,100**	**1,475,000**
18	**BUDGET BALANCE - WORKING CAPITAL**	**9,503,500**	**10,978,500**	**(1,475,000)**
19	**TOTAL BUDGET BALANCE & EXPENSES**	**89,789,600**	**89,789,600**	-

GENERAL FUND
REVENUE SUMMARY

		2013/14 BUDGET	2013/14 REVISED	2014/15 PROPOSED	$ DIFFERENCE FY 15 PRE VS FY14 BUDGET	% CHG FY15 VS FY14
1	**REVENUES**					
2	FINES AND POLICE REVENUE	$ 666,000	$ 573,900	$ 629,300	$ (36,700)	-5.5%
3	INVESTMENT INCOME	75,000	40,000	40,000	(35,000)	-46.7%
4	LIBRARY REVENUES	66,600	70,500	71,600	5,000	7.5%
5	KENT COUNTY BOOK REIMBURSEMENT	400,000	460,000	450,000	50,000	12.5%
6	BUSINESS LICENSES	1,460,000	1,460,000	1,460,000	-	0.0%
7	PERMITS AND OTHER FEES	1,167,500	1,332,500	1,354,200	186,700	16.0%
8	MISCELLANEOUS CHARGES	63,300	53,100	53,900	(9,400)	-14.8%
9	POLICE EXTRA DUTY	650,000	650,000	659,500	9,500	1.5%
10	PROPERTY TAXES	11,120,000	11,046,000	13,327,700	2,207,700	19.9%
11	BID REVENUE	49,500	49,500	50,000	500	1.0%
12	RECREATION REVENUE	133,000	148,800	148,800	15,800	11.9%
13	FRANCHISE FEE	606,200	636,000	636,000	29,800	4.9%
14	SANITATION FEES	2,676,500	2,595,600	2,595,600	(80,900)	-3.0%
15	RENT REVENUE - GARRISON FARM	118,500	118,500	101,400	(17,100)	-14.4%
16	COURT OF CHANCERY FEES	863,200	1,002,200	1,023,000	159,800	18.5%
17	**RECEIPTS SUBTOTAL**	20,115,300	20,236,600	22,601,000	2,485,700	12.4%
18	**INTERFUND SERVICE RECEIPTS**					
19	INTRAFUND SERVICE RECEIPTS W/WW	1,134,900	1,360,300	1,390,700	255,800	22.5%
20	INTRAFUND SERVICE RECEIPTS ELECTRIC	3,319,400	3,572,700	3,640,600	321,200	9.7%
21	**INTERFUND SERVICE RECEIPTS SUBTOTAL**	4,454,300	4,933,000	5,031,300	577,000	13.0%
22	**GRANTS:**					
23	POLICE RELATED/EXTRA DUTY	110,000	126,800	124,000	14,000	12.7%
24	POLICE PENSION GRANT	500,000	500,000	500,000	-	0.0%
25	GREEN ENERGY GRANT	98,500	98,500	98,500	-	0.0%
26	MISC GRANT REVENUE	25,000	25,000	25,000	-	0.0%
27	**GRANTS SUBTOTAL**	733,500	750,300	747,500	14,000	1.9%
28	**TRANSFERS FROM:**					
29	TRANSFER TAX	1,315,500	1,393,000	1,100,000	(215,500)	-16.4%
30	MUNICIPAL STREET AID	527,400	663,900	663,900	136,500	25.9%
31	CIVIL TRAFFIC PENALTIES	600,000	368,400	500,000	(100,000)	-16.7%
32	WATER/WASTEWATER	500,000	500,000	500,000	-	0.0%
33	ELECTRIC	8,000,000	8,000,000	8,000,000	-	0.0%
34	OTHER RESERVES	32,000	32,000	4,000	(28,000)	-87.5%
35	**TRANSFERS FROM SUBTOTAL**	10,974,900	10,957,300	10,767,900	(207,000)	-1.9%
36	**TOTAL REVENUES**	**$ 36,278,000**	**$ 36,877,200**	**$ 39,147,700**	**$ 2,869,700**	**7.9%**

GENERAL FUND
EXPENSE SUMMARY

		2013/14 BUDGET	2013/14 REVISED	2014/15 PROPOSED	$ DIFFERENCE FY 15 PRE VS FY14 BUDGET	% CHG FY15 VS FY14
1	**DEPARTMENT EXPENDITURES**					
2	CITY CLERK	$ 334,400	$ 371,700	$ 383,000	$ 48,600	14.5%
3	COUNCIL	107,800	107,800	115,100	7,300	6.8%
4	TAX ASSESSOR	198,300	208,400	310,000	111,700	56.3%

5	FIRE	692,100	741,600	716,100	24,000	3.5%
6	GROUNDS MAINTENANCE	948,500	1,160,700	1,123,800	175,300	18.5%
7	LIBRARY	1,330,400	1,336,900	1,393,100	62,700	4.7%
8	RECREATION	708,200	717,200	706,400	(1,800)	-0.3%
9	LIFE SAFETY	468,200	491,400	504,800	36,600	7.8%
10	CODE ENFORCEMENT	377,100	432,300	418,400	41,300	11.0%
11	PLANNING	444,800	422,600	444,000	(800)	-0.2%
12	INSPECTIONS	540,300	695,200	602,100	61,800	11.4%
13	ECONOMIC DEVELOPMENT	215,200	215,200	223,600	8,400	3.9%
14	POLICE	13,571,800	13,988,700	13,981,100	409,300	3.0%
15	POLICE EXTRA DUTY	760,000	776,800	712,500	(47,500)	-6.3%
16	STREETS	603,700	660,300	665,100	61,400	10.2%
17	SANITATION	2,153,800	2,253,500	2,248,000	94,200	4.4%
18	CITY MANAGER	457,300	460,000	592,500	135,200	29.6%
19	INFORMATION TECHNOLOGY	660,500	740,000	728,800	68,300	10.3%
20	FINANCE	906,500	980,000	947,000	40,500	4.5%
21	PUBLIC WORKS - ADMINISTRATION	425,800	513,100	514,600	88,800	20.9%
22	FACILITIES MANAGEMENT	632,600	689,100	677,800	45,200	7.1%
23	PUBLIC WORKS - ENGINEERING	-	-	192,600	148,900	0.0%
24	PROCUREMENT & INVENTORY	517,600	559,400	556,000	38,400	7.4%
25	FLEET MAINTENANCE	720,700	770,900	776,700	56,000	7.8%
26	CUSTOMER SERVICE	1,109,400	1,232,200	1,185,300	75,900	6.8%
27	HUMAN RESOURCES	334,300	393,100	379,900	45,600	13.6%
28	MAYOR	83,300	83,300	79,400	(3,900)	-4.7%
29	**DEPARTMENT SUBTOTALS**	29,302,600	31,001,400	31,177,700	1,831,400	6.4%
30	**OTHER EXPENDITURES**					
31	DEBT SERVICE	557,300	557,300	708,600	151,300	27.1%
32	CONTRIBUTION TO DDP	162,400	162,400	60,000	(102,400)	-63.1%
33	MISCELLANEOUS GRANT RELATED EXP	25,000	25,000	25,000	-	0.0%
34	INSURANCE	658,900	658,900	724,800	65,900	10.0%
35	RETIREES HEALTH CARE	1,636,500	1,636,500	1,636,500	-	0.0%
36	OTHER EMPLOYMENT EXPENSES	400,000	118,800	500,000	100,000	25.0%
37	GENERAL PENSION UNFUNDED LIABILITY	1,159,100	121,000	-	(1,159,100)	-100.0%
38	POLICE PENSION FUND - STATE GRANT	500,000	500,000	500,000	-	0.0%
39	POLICE PENSION UNFUNDED LIABILITY	307,400	689,400	655,000	347,600	113.1%
40	UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	50,000	40,000	400.0%
41	STREET LIGHTS	836,000	774,500	774,500	(61,500)	-7.4%
42	**OTHER EXPENSE SUBTOTAL**	6,252,600	5,253,800	5,634,400	(618,200)	-9.9%
43	**TRANSFERS**					
44	TRANSFER TO CAPITAL FUND - PROJECTS	1,278,300	1,448,800	2,272,200	993,900	77.8%
45	**TRANSFERS SUBTOTAL**	1,278,300	1,448,800	2,272,200	993,900	77.8%
46	**TOTAL EXPENDITURES**	**$ 36,833,500**	**$ 37,704,000**	**$ 39,084,300**	**$ 2,207,100**	**6.1%**
47	**BUDGET SURPLUS/(DEFICIT)**	**$ (555,500)**	**$ (826,800)**	**$ 63,400**		
48	RESERVE BALANCE FROM PRIOR YEAR	609,000	1,373,600	-		
49	**ADJUSTED BUDGET SURPLUS/(DEFICIT)**	**$ 53,500**	**$ 546,800**	**$ 63,400**		

Amount of $.0112 tax increase	$ 315,578	
Amount of $.0722 tax increase	$ 2,278,500	$ 2,278,500
Amount needed to balance budget		$ 2,341,900
Percent of Operating Divisons reductions or CIP reductions?		-7.5%
Tax Increase Percentage		21.0%
1% attrition on Police Law Enforcement		$ 66,600

City of Dover
FY15 Budget Workshop - June 2, 2014

	Electric Utility			Sewer Utility		Property Taxes		Annual Impact - Utility $ Based on Calendar 2013 Usage							
	KWH Used	Energy Rate	Energy $	T/Gal	Sewer T/Gallons	Assessed Value	Taxable Value	Customer Charge	I & I Surcharge	Tax Increase	Total	PCA Credit	Adjusted Total	Average Monthly	w/PCA CR Average Monthly
Sample Customer 1	6,240,876	$0.06450	$402,536.50	16,944	16,944	49,743,300	-	30.00	7,624.80	-	7,654.80	($12,478.63)	(4,823.83)	637.90	(1,039.89)
Sample Customer 2	26,244,822	$0.06450	$1,692,791.02	45,659	45,659	109,272,600	6,951,700	30.00	20,546.55	5,019.13	25,595.68	($52,476.52)	(26,880.84)	2,132.97	(2,240.07)
Sample Customer 3	25,936,360	$0.06450	$1,672,895.22	51,858	51,858	146,847,600	146,847,600	30.00	23,336.10	106,023.97	129,390.07	($51,859.75)	77,530.32	10,782.51	6,460.86
Sample Customer 4	41,260,545	$0.06090	$2,512,767.19	23,014	31,251	19,565,300	19,565,300	30.00	14,062.95	14,126.15	28,219.10	($77,895.78)	(49,676.69)	2,351.59	(4,139.72)
Sample Customer 5	24,821,696	$0.06450	$1,600,999.39	5,319	5,319	17,726,100	17,726,100	30.00	2,393.55	12,798.24	15,221.79	($49,630.98)	(34,409.19)	1,268.48	(2,867.43)
Sample Customer 6	14,509,767	$0.06090	$883,644.81	65,299	38,463	11,778,000	11,778,000	30.00	17,308.35	8,503.72	25,842.07	($27,392.99)	(1,550.92)	2,153.51	(129.24)
Residential Customer 1	26,836	$0.12040	$3,231.05	63		228,700		30.00	28.35	165.12	223.47	($100.16)	123.31	18.62	10.28
Residential Customer 2	13,689	$0.12040	$1,648.16	76		164,400		30.00	34.20	118.70	182.90	($51.09)	131.80	15.24	10.98
Residential Customer 3	9,017	$0.12040	$1,085.65	21		166,600		30.00	9.45	120.29	159.74	($33.66)	126.08	13.31	10.51
Residential Customer 4	10,982	$0.12040	$1,322.23	41		153,100		30.00	18.45	110.54	158.99	($40.99)	118.00	13.25	9.83
Residential Customer 5	17,880	$0.12040	$2,152.75	57		239,600		30.00	25.65	172.99	228.64	($66.74)	161.91	19.05	13.49
Residential Customer 6	14,322	$0.12040	$1,724.37	38		150,900		30.00	17.10	108.95	156.05	($53.46)	102.59	13.00	8.55
Residential Customer 7	15,180	$0.12040	$1,827.67	54		237,400		30.00	24.30	171.40	225.70	($56.66)	169.04	18.81	14.09
Residential Customer 8	6,327	$0.12040	$761.77	33		50,100		30.00	14.85	36.17	81.02	($23.61)	57.41	6.75	4.78
Residential Customer 9	8,280	$0.12040	$996.91	19		169,200		30.00	8.55	122.16	160.71	($30.90)	129.81	13.39	10.82

EXHIBIT #9
2014 Budget Review
Special Council Meeting of 05/20/2014

CITY OF DOVER

Analysis of Policies, Budget Balances, & Reserves

June 2, 2014

EXHIBIT #10
2014 Budget Review
Special Council Meeting of 05/20/2014

City of Dover Municipal Code

Part 1 – Charter & Related Laws

- Subpart A – Charter, Article IV Financial Affairs, Section 44 – Annual Budget

On or before the second Monday of May of each year, the city manager shall prepare and submit to the council, a budget, presenting a financial plan for conducting the affairs of the city for the ensuing fiscal year. The total of proposed expenditures shall not exceed the total of anticipated income.

The budget shall include the following information:

1. A detailed statement showing the expenses of conducting each department and office of the city for the current year and last preceding fiscal year.
2. A detailed estimate of the expenses of conducting each department and office of the city for the ensuing fiscal year with reasons for the increases and decreases recommended.
3. The amount of the debt of the city together with a schedule of maturities of bond issues.
4. A statement showing the amount required for interest on the city debt and for paying off any bonds maturing during the year and the amount required for the sinking fund.
5. An itemized statement of all anticipated income of the city with a comparative statement of the amounts received by the city from each of the same or similar sources for the last preceding and current fiscal years.
6. An estimate of the amount of money to be received from taxes.
7. Such other information as the city manager may think desirable or as may be required by the council.

The council shall on or before the second Monday in the month of June in each year adopt a budget for the succeeding fiscal year. The council shall, so far as possible, adhere to the budget so adopted in the making of appropriations.

(Amd. of 7-12-2005 (S.B. 126))

Financial Policies - Purpose

- The purpose of these policies is to present a standardized set of principles that the City follows in managing its financial and budgetary affairs. These are general statements of policies, which represent long-standing principles, traditions, and practices that will be used to guide the City in maintaining financial stability. It will be the responsibility of the Finance Department to ensure the financial objectives of these policies are maintained.
  - Originally Adopted January 28, 2002
  - Last update June 25, 2012

Policy Compliance

Revenue Policy

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

Expenditure Policy

#2 – The City will adopt a balanced budget, by fund, for all funds maintained by the City, in which total anticipated revenues must equal or exceed the budgeted expenditures to budgeted amounts. The Beginning Budget Balance will not be considered a revenue source. *(See also City of Dover Charter- Article IV, Section 44)*

	General Fund	Water Utility	Wastewater Utility	Water/Wastewter Fund	Electric Fund
Revenus	$39,147,700	$5,508,300	$8,992,100	$14,500,400	$80,306,500
Expenses	(39,084,300)	(5,160,200)	(8,544,900)	(13,705,100)	(80,286,100)
Surplus/(Deficit)	$63,400	$348,100	$447,200	$795,300	$20,400
Ending Budget Balance	$3,456,400	$1,006,500	$503,700	$1,510,200	$9,274,000
% of Revenue	8.8%	18.3%	5.6%	10.4%	11.5%
Beginning Budget Balance	$3,393,000	$658,400	$56,500	$714,900	$9,253,600

Budget Balance Policy

- The City will strive to maintain a minimum Budget Balance, of at least 8% and no greater than 12% of the current year operating revenues for the General Fund & Electric Fund, excluding the carry forward balance. The purpose of the budget balance is to meet temporary fluctuations in cash flows and to provide a cushion for loss of revenues until operating changes can be implemented. If the final Budget Balance exceeds the amount as approved in the budget ordinance, such funds shall be used to provide for unfunded retirement liabilities or as otherwise designated by City Council. The City may use monies in the Budget Balance only in times of fiscal and economic hardship.
  - Water/Wastewater Fund provides for a Budget Balance of at least 8% and no greater than 17% due to the past financial constraints in this Fund.
  - The Government Finance Officers Association has changed their recommended practice to 16% due to the impact of the economic downturn and increasing government deficits.
- Once achieved, at no time should the City's budget balances fall below their specified percentages. If a shortfall occurs in the budget balance and immediately restoring the balances to the specified percentage would cause an extreme burden on the taxpayers, the budget balance may, with the Mayor's and City Council's approval, be restored to the specified percentage within one year, but in any case, no longer than three years.

Contingency Reserves

- The City will maintain a minimum reserve, in a contingency account, of at least 2% of the current year operating revenues for the General Fund & Water/Wastewater Fund. The City may only use monies in the contingency accounts to cover emergencies of a non-recurring nature that are over and above the normal course of operations. Examples are uninsured losses, storms or hurricane damages. The Contingency Reserve will not be used to balance the operating budget.
  - Electric Revenue Fund policy for contingency account is at least 1% due to the size of the budget, in real dollars it is the professional opinion of the Controller/Treasurer that 1% would cover these types of losses. Also, Electric Fund is also required to carry by Bond Resolution an Insurance Reserve for uninsured losses.
  - Budget Balance & Contingency Reserves shall not exceed 2 months (17%) of Operating Revenues for the General Fund and 3 months (25%) of Operating Revenues for the Utility Funds.

Rate Stabilization & Insurance Reserves – Electric Fund

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

- The City has established by bond covenant an account to cover insurance deductibles on the electric transmission and distribution system or the generating plants. The City shall maintain a minimum balance of $350,000 to cover various deductibles. *(Policy needs to be revised to $750,000, increased to reduce insurance premiums)*

Capital Asset Replacement Reserves

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

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

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

Capital Asset Replacement Reserves - continued

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

- The City has established an account to provide for capital financing of Future Capacity or system expansion. The City shall maintain a balance equivalent to the value of 10% growth in capacity at any given time, or no less than $10,000,000. Amounts used to finance projects shall be replenished by the operating revenues of the Electric Revenue Fund over the succeeding seven years of any project completion. *(See also slide 11 – Capital Project Funds – Electric Fund – Bond Indenture Requirements)*

- The City has established an account to provide for replacement or procurement of utility system assets, otherwise known as Depreciation Reserve. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. The City will maintain a minimum balance of $10,000,000. The primary purpose of this account is to provide partial or all financing of major capital projects and minimize debt service payments. The account is also intended to cover unforeseen capital replacements due to equipment breakdowns, storms or hurricane damages. Amounts used to finance projects shall be replenished by the operating revenues of the Electric Revenue Fund over the succeeding seven years of any project completion. *(See also slide 11 – Capital Project Funds – Electric Fund – Bond Indenture Requirements)*

Capital Project Fund – General Fund

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

Capital Project Fund – Water/Wastewater Fund

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

Capital Project Fund – Electric Fund

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

- Bond Indenture Requirements

  Improvement and Extension Fund. Except in those situations provided for in the Bond Resolution, or except in case of an emergency caused by some extraordinary occurrence, so characterized in a certificate signed by the City Manager and filed with the City Controller/Treasurer, and an insufficiency of moneys to the credit of the Revenue Fund to meet such emergency, moneys held in all accounts for the credit of the Improvement and Extension Fund may be disbursed only for paying all or a part of the cost of unusual or extraordinary maintenance or repairs, renewals or replacements, the cost of acquiring, installing or replacing equipment, the cost of constructing extensions, additions or improvements to the Electric System, or engineering expenses relating to the foregoing,

City of Dover
Schedule of Reserve Accounts - By Account Type
Fiscal Year 2014/15 Proposed Budget

Reserve Account & Brief Description	Fund	Proposed Balance	Policy Minimum	Policy Maximum	Comments/Recommendations
Budget Balances					
In order to meet cash flow needs the City maintains a minimum 8% of its revenues in the Budget Balance for each of the major funds.	General Fund	$ 3,456,400	$ 3,131,800	$ 4,697,700	Between 8% and 12% of Operating Revenues.*
	Water Fund	1,006,500	$ 440,700	$ 936,400	Between 8% and 17% of Operating Revenues.*
	Wastewater Fund	503,700	$ 719,400	$ 1,528,700	Between 8% and 17% of Operating Revenues.*
	Electric Revenue Fund	9,274,000	$ 6,424,500	$ 9,636,800	Between 8% and 12% of Operating Revenues.*
	Total Operating Budget Balances	$14,240,600	$ 10,716,400	$16,799,600	
*Policy excludes the Beginning Budget Balances.					Sum W/WW=(C)$1,510,200, (MN)$1,160,100, (MX)$2,465,100
Contingency Reserves					
In order to cover emergencies of a non-recurring nature the City maintains a minimum 2% of its revenues in a Contingency Reserve for each of the operating funds. Electric 1%;	General Fund	$ 719,500	$ 783,000	N/A	When the Contingency Reserve Balances do not meet the policy requirement, the practice is to let interest earnings accumulate in the reserve to get to the policy balance unless it's a significant deficiency.
	Water Fund	107,700	$ 110,200	N/A	
	Wastewater Fund	194,800	$ 179,800	N/A	
	Electric Revenue Fund	826,000	$ 803,100	N/A	
	Total Contingency Balances	$ 1,848,000	$ 1,876,100		
Capital Asset/Project Reserves					
In order to assist with funding capital improvements or purchases the City maintains capital reserves. These reserves are funded by annual appropriations, interest earnings, non-recurring revenues, project reimbursements, or savings generated in current budgets.	General Capital Project Fund	$ 117,100	$ -	N/A	No minimum required - pay as you go
	General Capital Asset Replacement	512,300	500,000	N/A	$500,000 min.; $200,000 annual if not met;
	Designated for Parkland/Recreation	204,800	N/A	N/A	No balance requirement;
	Water Improvement & Ext. Fund	858,700	333,700	N/A	$200,000 plus 10% contingency on projects > $250,000
	Wastewater Improvement & Ext. Fund	914,900	527,300	N/A	$200,000 plus 10% contingency on projects > $250,000
	Water Capital Asset Replacement Resv	522,700	500,000	N/A	$500,000 minimum;
	Wastewater Capital Asset Repl. Resv	521,600	500,000	N/A	$500,000 minimum;
	Wastewater - Impact Fee Reserve	1,552,300	1,798,400	N/A	Restricted; Minimum 20% Wastewater Revenues
	Water - Impact Fee Reserve	203,900	1,101,700	N/A	Restricted; Minimum 20% Water Revenues
	Electric Improvement & Ext. Fund	3,450,900	693,600	N/A	$200,000 plus 10% contingency on projects > $250,000
	Future Capacity Reserve	9,998,200	10,000,000	N/A	Minimum $10 Million; Replenish over 7 years;
	Depreciation Reserve	10,148,700	10,000,000	N/A	Minimum $10 Million; Replenish over 7 years;
	Total Capital/Project Reserves	$29,006,100	$ 25,954,700		
Other Reserves					
Additional reserve accounts are set up when designated for a specific purpose or to provide for insurance deductibles as required by bond covenants and to assist in stabilizing electric rates due to power supply cost fluctuations.	General - Verizon Reserve	$ 129,600	N/A	N/A	Verizon Franchise Grant - restricted
	Police Criminal Investigation - Donations	$ 14,800	N/A	N/A	Individual/Busines donations designated for Police
	Electric - Insurance Deductibles	$ 743,600	$ 750,000	N/A	Minimum $350,000; ($750,000 revised)
	Electric - Rate Stabilization	$10,583,000	$ 1,618,700	$ 5,395,800	Minimum of 3%, not to exceed 10% of power supply
Total Budget & Reserve Proposed Balances		$56,565,700	$ 40,915,900	$22,195,400	

City of Dover
All Funds Summary - By Fund
Fiscal 2015 Proposed Budget

Fund or Reserve Account	Beginning Balances	Revenues/ Transfers In	Expenses/ Transfers Out	Net Revenue (Expense)	Ending Balances
General Fund					
Operating Fund	$ 3,393,000	$ 39,147,700	$ (39,084,300)	$ 63,400	$ 3,456,400
Contingency Account	716,000	3,500	-	3,500	719,500
Capital Project Fund	117,100	6,004,600	(6,004,600)	-	117,100
Capital Asset Reserve	509,800	2,500	-	2,500	512,300
Parkland Reserve	203,800	1,000	-	1,000	204,800
Total General Fund	4,939,700	45,159,300	(45,088,900)	70,400	5,010,100
% of Revenue for Budget Balance & Contingency Reserve Balances shall not exceed 17%					10.7%
Water/Wastewater Fund					
Operating Fund	714,900	14,500,400	(13,705,100)	795,300	1,510,200
Contingency Accounts	297,400	5,100	-	5,100	302,500
I & E Fund	2,081,200	4,340,600	(4,648,200)	(307,600)	1,773,600
Capital Asset Reserves	1,026,900	17,400	-	17,400	1,044,300
Impact Fee Reserves	3,020,500	51,300	(1,315,600)	(1,264,300)	1,756,200
Total Water Fund	7,140,900	18,914,800	(19,668,900)	(754,100)	6,386,800
% of Revenue for Budget Balance & Contingency Reserve Balances shall not exceed 25%					12.5%
Electric Fund					
Operating Fund	9,253,600	80,306,500	(80,286,100)	20,400	9,274,000
Contingency Account	820,100	5,900	-	5,900	826,000
Insurance Reserve	738,300	5,300	-	5,300	743,600
Rate Stabilization Reserve	10,507,300	75,700	-	75,700	10,583,000
I & E Fund	3,362,200	5,024,800	(4,936,100)	88,700	3,450,900
Depreciation Reserve	9,898,000	100,200	-	100,200	9,998,200
Future Capacity Reserve	10,076,200	72,500	-	72,500	10,148,700
Total Electric Fund	44,655,700	85,590,900	(85,222,200)	368,700	45,024,400
% of Revenue for Budget Balance & Contingency Reserve Balances shall not exceed 25%					12.6%
% of Revenue for all combined Budget & Reserve Balances shall not exceed 50%					56.1%
Less:					
Interfund Operating Transfers		(8,500,000)	8,500,000		
Capital and Reserve Transfers		(11,341,800)	11,341,800		
Interfund Allocations		5,031,300	(5,031,300)		
Subtotal Major Operating Funds	56,736,300	134,854,500	(135,169,500)	(315,000)	56,421,300
Workers Compensation	1,135,000	501,100	(637,200)	(136,100)	998,900
Community Transportation Fund	78,900	1,500,500	(1,500,500)	-	78,900
Police Grants	77,200	339,000	(384,000)	(45,000)	32,200
Library Grants	17,300	274,100	(270,100)	4,000	21,300
CDBG	-	243,600	(243,600)	-	-
Total All Funds & Reserves	$ 58,044,700	$ 137,712,800	$ (138,204,900)	$ (492,100)	$ 57,552,600

Notes: Special Revenue Funds with receipts that pass over to the General Fund are not individually included. These are Municipal Street Aid, Civil Traffic Penalties, and Transfer Taxes.

City of Dover
Electric Revenue Fund

Five Year Forecast with PCA Credit

June 2, 2014

EXHIBIT #11
2014 Budget Review
Special Council Meeting of 05/20/2014

Net Margins

	Revised 2014	Proposed 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Yr 1 - Yr 5 Total
Net Margins							
Revenue from Current Electric Rates	$ 78,971,700	$ 78,043,000	$ 78,158,200	$ 78,327,200	$ 78,550,900	$ 78,550,900	$ 391,630,200
Proposed Power Cost Adjustment	-	(2,419,300)	(2,422,900)	(2,428,100)	(2,435,100)	(2,435,100)	(12,140,500)
Utility Tax	1,312,300	1,256,700	1,258,600	1,261,300	1,264,900	1,264,900	6,306,400
Miscellaneous Receipts	1,427,600	1,204,600	1,163,800	1,168,000	1,173,000	1,178,000	5,887,400
Total Operating Revenue	81,711,600	78,085,000	78,157,700	78,328,400	78,553,700	78,558,700	391,683,500
Power Supply & Production	(55,841,100)	(50,109,200)	(47,855,000)	(46,850,400)	(48,386,000)	(48,552,700)	(241,753,300)
Operating Expenses	(13,714,300)	(14,295,100)	(14,683,600)	(15,089,000)	(15,508,300)	(15,937,500)	(75,513,500)
Operating Transfers - Out (General Fund)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(40,000,000)
Total Operating Expenses	(77,555,400)	(72,404,300)	(70,538,600)	(69,939,400)	(71,894,300)	(72,490,200)	(357,266,800)
Operating Margin	4,156,200	5,680,700	7,619,100	8,389,000	6,659,400	6,068,500	34,416,700
Non-Oper. Rev. - Interest on Operating	37,200	36,800	70,500	66,000	65,000	69,200	307,500
Non-Oper. Rev. - Interest on Reserves	279,400	230,900	214,600	216,100	217,500	219,400	1,098,500
Margins Available For Debt Service	4,472,800	5,948,400	7,904,200	8,671,100	6,941,900	6,357,100	35,822,700
Interest on Long-Term Debt	(1,131,900)	(1,037,000)	(918,700)	(884,000)	(847,500)	(815,700)	(4,502,900)
Cash From Operations	3,340,900	4,911,400	6,985,500	7,787,100	6,094,400	5,541,400	31,319,800
Non Cash Income/Loss & Reserve Transfers							
Transfer from Rate Stabilization Reserve	7,000,000	2,500,000	-	-	-	-	2,500,000
Depreciation Expense	(5,375,700)	(5,394,500)	(5,520,800)	(5,661,000)	(5,817,000)	(5,907,200)	(28,300,500)
Net Margins	$ 4,965,200	$ 2,016,900	$ 1,464,700	$ 2,126,100	$ 277,400	$ (365,800)	$ 3,019,300

Debt Coverage & Cash Position

	Revised 2014	Proposed 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Yr 1 - Yr 5 Total
Debt Service Coverage							
Margins Avail. for Debt Service	$ 4,472,800	$ 5,948,400	$ 7,904,200	$ 8,671,100	$ 6,941,900	$ 6,357,100	$ 35,822,700
Total Debt Service	$ 3,301,900	$ 3,297,000	$ 3,283,700	$ 1,579,000	$ 1,577,500	$ 1,580,700	$ 11,317,900
Debt Service Coverage Ratio	1.35	1.80	2.41	5.49	4.40	4.02	3.17
Debt Service Coverage Requirement	1.25	1.25	1.25	1.25	1.25	1.25	
Debt Service Coverage Requirement Status	*Met*	*Met*	*Met*	*Met*	*Met*	*Met*	
Debt Service Safety Margin	1.43%	3.38%	5.89%	9.02%	6.80%	6.06%	

	Revised 2014	Proposed 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Yr 1 - Yr 5 Total
Transfer to I & E Fund	$ 4,918,600	$ 4,750,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ 20,750,000
Reinvestment of Reserve Interest	304,600	255,700	239,400	236,300	236,600	242,700	1,210,700
Debt Service Principal	2,170,000	2,260,000	2,365,000	695,000	730,000	765,000	6,815,000
Total Cash Budget Requirements	7,393,200	7,265,700	6,604,400	4,931,300	4,966,600	5,007,700	28,775,700
Net Positive/(Negative Cash)	$ 2,947,700	$ 145,700	$ 381,100	$ 2,855,800	$ 1,127,800	$ 533,700	$ 5,044,100

Rate Stabilization Reserve

Rate Stabilization Account							
Balance in Account on July 1	$ 17,382,100	$ 10,507,300	$ 8,083,000	$ 8,141,200	$ 8,199,800	$ 8,258,800	
Receipts							
Interest Earned	125,200	75,700	58,200	58,600	59,000	59,500	311,000
Appropriations	-	-	-	-	-	-	-
Total Funds Available	$ 17,507,300	$ 10,583,000	$ 8,141,200	$ 8,199,800	$ 8,258,800	$ 8,318,300	
Disbursements							
Transfer to (from) Operations	7,000,000	2,500,000	-	-	-	-	2,500,000
Transfer to Reserves (from Reserves)	-	-	-	-	-	-	-
Balance in Account on June 30	$ 10,507,300	$ 8,083,000	$ 8,141,200	$ 8,199,800	$ 8,258,800	$ 8,318,300	
Reserve Requirement - (< 10 % of Purchased Power)	20.99%	18.38%	19.60%	20.33%	19.82%	19.98%	
Reserve Requirement Status	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	

McDowell, Traci

From: Mitchell, Donna
Sent: Thursday, June 05, 2014 2:53 PM
To: Williams, Beverly C.
Cc: City Clerks Office; Koenig, Scott
Subject: Reponse to Budget Request
Attachments: Re: City of Dover - FY15 Proposed Budget; Inventory Turnover by Building average.pdf; Receivables.pdf; Working Capital Balances 063013.pdf; HTE System Receivable Trial Balance.pdf; Cash Balances.pdf; CM Williams Zero Growth Budget.pdf

City Council has been bcc'd on this email

Councilwoman Williams,

Attached you will find the following information as per your request –

- C(ouncil) M(ember) Williams Zero Growth Budget

This budget reflects no tax increase, the removal of the Asst. City Manager, Environmental Scientist, Property Revaluation, K-9 Dog, all non-bargaining raises, debt service for SCBA's & Radios, Adjustment to DDP, reduction of Vacation Sell Back, Education, & Retirement payouts to the FY14 level, and all CIP projects and related financing plans except the Garrison Oak and the MS4 permit related projects.

Total Revenues - $36,581,700
Total Expenses - $36,398,900
In Compliance with Policy and Charter by $182,800

- Cash & Investment Balances as of 6/5/14
- Inventory Turnover with Inventory Balances (taken from H.T.E. by our warehouse personnel)
- Receivable Balances Working Capital Balances - This is a process we complete at the end of each audit to insure our current assets less current liabilities equals our budget balances as reported in the Annual Report. This was never done prior to my tenure. I have been told by our prior auditor's we are the only entity that they know that does this. We use working capital as our budget balances because we use accrual accounting and not cash basis accounting.
- H.T.E. System Receivable Trial Balance – this is just the support documents for the receivable calculations

Zero growth on the Water/Wastewater Fund would reduce the I & I projects and other capital items.

If you need any additional explanations I will be happy to provide them this evening .

Thank you,

Donna S. Mitchell, CPA
(not in public practice)
City of Dover
Controller/Treasurer
5 E. Reed Street, Suite 300
Dover, DE 19904
(302) 736-7018
dmitchell@dover.de.us

McDowell, Traci

From: McDowell, Traci
Sent: Wednesday, June 04, 2014 9:30 AM
To: City Clerks Office
Cc: Koenig, Scott
Subject: FW: City of Dover - FY15 Proposed Budget

This e-mail has been blind copied to the Mayor and Members of Council

Traci A. McDowell, CMC
City Clerk
City of Dover, Delaware
e-mail: tmcdowell@dover.de.us
Ph: 736-7009
Fax: 736-5068

-----Original Message-----
From: Beverly Williams [mailto:bev4444@comcast.net]
Sent: Tuesday, June 03, 2014 9:36 AM
To: Mitchell, Donna
Cc: McDowell, Traci
Subject: Re: City of Dover - FY15 Proposed Budget

Donna,
I would like a zero growth budget without any raises or increases not required by law or legal contact as well as revenue projections that will be realized. In addition, I want all revenue currently on hand, all investments, and all expected tax collectables minus 1%. I would like all of this data without prejudice!
Please forward this message and your response to all of Council.

Thanks,
Bev

Sent from my iPhone

> On Jun 1, 2014, at 4:27 PM, "Mitchell, Donna" <DMitchell@dover.de.us> wrote:
>
>
> City Council has been bcc'd on this email.
>
> Attached for everyone's information is a presentation for the June 2 Budget Meeting regarding the requirements of the Charter, City financial policies, and debt covenants.
>
> Thank you,
>
> Donna S. Mitchell, CPA
> Controller/Treasurer
> City of Dover
> 5 E. Reed Street

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND
CASH RECEIPT SUMMARY

		2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
	RECEIPTS							
1	**BEGINNING BALANCE**	**3,851,086**	**3,455,200**	**4,219,800**	**3,393,000**	**3,393,000**	**(62,200)**	**-1.8%**
2	FINES AND POLICE REVENUE	612,193	666,000	573,900	629,300	629,300	(36,700)	**-5.5%**
3	INVESTMENT INCOME	93,173	75,000	40,000	40,000	40,000	(35,000)	**-46.7%**
4	LIBRARY REVENUES	64,584	66,600	70,500	71,600	71,600	5,000	**7.5%**
5	KENT COUNTY BOOK REIMBURSEMENT	406,481	400,000	460,000	450,000	450,000	50,000	**12.5%**
6	BUSINESS LICENSES	1,462,503	1,460,000	1,460,000	1,460,000	1,460,000	-	**0.0%**
7	PERMITS AND OTHER FEES	1,162,765	1,167,500	1,332,500	1,214,200	1,354,200	186,700	**16.0%**
8	MISCELLANEOUS CHARGES	106,997	63,300	53,100	53,900	53,900	(9,400)	**-14.8%**
9	POLICE EXTRA DUTY	703,575	650,000	650,000	663,000	659,500	9,500	**1.5%**
10	PROPERTY TAXES	11,076,335	11,120,000	11,046,000	11,049,200	11,049,200	(70,800)	**-0.6%**
11	BID REVENUE	50,060	49,500	49,500	50,000	50,000	500	**1.0%**
12	RECREATION REVENUE	144,490	133,000	148,800	148,800	148,800	15,800	**11.9%**
13	FRANCHISE FEE	618,347	606,200	636,000	636,000	636,000	29,800	**4.9%**
14	SANITATION FEES	2,624,877	2,676,500	2,595,600	2,595,600	2,595,600	(80,900)	**-3.0%**
15	RENT REVENUE - GARRISON FARM	117,247	118,500	118,500	101,400	101,400	(17,100)	**-14.4%**
16	COURT OF CHANCERY FEES	917,700	863,200	1,002,200	917,700	1,023,000	159,800	**18.5%**
17	**RECEIPTS SUBTOTAL**	**20,161,327**	**20,115,300**	**20,236,600**	**20,080,700**	**20,322,500**	**207,200**	**1.0%**
18	**INTERFUND SERVICE RECEIPTS**							
19	INTRAFUND SERVICE RECEIPTS W/WW	1,046,492	1,134,900	1,360,300	1,359,800	1,322,800	187,900	**16.6%**
20	INTRAFUND SERVICE RECEIPTS ELECTRIC	3,195,818	3,319,400	3,572,700	3,593,100	3,421,000	101,600	**3.1%**
21	**INTERFUND SERVICE RECEIPTS SUBTOTAL**	**4,242,310**	**4,454,300**	**4,933,000**	**4,952,900**	**4,743,800**	**289,500**	**6.5%**
22	**GRANTS:**							
23	POLICE RELATED/EXTRA DUTY	170,337	110,000	126,800	124,000	124,000	14,000	**12.7%**
24	POLICE PENSION GRANT	577,765	500,000	500,000	500,000	500,000	-	**0.0%**
25	GREEN ENERGY GRANT	-	98,500	98,500	98,500	98,500	-	**0.0%**
26	DEMA GRANTS/OTHER GRANTS	92,641	-	-	-	-	-	**0.0%**
27	MISC GRANT REVENUE	1,224	25,000	25,000	70,000	25,000	-	**0.0%**
28	VERIZON RESERVE	50,000	-	-	-	-	-	**0.0%**
29	**GRANTS SUBTOTAL**	**891,967**	**733,500**	**750,300**	**792,500**	**747,500**	**14,000**	**1.9%**
30	**TRANSFERS FROM:**							
31	TRANSFER TAX	1,107,959	1,315,500	1,393,000	1,100,000	1,100,000	(215,500)	**-16.4%**
32	MUNICIPAL STREET AID	531,121	527,400	663,900	663,900	663,900	136,500	**25.9%**
33	CIVIL TRAFFIC PENALTIES	299,826	600,000	368,400	500,000	500,000	(100,000)	**-16.7%**
34	WATER/WASTEWATER	500,000	500,000	500,000	500,000	500,000	-	**0.0%**
35	ELECTRIC	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	-	**0.0%**
36	OTHER RESERVES	4,485	32,000	32,000	4,000	4,000	(28,000)	**-87.5%**
37	**TRANSFERS FROM SUBTOTAL**	**10,443,393**	**10,974,900**	**10,957,300**	**10,767,900**	**10,767,900**	**(207,000)**	**-1.9%**
38	**TOTAL REVENUES**	**35,738,997**	**36,278,000**	**36,877,200**	**36,694,000**	**36,581,700**	**303,700**	**0.8%**
39	**TOTAL BEGINNING BALANCE & REVENUE**	**39,590,083**	**39,733,200**	**41,097,000**	**39,987,000**	**39,974,700**	**241,500**	**0.6%**

Per B. Williams request

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND
EXPENSE SUMMARY

		2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
1	**DEPARTMENT EXPENSES:**							
2	CITY CLERK	315,512	334,400	371,700	377,700	374,000	39,600	**11.8%**
3	COUNCIL	101,707	107,800	107,800	115,100	107,600	(200)	**-0.2%**
4	TAX ASSESSOR	187,438	198,300	208,400	339,900	209,000	10,700	**5.4%**
5	FIRE	654,884	692,100	741,600	727,300	716,100	24,000	**3.5%**
6	GROUNDS MAINTENANCE	961,489	948,500	1,160,700	1,083,600	1,123,800	175,300	**18.5%**
7	LIBRARY	1,169,605	1,330,400	1,336,900	1,395,700	1,386,400	56,000	**4.2%**
8	RECREATION	644,346	708,200	717,200	713,900	703,700	(4,500)	**-0.6%**
9	LIFE SAFETY	452,175	468,200	491,400	511,400	504,800	36,600	**7.8%**
10	CODE ENFORCEMENT	326,437	377,100	432,300	418,400	415,800	38,700	**10.3%**
11	PLANNING	399,461	444,800	422,600	439,600	437,400	(7,400)	**-1.7%**
12	INSPECTIONS	493,902	540,300	695,200	605,200	602,100	61,800	**11.4%**
13	ECONOMIC DEVELOPMENT	219,947	215,200	215,200	221,600	220,600	5,400	**2.5%**
14	POLICE	13,426,744	13,571,800	14,096,800	14,228,700	13,969,100	397,300	**2.9%**
15	POLICE EXTRA DUTY	831,510	760,000	776,800	675,100	712,500	(47,500)	**-6.3%**
16	STREETS	705,071	603,700	660,300	817,600	665,100	61,400	**10.2%**
17	SANITATION	2,003,887	2,153,800	2,253,500	2,277,700	2,245,300	91,500	**4.2%**
18	CITY MANAGER	497,281	457,300	460,000	481,200	471,800	14,500	**3.2%**
19	INFORMATION TECHNOLOGY	611,301	660,500	740,000	732,500	724,500	64,000	**9.7%**
20	FINANCE	854,310	906,500	980,000	959,100	937,500	31,000	**3.4%**
21	PUBLIC WORKS - ADMINISTRATION	360,118	425,800	513,100	492,300	506,800	81,000	**19.0%**
22	FACILITIES MANAGEMENT	638,748	632,600	689,100	696,600	677,800	45,200	**7.1%**
23	PUBLIC WORKS - ENGINEERING	-	-	-	158,600	143,700	143,700	**0.0%**
24	PROCUREMENT & INVENTORY	530,208	517,600	559,400	563,800	532,400	14,800	**2.9%**
25	FLEET MAINTENANCE	630,686	720,700	770,900	780,100	775,000	54,300	**7.5%**
26	CUSTOMER SERVICE	860,657	1,109,400	1,232,200	1,188,800	1,034,800	(74,600)	**-6.7%**
27	HUMAN RESOURCES	295,146	334,300	393,100	373,500	371,800	37,500	**11.2%**
28	MAYOR	81,073	83,300	83,300	81,400	75,400	(7,900)	**-9.5%**
29	**DEPARTMENT SUBTOTALS**	**28,253,643**	**29,302,600**	**31,109,500**	**31,456,400**	**30,644,800**	**1,342,200**	**4.6%**
30	**OTHER EXPENDITURES:**							
31	DEBT SERVICE	369,073	557,300	557,300	518,400	518,400	(38,900)	**-7.0%**
32	CONTRIBUTION TO DDP	180,000	162,400	162,400	201,000	60,000	(102,400)	**-63.1%**
33	MISCELLANEOUS GRANT RELATED EXP	-	25,000	25,000	25,000	25,000	-	**0.0%**
34	INSURANCE	628,633	656,900	658,900	724,800	724,800	65,900	**10.0%**
35	RETIREES HEALTH CARE	1,620,600	1,636,500	1,636,500	1,636,500	1,636,500	-	**0.0%**
36	OTHER EMPLOYMENT EXPENSES	-	400,000	10,700	652,400	400,000	-	**0.0%**
37	GENERAL PENSION UNFUNDED LIABILITY	1,693,500	1,159,100	121,000	-	-	(1,159,100)	**-100.0%**
38	POLICE PENSION FUND - STATE GRANT	577,765	500,000	500,000	500,000	500,000	-	**0.0%**
39	POLICE PENSION UNFUNDED LIABILITY	495,000	307,400	689,400	655,000	655,000	347,600	**113.1%**
40	UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	10,000	50,000	50,000	40,000	**400.0%**
41	STREET LIGHTS	878,760	836,000	774,500	774,500	774,500	(61,500)	**-7.4%**
42	**OTHER EXPENSE SUBTOTAL**	**6,453,331**	**6,252,600**	**5,145,700**	**5,737,600**	**5,344,200**	**(908,400)**	**-14.5%**
43	**TRANSFERS**							
45	TRANSFER TO CAPITAL FUND - PROJECTS	613,400	1,278,300	1,448,800	2,500,000	409,900	(868,400)	**-67.9%**
47	TRANSFER TO VERIZON RESERVE	50,000	-	-	-	-	-	**0.0%**
50	**TRANSFERS SUBTOTAL**	**663,400**	**1,278,300**	**1,448,800**	**2,500,000**	**409,900**	**(868,400)**	**-67.9%**
51	**TOTAL EXPENDITURES**	**35,370,374**	**36,833,500**	**37,704,000**	**39,694,000**	**36,398,900**	**(434,600)**	**-1.2%**
52	**BUDGET BALANCE**	**4,219,709**	**2,899,700**	**3,393,000**	**293,000**	**3,575,800**	**676,100**	**23.3%**
53	**TOTAL BUDGET BALANCE & EXPENDITURES**	**39,590,083**	**39,733,200**	**41,097,000**	**39,987,000**	**39,974,700**	**241,500**	**0.6%**
54	EXCEEDS/(REMAINS)TO MEET REQUIREMENT	1,360,600	(2,500)	442,800	(2,634,500)	649,600		

		2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	POLICY
55	**RESERVE BALANCES**							
56	CONTINGENCY	733,985	723,600	466,000	716,000	719,500	(4,100)	2% OF REV

Per B Williams request

GOVERNMENTAL CAPITAL PROJECTS FUND SUMMARY

	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14 REV
BEGINNING BALANCE - PROJECTS	**145,647**	**166,500**	**3,058,300**	**117,100**	**117,100**	**(49,400)**	**-29.7%**
REVENUES							
STATE GRANTS - Other	143,000	15,000	15,000	-	120,000	105,000	**700.0%**
PROPOSED BOND/BANK PROCEEDS - Street	800,000	-	-	-	2,661,100	2,661,100	**0.0%**
LEASE PURCHASE OF FIRE AND POLICE EQUIPT	-	-	-	-	-	-	**0.0%**
CONTRACTOR CONTRIBUTIONS	-	-	264,800	-	-	-	**0.0%**
INCOME FROM SALE OF ASSETS	53,780	-	-	-	-	-	**0.0%**
MISCELLANEOUS RECEIPTS	2,750	-	-	-	-	-	**0.0%**
INTEREST EARNINGS	25,987	-	-	-	-	-	**0.0%**
TRANSFER FROM GENERAL FUND	613,400	1,278,300	1,448,800	2,500,000	409,900	(868,400)	**-67.9%**
TRANSFER FROM COM TRANSP FUND	43,000	-	60,500	-	-	-	**0.0%**
TRANSFER FROM MUNICIPAL STREET AID - CAPI	13,963		251,200	-	-	-	**0.0%**
TRANSFER FROM PARKLAND RESERVE	-	95,000	80,000	-	-	(95,000)	**-100.0%**
TRANSFER FROM FUTURE CAPACITY RESERVE	2,000,000	-	-	-	-	-	**0.0%**
TRANSFER FROM CAPITAL ASSET RESERVE	-	-	-	-	-	-	**0.0%**
SUBTOTAL CAPITAL PROJECT FUNDING SOURCES	**3,695,880**	**1,388,300**	**2,120,300**	**2,500,000**	**3,191,000**	**1,802,700**	**129.8%**
STATE GRANTS - Library	1,708,524	-	150,000	-	-	-	**0.0%**
LIBRARY CAPITAL PLEDGES	337,460	-	5,000	-	-	-	**0.0%**
INCOME FROM SALE OF OLD LIBRARY	1,200,000	-	-	-	-	-	**0.0%**
LOAN PROCEEDS - LIBRARY GREEN ENERGY PR	648,500	-	-	-	-	-	**0.0%**
KENT COUNTY CONTRIBUTION	250,000	-	-	-	-	-	**0.0%**
DEMEC GRANT	152,141	-	-	-	-	-	**0.0%**
FRIENDS OF THE LIBRARY DONATION	67,361	-	-	-	-	-	**0.0%**
SUBTOTAL LIBRARY PROJECT FUNDING SOURCES	**4,363,986**	-	**155,000**	-	-	-	**0.0%**
TOTAL FUNDING SOURCES	**8,059,866**	**1,388,300**	**2,275,300**	**2,500,000**	**3,191,000**	**1,802,700**	**129.8%**
TOTAL BEGINNING BALANCE & FUNDING SOURCES	**8,205,513**	**1,554,800**	**5,333,600**	**2,617,100**	**3,308,100**	**1,753,300**	**112.8%**
EXPENDITURES							
FIRE	238,515	238,500	238,500	238,500	238,500	-	**0.0%**
GROUNDS MAINTENANCE	111,767	50,100	50,100	122,600	-	(50,100)	**-100.0%**
LIBRARY	4,070,899	-	446,500	-	-	-	**0.0%**
RECREATION	6,995	95,000	172,000	-	-	(95,000)	**-100.0%**
LIFE SAFETY	-	-	-	65,600	-	-	**0.0%**
CODE ENFORCEMENT	-	30,000	30,900	-	-	(30,000)	**-100.0%**
POLICE	191,019	257,300	342,400	373,500	-	(257,300)	**-100.0%**
STREETS	150,714	251,500	1,524,600	1,282,900	291,400	39,900	**15.9%**
STREETS - GARRISON FARM INFRASTRUCTURE	-	-	1,936,100	-	2,586,100	2,586,100	**0.0%**
SANITATION	130,758	402,100	395,600	260,000	-	(402,100)	**-100.0%**
CITY MANAGER	-	-	-	-	-	-	**0.0%**
INFORMATION TECHNOLOGY	102,589	7,000	7,000	-	-	(7,000)	**-100.0%**
FACILITIES MANAGEMENT	109,875	17,800	17,800	-	-	(17,800)	**-100.0%**
PROCUREMENT & INVENTORY	-	55,000	55,000	-	-	(55,000)	**-100.0%**
MAYOR	33,000	-	-	-	-	-	**0.0%**
DEPARTMENT SUBTOTAL	**5,146,131**	**1,404,300**	**5,216,500**	**2,343,100**	**3,116,000**	**1,711,700**	**121.9%**
TRANSFERS & MISCELLANEOUS EXPENSES							
BOND/LOAN ISSUANCE COST	1,029	32,000	-	-	75,000	43,000	**134.4%**
TRANSFER TO PARKLAND RESERVE	100	-	-	-	-	-	**0.0%**
TRANSFER TO COMMUNITY TRANS FUND	-	60,000	-	-	-	(60,000)	**-100.0%**
TRANSFERS & MISCELLANEOUS SUBTOTAL	**1,129**	**92,000**	-	-	**75,000**	**(17,000)**	**-18.5%**
TOTAL EXPENDITURES	**5,147,260**	**1,496,300**	**5,216,500**	**2,343,100**	**3,191,000**	**1,694,700**	**113.3%**
BUDGET BALANCE	3,058,253	58,500	117,100	274,000	117,100	58,600	**100.2%**
TOTAL BUDGET BALANCE & EXPENDITURES	**8,205,513**	**1,554,800**	**5,333,600**	**2,617,100**	**3,308,100**	**1,753,300**	**112.8%**

RESERVE BALANCES	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	FY 15 PP VS FY14 BUDGET	POLICY
CAPITAL ASSET RESERVE	507,308	512,000	509,800	509,800	512,300	300	Min $500K
PARKLAND/RECREATION	202,915	110,000	203,800	203,800	204,800	94,800	N/A

Per B Williams request

City of Dover
Cash & Invesetment Balances

REVISED

Source: WSFS On-Line Banking - CASH BALANCES	Fund	Week of June 2, 2014 (Point in Time)			
Account Description	Type	5-Jun	4-Jun	3-Jun	2-Jun
Disbursements Account (Outstanding Checks)	R	$ 347,960.52	$ 597,970.63	$ 409,667.81	$ 581,658.16
Cash Concentration Account (Deposits to be transferred)	O	522,658.85	264,116.42	597,819.30	770,085.96
General Fund	O	2,040,713.28	2,706,979.85	1,245,787.84	1,250,772.71
Water/Wastewater Fund	O	26,192.61	1,459,242.61	1,362,641.49	1,268,774.71
Electric Fund	O	1,981,670.27	5,876,770.27	5,367,499.66	5,029,120.18
Governmental Capital Fund Project Fund	P	399,176.87	124,821.91	123,922.25	123,448.25
Water/Wastewater Improvement & Extension	P	3,452,120.62	2,153,920.62	1,154,455.02	1,154,455.02
Electric Improvement & Extension Fund	P	2,756,721.25	562,421.25	617,408.84	617,408.84
Workers Compensation Fund	R	231,545.64	231,545.64	231,642.96	231,642.96
Municipal Street Aid	O	417,776.96	417,776.96	417,776.96	417,776.96
State Receipts~ERLSP & Transfer Taxes	O	195,705.30	195,705.30	189,210.30	170,947.80
State Grants~Public Safety & Comm. Svc	R	332,980.39	331,780.39	328,219.63	328,219.63
Federal Grants-Public Safety	R	28,189.56	28,189.56	28,839.56	28,839.56
CDBG-Community Development Block Grant	R	111,171.48	111,171.48	111,171.48	110,458.62
Fourth of July Celebration Committee	R	30,118.77	30,118.77	29,123.77	28,723.77
Community Transportation Grant	R	217,565.56	17,565.56	17,565.56	17,565.56
Water/Wastewater - 2013 Construction Bond	R	3,423,837.30	3,423,837.30	3,423,837.30	3,423,837.30
OPEB Trust	R	1,294,062.95	462,687.95	466,021.28	466,021.28
Total		$ 17,810,168.18	$ 18,996,622.47	$ 16,122,611.01	$ 16,019,757.27
Restricted or Project Funds (R/P)		(12,625,450.91)	(8,076,031.06)	(6,941,875.46)	(7,112,278.95)
Operating Cash (O)		$ 5,184,717.27	$ 10,920,591.41	$ 9,180,735.55	$ 8,907,478.32

Cash Balances fluctuate daily based on receipts and disbursements; The remaining FY14 Transfers/Approprations were completed on 6/4 & 6/5
All adjustments are reflected in the balances for the transfers/appropriations. Electric Hedges and Debt Service payments are due 20th of each month.
The Community Transportation and CDBG Grant Funds currently owe the General Fund $520,000 for temporary advances to pay their bills.

Source: Union Bank On-Line Banking - June 5, 2014		General Fund	W/WW Fund	Electric Fund	Worker's	Total
INVESTMENT BALANCES		Accounts	Accounts	Accounts	Compensation	Investments
Contingency Reserve (Retricted by Policy)	R	$ 717,057.09	$ 294,000.43	$ 818,787.24	$ -	$ 1,829,844.76
Insurance Reserve (Restricted by Bond Resolution)	R	-	-	737,139.82	-	737,139.82
Operating Investments	O	717,269.20	26,520.36	91,471.01	-	835,260.57
Worker's Compensation Claim Reserve	O	-	-	-	1,381,047.03	1,381,047.03
Rate Stabilization Reserve (Restricted by Policy)	R	-	-	10,461,305.60	-	10,461,305.60
Mary Paton Reserve (Restricted by Bequest)	R	6,695.02	-	-	-	6,695.02
Property Tax Escrow (Restricted by State Code)	R	25,869.72	-	-	-	25,869.72
Parkland/Recreation Reserve (Restricted by Muni Code)	R	204,048.67	-	-	-	204,048.67
Impact Fee - Reserves (Restricted by Muni Code)	R	-	2,975,262.28	-	-	2,975,262.28
Depreciation Reserve (Restricted by Policy & Bonds)	R	-	-	9,910,788.80	-	9,910,788.80
Future Capacity Reserve (Restricted by Policy & Bonds)	R	-	-	10,060,105.28	-	10,060,105.28
Capital Asset Reserve (Restricted by Policy)	UP	510,143.13	1,015,370.06	-	-	1,525,513.19
Capital Project Fund (Project Funds)	R	2,661,322.79	6,568,626.73	3,828,969.79	-	13,058,919.31
Total		$ 4,842,405.62	$ 10,879,779.86	$ 35,908,567.54	$ 1,381,047.03	$ 53,011,800.05
Restricted or Project Funds (Construction in Process)	R	(3,314,993.29)	(9,837,889.44)	(35,817,096.53)	-	(48,969,979.26)
Rate Stabilization Reserve - amount over Policy Max.		-	-	5,187,200.00	-	5,187,200.00
Adjustment to Contingency Reserve for Recent Lawsuit	R	(300,000.00)	-	-	-	(300,000.00)
Operating Cash & Uncommitted Project Funds	O/UP	$ 1,227,412.33	$ 1,041,890.42	$ 5,278,671.01	$ 1,381,047.03	$ 8,929,020.79

Reserve account balances normally remain consistent unless the budget inlcudes transfers from/to reserves. Redemptions were made for outstanding FY14 transfers/appropriations and to bring back up General Fund cash balance to cover the month of June. Property taxes billed in July.

Inventory Turnover Report

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Cost of Goods Sold	$50,438.37	$80,251.57	$196,244.25	$58,451.75	$53,774.90	$40,831.37	$46,643.53	$92,967.58	$72,643.00	$82,667.32
Inventory Value	$2,442,641.27	$2,602,821.98	$2,502,569.30	$2,536,771.22	$2,565,251.59	$2,575,216.61	$2,639,579.21	$2,604,288.23	$2,549,662.77	$2,506,966.46
Inventory Turnover	0.66	0.61	0.58	0.58	0.57	0.54	0.50	0.44	0.45	0.43
COGS 1Electric	$24,919.79	$70,242.51	$180,035.97	$39,658.54	$37,100.27	$30,764.69	$30,871.61	$84,164.58	$56,341.46	$66,902.79
Inventory Value 1E	$2,167,695.33	$2,334,836.41	$2,241,831.03	$2,293,404.40	$2,306,617.90	$2,316,803.68	$2,387,657.35	$2,347,037.94	$2,300,883.15	$2,259,649.10
Turnover 1E	0.65	0.60	0.57	0.56	0.55	0.52	0.48	0.40	0.42	0.40
COGS 1Water/WW	$16,000.53	$1,854.29	$7,787.70	$11,659.99	$9,411.58	$3,529.24	$6,251.42	$1,960.53	$5,000.74	$7,439.98
Inventory Value 1W	$132,717.11	$131,626.26	$134,216.29	$117,319.75	$124,204.45	$123,597.05	$121,672.14	$124,413.82	$120,126.84	$121,216.39
Turnover 1W	0.85	0.77	0.77	0.80	0.81	0.80	0.81	0.82	0.76	0.65
COGS 1General	$9,499.99	$8,120.71	$8,346.65	$7,133.22	$7,263.05	$6,537.44	$9,520.50	$6,842.19	$11,300.80	$8,261.29
Inventory Value 1G	$139,358.93	$133,523.47	$123,760.06	$123,129.88	$131,512.05	$131,898.69	$127,332.53	$129,919.28	$125,735.59	$123,244.61
Turnover 1G	0.69	0.70	0.70	0.69	0.69	0.70	0.71	0.72	0.76	0.77

Current Balance of Power Plant Inventory	$ 913,406.80
Electric Warehouse Inventory as above	2,259,649.10
Total Electric	$ 3,173,055.90
Water/Wastewater	121,216.39
General Fund	123,244.61
Total Inventory	$ 3,417,516.90

City of Dover

Receivables

	Current	Over 30 Days	Over 60 Days	Over 90 Days	Total
Receivables Due per Trial Balance (Utilities & Trash)	$ 5,183,049.30	$ 792,222.79	$ 162,065.80	$ 965,988.72	$ 7,103,326.61
Unapplied Payments & Credit Balances	(310,240.85)	-	-	-	(310,240.85)
Net Receivables	$ 4,872,808.45	$ 792,222.79	$ 162,065.80	$ 965,988.72	$ 6,793,085.76
Cumulative % of Total Receivables greater than 30 days		11.7%	14.0%	28.3%	
Miscellaneous Receivables per Trial Balance (Non-Utility)	197,080.97	7,082.46	19,053.21	611,865.07	835,081.71
Unapplied Payments & Credit Balances	(12,542.31)	-	-	-	(12,542.31)
Net Receivables	$ 184,538.66	$ 7,082.46	$ 19,053.21	$ 611,865.07	$ 822,539.40
Cumulative % of Total Receivables greater than 30 days		0.9%	3.2%	77.6%	
Total Receivables	$ 5,057,347.11	$ 799,305.25	$ 181,119.01	$ 1,577,853.79	$ 7,615,625.16

The City writes usually writes off less than 1% as uncollectible each year, however delinquent payments affect cash flow.

City of Dover
Working Capital Balance Analysis
June 30, 2013

	General Fund	General Cap Proj Fund	Water/ Wastewater	W/WW I & E	Electric Fund	Electric I & E
Cash & Petty Cash (110 & 663)	$ 1,534,397	$ 125,402	$ 723,582	$ 1,078,332	$ 2,941,635	$ 461,733
Cash - Construction account	-	858,086	-	-	-	-
Third Party Receivables	1,463,447	7,919	918,428	-	7,433,674	41,418
Interfund Receivables	411,539	75,681	50,988	-	530,764	8,281
Prepaid Expenses	58,213	-	-	-	51,279	-
Interfund Loans	-	-	-	-	-	-
Inventory	147,650	-	81,271	-	3,842,218	-
Bond Reserve Cash & Investments	48,415	-	-	-	-	-
Operating Investments	2,496,004	2,646,531	381,385	6,532,118	512,483	3,711,629
Total Current Assets	$ 6,159,665	$ 3,713,618	$ 2,155,654	$ 7,610,449	$ 15,312,053	$ 4,223,060
Accounts Payable (110 & 663)	$ 362,526	$ 239,863	$ 773,886	$ 329,678	$ 5,499,784	$ 242,883
Accrued Payroll	396,553	-	31,834	-	61,376	-
Customer Deposits	-	-	-	-	2,022,159	-
Interfund Payables	179,883	56,110	116,852	-	272,652	-
Interfund Loans	-	-	-	-	-	-
Accrued Interest	-	-	74,327	-	602,777	-
Due to Impact Fee Reserve	-	-	1,868	-	-	-
PreReceived Revenue	846,396	359,393	-	-	232,427	-
Purpose designated accounts:						
Cancelled check reserve - payroll	10,138	-	-	-	-	-
Verizon Reserve	129,579	-	-	-	-	-
Police DRMO Escrow	14,759	-	-	-	-	-
Total Current Liabilities & Reserves	$ 1,939,834	$ 655,366	$ 998,767	$ 329,678	$ 8,691,175	$ 242,883
Working Capital Audited Trial Balance	$ 4,219,831	$ 3,058,253	$ 1,156,887	$ 7,280,772	$ 6,620,878	$ 3,980,178
June 30, 2013 Budget Report Prelim	$ 4,219,831	$ 3,058,253	$ 1,156,887	$ 7,280,772	$ 6,620,878	$ 3,980,178
June 30, 2013 CAFR	$ 4,219,831	$ 3,058,253	$ 1,156,887	$ 7,280,772	$ 6,620,878	$ 3,980,178
Difference CAFR vs. 6/30 Prelim. Rpt	$ -	$ -	$ -	$ -	$ -	$ -
Difference CAFR vs. W/C Calcs.	$ -	$ 0	$ -	$ 0	$ (0)	$ 0
	GASB 31/DCA,MSA					
Reserve Investments	$ 733,985	$ 710,222	$ 4,245,539	$ 1,009,727	$ -	$ 19,859,894
Reserve Accounts	$ 733,985	$ 710,222	$ 4,245,539	$ 1,009,727	$ -	$ 19,859,894
Difference Over/(Under)	$ -	$ -	$ -	$ -	$ -	$ -

	RCV CODE	DESCRIPTION	CURRENT	OVER 30	OVER 60	OVER 90	TOTAL
* FINAL TOTALS *	IM	CTY SEWER IMPACT FEE	.00	.00	.00	13,672.50	13,672.50
	WO	TR EL W/O TO ACT ACC	.00	.00	.00	34.20	34.20
	01	WATER SERVICE	246,452.57	41,005.43	11,354.29	32,451.68	331,263.97
	02	WASTEWATER SERVICE	200,567.76	32,408.29	8,476.42	25,689.15	267,141.62
	03	KENT CTY SEWER ADJ	165,207.02	26,893.97	7,253.98	21,066.85	220,421.82
	04	GROUNDWATER ADJ	74,260.60	12,374.54	3,411.28	6,093.86	96,140.28
	13	MISC WATER/SEWER	.00	.00	.00	150.49	150.49
	14	SEWER PENALTY	998.75	563.08	190.52	530.39	2,282.74
	15	KCSA PENALTY	786.96	471.21	161.32	487.75	1,907.24
	17	BULK TRASH	850.00	700.00	.00	.00	1,550.00
	18	RESIDENTIAL TRASH	109,505.16	21,339.03	3,129.22	26,202.13	160,175.54
	19	COMMERCIAL TRASH	23,744.23	2,226.10	421.00	1,799.22	28,190.55
	21	RESIDENTIAL ENERGY	1,136,624.30	411,036.15	102,788.30	597,894.70	2,248,343.45
	22	COMM UTIL TAX 2.00%	144.47	.00	.00	9.38	153.85
	23	RES ENERGY ADJ	.00	.00	.00	63.99	63.99
	24	COMM UTIL TAX 4.25%	40,361.87	3,311.51	187.79	2,813.23	46,674.40
	26	COMM OUTDOOR LGHTNG	28,142.26	1,143.45	197.10	3,020.20	32,503.01
	28	RES OUTDOOR LGHTNG	3,673.28	1,054.34	330.66	1,463.42	6,521.70
	31	COMMERCIAL ENERGY	1,217,049.99	117,911.70	5,086.06	80,184.01	1,420,231.76
	32	PRIMARY ENERGY	1,076,444.94	69,461.98	11,037.59	78,571.12	1,235,515.63
	36	PRIMARY ENERGY ADJ	.00	.00	.00	7,293.11	7,293.11
	39	MISC ELECTRIC REV	1,730.00	525.10	300.00	4,610.52	7,165.62
	40	DOVER AFB	331,757.97	15,195.77	.00	.00	346,953.74
	42	KRAFT	292,424.58	.00	.00	.00	292,424.58
	44	PROCTER & GAMBLE	77,983.99	.00	.00	.00	77,983.99
	46	PRIMARY UT TAX 2.00%	3,925.83	166.77	220.75	1,832.89	6,146.24
	47	PRIMARY UT TAX 4.25%	21,229.30	360.42	.00	.00	21,589.72
	48	TRANS UT TAX 2.00%	8,433.42	.00	.00	.00	8,433.42
	50	ELECTRIC PENALTY	15,813.40	10,893.60	3,982.05	23,811.33	54,500.38
	51	WATER PENALTY	1,293.13	723.41	256.14	736.19	3,008.87
	52	ELECT RET CHECK FEE	2,210.58	666.73	345.00	4,975.26	8,197.57
	53	ELECTRIC SERVICE CHG	25,483.73	13,784.43	1,436.55	28,785.09	69,489.80
	60	BILLED DEPOSIT	17,437.54	6,219.92	1,206.92	164.78	25,029.16
	70	FIRST STATE POWER	42,930.46	.00	.00	.00	42,930.46
	72	WHITE OAK SOLAR	8,435.16	.00	.00	.00	8,435.16
	80	INTERNET SERVICE	.00	.00	.00	79.50	79.50
	81	GRASS CUTTING	.00	.00	.00	326.32	326.32
	82	FIRE MARSHALL	.00	.00	.00	25.00	25.00
	91	CURBSIDE RECYCLE	48.00	6.00	.00	.00	54.00
	96	GREEN ENERGY ADJ	7,098.05	1,779.86	292.86	1,150.46	10,321.23
		# TOTAL	5,183,049.30	792,222.79	162,065.80	965,988.72	7,103,326.61
					LESS CREDIT BALANCES		310,240.85-
					NET TOTAL		6,793,085.76

* FINAL STATUS TOTALS * STATUS	DEBIT BALANCES / ACCOUNTS	CREDIT BALANCES / ACCOUNTS	NET BALANCES / ACCOUNTS	TOTAL ACCOUNTS WITH 0 BALANCES

ACCOUNT NUMBER	S	ACCOUNT DESCRIPTION		CURRENT 90 DAYS OVER 2YRS UNKNOWN	30 DAYS 120 DAYS OVER 3YRS	15 DAYS 150 DAYS OVER 4YRS	60 DAYS OVER 1YR OVER 5YRS	TOTAL
11000001150100								
		DEMOLITION	+	136471.85			8082.50	
			+	34506.25		116609.00	79734.25	
			+	11855.68	7598.75	14713.00	17965.00	
			+					427,536.28
11000001150300								
		GENERAL BILLINGS	+					
			+					
			+				39268.96	
			+					39,268.96
11000001150400								
		GRASS CUTTING	+	3230.00	866.93			
			+			20686.65	9569.80	
			+	5475.00	3169.00	1040.00	12261.14	
			+					56,298.52
11000001150600								
		POLICE GENERAL SERV RCVBL	+	11629.69	1965.53		3040.91	
			+	3549.90		.30		
			+		9878.94	833.30	8075.20	
			+					38,973.77
11000001150700								
		TRASH RECEIVABLE	+				300.00	
			+			300.00	195.00	
			+		71.50			
			+					866.50
11000001151000								
		VACANT BUILDINGS	+		4250.00		6750.00	
			+	3500.00	9000.00	27500.00		
			+					
			+					51,000.00
11000001170900								
		ROBBINS HOSE	+	1806.96				
			+					
			+					
			+					1,806.96
	*	FUND 110 TOTAL *	+	153138.50	7082.46		18173.41	
			+	41556.15	9000.00	165095.95	89499.05	
			+	17330.68	20718.19	16586.30	77570.30	
			+					615,750.99
41200001150300								
		GENERAL BILLINGS	+					
			+			296.05	11076.18	
			+	789.52	2653.16		4291.15	
			+					19,106.06

ACCOUNT NUMBER	S	ACCOUNT DESCRIPTION		CURRENT 90 DAYS OVER 2YRS UNKNOWN	30 DAYS 120 DAYS OVER 3YRS	15 DAYS 150 DAYS OVER 4YRS	60 DAYS OVER 1YR OVER 5YRS	TOTAL
41200001151100								
		SPECIAL ASSESSMENT W/S	+	2252.95				
			+					
			+				10841.72	
			+					13,094.67
	*	FUND 412 TOTAL *	+	2252.95				
			+			296.05	11076.18	
			+	789.52	2653.16		15132.87	
			+					32,200.73
48000001150300								
		GENERAL BILLINGS	+	23324.70			879.80	
			+		1825.64	2878.85	59874.22	
			+	5200.61	221.00	5489.38	68050.97	
			+					167,745.17
	*	FUND 480 TOTAL *	+	23324.70			879.80	
			+		1825.64	2878.85	59874.22	
			+	5200.61	221.00	5489.38	68050.97	
			+					167,745.17
48700001150300								
		GENERAL BILLINGS	+	18364.82				
			+					
			+					
			+					18,364.82
	*	FUND 487 TOTAL *	+	18364.82				
			+					
			+					
			+					18,364.82
63400001151600								
		PARKING PERMITS	+					
			+		840.00			
			+	120.00		60.00		
			+					1,020.00
	*	FUND 634 TOTAL *	+					
			+		840.00			
			+	120.00		60.00		
			+					1,020.00
		TOTALS						835,081.71

TRIAL BALANCE - ACCOUNT SUMMARY
THROUGH DATE 5/31/14
FROM FUND 000 TO FUND 999
RECEIVABLE ACCOUNTS

ACCOUNT AGING CATEGORY		AMOUNT
* GRAND TOTALS	CURRENT	197,080.97
	30 DAYS	7,082.46
	15 DAYS	.00
	60 DAYS	19,053.21
	90 DAYS	41,556.15
	120 DAYS	11,665.64
	150 DAYS	168,270.85
	OVER 1YR	160,449.45
	OVER 2YRS	23,440.81
	OVER 3YRS	23,592.35
	OVER 4YRS	22,135.68
	OVER 5YRS	160,754.14
	UNKNOWN	.00
TOTAL		835,081.71
LESS CREDIT BALANCES		12,542.31-
NET TOTAL		822,539.40

N - ACCOUNT(S) NOT FOUND ON G/L FILE.

MULTIPLE G/L FISCAL YEARS MAY BE REPRESENTED IN THE TOTALS ABOVE.

Mitchell, Donna

From: Mitchell, Donna
Sent: Thursday, June 05, 2014 3:01 PM
To: 'David Anderson'
Cc: Koenig, Scott (SKoenig@dover.de.us); City Clerks Office
Subject: RE: budget ideas
Attachments: Intenal Service Allocations.pdf

City Council has been bcc'd on this email

Councilman Anderson,

The contributions are in the Internal Service Fund Receipts. I have attached a copy of our Allocation spreadsheet for your reference. As I stated before, we have developed formulas for all of the divisions so percentages will vary based on the formula metrics.

Thank you,

Donna S. Mitchell, CPA
(not in public practice)
City of Dover
Controller/Treasurer
E. Reed Street, Suite 300
Dover, DE 19904
(302) 736-7018
dmitchell@dover.de.us

From: David Anderson [mailto:davidlevianderson@gmail.com]
Sent: Thursday, June 05, 2014 10:42 AM
To: Mitchell, Donna
Subject: Re: budget ideas

Thank you! I don't see how one dollar in ten on our labor for the dispatch is anywhere near our fair share of the 911 tax though. I think we really need to look at it closely and appeal to the state. That may not be a solution for this year, but it may yield benefits in the long run.

Now the reduction in overtime is good news, not in the draft that I reviewed, but very positive. I think the 55,000 in savings from reducing the wages is vital for PR if the public is to accept the increase. It is the number one objection that I hear. I am not proposing to cancel them, just limit them. I think it is a good compromise, otherwise they will be left out when we pass budget C.

I would love to know where in the budget the economic development contributions come in. I inquired before, but I see the wages all listed in the general fund and no offsets listed. Maybe, I just missed it. If you would be kind enough to send me the info, I would be grateful.

Did nonbargining get a raise last year?

Can we come up with a third alternative on street lights?

)

On Wed, Jun 4, 2014 at 4:02 PM, Mitchell, Donna <DMitchell@dover.de.us> wrote:

This e-mail has been blind copied to the Mayor and Members of Council

Councilman Anderson,

The responses to your questions are as below.

Thank you,

Donna S. Mitchell, CPA

(not in public practice)

City of Dover

Controller/Treasurer

5 E. Reed Street, Suite 300

Dover, DE 19904

(302) 736-7018

dmitchell@dover.de.us

From: McDowell, Traci
Sent: Wednesday, June 04, 2014 9:33 AM
To: City Clerks Office
Cc: Mitchell, Donna; Koenig, Scott
Subject: FW: budget ideas

This e-mail has been blind copied to the Mayor and Members of Council

Traci A. McDowell, CMC

City Clerk

City of Dover, Delaware

e-mail: tmcdowell@dover.de.us

Ph: 736-7009

Fax: 736-5068

From: David Anderson [mailto:davidlevianderson@gmail.com]
Sent: Tuesday, June 03, 2014 4:22 PM
To: Mitchell, Donna; Koenig, Scott; City Clerks Office
Subject: Re: budget ideas

Thank you Donna and Scott.

I also have a question about trying out a court service officer. We have a police officer who can't be on the streets due to internal reviews. Why not have him represent us in traffic court and save overtime money? The Chief of Police has the discretion on assignment of duties to the Officers, not the City Manager. However, Chief Bernat reduced his overtime budget by $100,000 as he is attempting to reduce Court Overtime by the Liaison Officer. This is already reflected in the Draft Budget. You can speak to him directly on this matter to confirm my comments.

David

On Tue, Jun 3, 2014 at 2:57 PM, Mitchell, Donna <DMitchell@dover.de.us> wrote:

Thank you. Scott and I are discussing our options now.

From: David Anderson [mailto:davidlevianderson@gmail.com]
Sent: Tuesday, June 03, 2014 2:16 PM

To: Koenig, Scott; Mitchell, Donna; City Clerks Office
Subject: budget ideas

Scott and Donna,

I had the budget analyzed by a couple of local experts to see if there was anything that could have been missed. You guys got high compliments. It is much better than the budgets under Mr. Deprima where I could find abnormally large inventory adjustments or other hiding places, this is a straightforward and well done budget. Even a governmental and a business expert did not find fault. So it all comes down to policy.

Should any raises be more than 2%? It seems to be the bargaining standard. Inflation is officially 2% according to the BLS for May 1, 2013 through April 30, 2014. Since we do not have money, I cannot see giving anything above that except in special circumstances where a position is below market. I could support bonuses of $500 if a department head can cut 2% without disrupting services.

We will have dialog on this tomorrow evening. We are working the $ magnitude of different scenarios with lower % and no bonus. Just so everyone understands, the City Manager included raises for non-bargaining because some of these positions are equal to or the same positions covered by the Union contracts. For example, 3 Administrative Assistants are in this group due to the confidential nature of their job. So the other Administrative Assistants would all receive raises by contract and these 3 would not. It was more of a fairness issue than anything else. The City Manager will be ready to discuss further tomorrow evening.

I support the idea of keeping contingencies to policy levels.

I believe that we need to phase in our road work increases over 3 years. I am not sure that we need to go to the ull million this year. In three years, we have increased tax, water, and electric revenue from economic expansion already on line. We are working on a phase in plan in our alternative.

I believe the water revenue increases are small dollar wise and will go to vital infrastructure. I support the plan as is. In the long run, it has a ROI that makes it attractive. We need to take care of our income producing assets especially with future economic expansion possible.

That economic development should be contributed to by the enterprise funds. I believe an economic development fund should be established. It should be funded as was discussed two years ago, 40% electric, 30% general, and 30% water/sewer. Then the economic development is no longer reflected solely in the general fund when the principle beneficiaries are other funds. We should give the merchants 5k for their festival, we will be providing the land, power, police, and other support so let's see how it starts. I am not sold that they can't raise the other 5k in 4 months for that and Christmas. Octoberfest could be a good early start to the Christmas marketing season. We have not changed Economic Development from an allocated division. In fact we increased the percentage to the Electric Fund from the original percentage. We have 22% General Fund; 16% Water/Wastewater & 62% Electric. We have formulas that we use for our allocations. We use the average ratio of total Assets for the 3 major Funds plus the ratio of Revenues for the same Funds for Council and Economic Development. For the Mayor we include Police Personnel. Another example, Human Resources is ratio of number of personnel and personnel budgets by fund. These ratios were developed by me some time ago so we could substantiate the allocations. Prior to that they were just percentages by opinion.

I am still skeptical of street lights being a general fund item. Earlier emails have been sent regarding this matter.

I wonder why are we not getting our share of money from the 9/11 tax? No matter what, we have to have a

police dispatch. The fire company needs at least a couple of people full time whether it is a manager, assistant, and current administrator or a couple of dispatchers. I don't see the need for fire dispatch. Maybe going nights with the county could be a good trial and save 100k if we can't get any of our 9/11 tax money back. We do receive 911 taxes. They are included in Police Revenue at $63,500. We only receive it for land lines, cell phones are not taxed.

We can't increase all of the planning and inspection fees right now if a tax increase of any size is in the mix. The economy is bad. I can see a phase in over 3 years adjusting some of the planning fees first before they are widely used and positioning us for the expansion that will come eventually if Washington stops its crazy borrow and spend polices which are giving us our own lost decade. It would also help balance out the gaming license cut being proposed. We are recommending to hold off on these. They were not factored into the Draft Budget.

If we do a grand swap of some electric rate cuts and property tax hikes, it must be announced and marketed as such. Not one news article that I have seen has mentioned that possibility, only the tax hike. This will be made clear tomorrow night if approved. An Op Ed may be needed with the local news media.

The idea of raises and a tax hike at the same time is untenable and would not have my support. There has to be a real proposal showing how much the resident and business customer would benefit or not be harmed with the proposal. Since the Non-Bargaining increases are the only raises that Council can decide to forgo, without bonuses it would mean a $55,000 reduction to the General Fund Budget or less than two tenths of one cent on the tax increase.

These spending concepts take around 1.1 million or half of the proposed tax hike out of the budget. We do not come up to $1.1 million. It may be due to some of the items you have mentioned are already factored into the Draft Budget, i.e. reduction of Police overtime, allocation of economic development, and inclusion of 911 taxes. If you would like to shed further light on this please feel free to respond.

Our thanks for your questions in advance.

What are your thoughts?

David

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND ALLOCATED DIVISIONS
FY 2015 PROPOSED

		GENERAL	WATER/SEWER	ELECTRIC	TOTAL ALLOCATED
		22.00%	**16.00%**	**62.00%**	
511	CITY CLERK	$84,300.00	$61,300.00	$237,400.00	$383,000.00
		22.00%	**16.00%**	**62.00%**	
512	COUNCIL	$25,300.00	$18,400.00	$71,400.00	$115,100.00
		48.00%	**10.70%**	**41.30%**	
519	MAYOR	$38,100.00	$8,500.00	$32,800.00	$79,400.00
		82.00%	4.00%	14.00%	
522	GROUNDS	$977,400.00	$47,700.00	$166,800.00	$1,191,900.00
		36.50%	**15.70%**	**47.80%**	
515	CITY MANAGER	$228,200.00	$98,200.00	$298,900.00	$625,300.00
		56.60%	**12.50%**	**30.90%**	
516	INFORMATION TECHNOLOGY	$412,500.00	$91,100.00	$225,200.00	$728,800.00
		39.90%	**14.20%**	**45.90%**	
517	TREASURER/FINANCE	$377,900.00	$134,500.00	$434,600.00	$947,000.00
		42.50%	**57.50%**	**0.00%**	
551	PUBLIC WORKS ADMIN	$218,700.00	$295,900.00	$0.00	$514,600.00
		22.00%	**16.00%**	**62.00%**	
535	ECONOMIC DEVELOPMENT	**$49,200.00**	**$35,800.00**	**$138,600.00**	**$223,600.00**
		66.80%	5.60%	27.60%	
552	FACILITIES MANAGEMENT	$452,800.00	$38,000.00	$187,000.00	$677,800.00
		5.70%	**6.70%**	**87.60%**	
571	PROCUREMENT & INVENTORY	$31,700.00	$37,300.00	$487,000.00	$556,000.00
		48.40%	21.60%	30.10%	
572	FLEET MAINTENANCE	$375,900.00	$167,800.00	$233,000.00	$776,700.00
		18.00%	**18.90%**	**63.10%**	
529	CUSTOMER SERVICES	$213,400.00	$224,000.00	$747,900.00	$1,185,300.00
		77.18%	**8.85%**	**13.97%**	
518	HUMAN RESOURCES	$293,200.00	$33,600.00	$53,100.00	$379,900.00
		41.30%	**13.60%**	**45.10%**	
582	INSURANCE	$299,300.00	$98,600.00	$326,900.00	$724,800.00
412-553	WWW ENGINEERING	No Longer allocated - General Fund has it's own division			
480-589	SYSTEMS OPERATIONS	No Longer allocated -			
480-585	METER READING	No Longer allocated to small to matter			
	TOTAL	$4,077,900.00	$1,390,700.00	$3,640,600.00	$9,109,200.00
	REVENUES	**GENERAL FUND**	**W/WW FUND**	**ELECTRIC FUND**	
	FROM W/WW TO	$1,390,700.00			
	FROM ELECTRIC TO	$3,640,600.00			
	EXPENSES				
	TO GENERAL FROM		($1,390,700.00)	($3,640,600.00)	
	TO W/WW FROM				
	TO ELECTRIC FROM				
	NET ALLOCATION REV/(EXP)	$5,031,300.00	($1,390,700.00)	($3,640,600.00)	$0.00

Mitchell, Donna

From: Mitchell, Donna
Sent: Tuesday, June 03, 2014 6:00 PM
To: Lynn, Sean M.
Cc: City Clerks Office; Koenig, Scott (SKoenig@dover.de.us)
Subject: Street Lights
Attachments: Minutes related to street light accounting; 09/10/2012 LF&A Packet - Street Lights; Attached Image

City Council has been bcc'd on this email

Councilman Lynn,

I have attached the previous correspondence and discussion regarding the Street Lights. The L,F & A packet includes both the Bond Counsel's and Auditor's letters. I have also attached a copy of the Income Statement for the Electric Fund for fiscal years 2002 and 2001. If you will notice on page 2 the very last item is Street Light Contribution $473,251) as a reduction to unreserved retained earnings. This was actually an expense and not a transfer to a reserve as there was no reserve. So the Electric Fund was billing itself for the Street Lights and the revenue was being offset by this item. When this was brought to my attention we researched the matter to find that the street lights are owned by the General Fund and included in the code as part of the Streets. Councilman Ruane also did some research of other public utilities to determine they were charged to their General Funds.

I am trying to see if I can't find the research that was done. Let me know in the meantime, if there is anything else you need.

Thank you,

Donna S. Mitchell, CPA
(not in public practice)
City of Dover
Controller/Treasurer
5 E. Reed Street, Suite 300
Dover, DE 19904
(302) 736-7018
dmitchell@dover.de.us

Mitchell, Donna

From: Mitchell, Donna
Sent: Wednesday, June 04, 2014 1:38 PM
To: Lynn, Sean M.
Cc: McDowell, Traci (tmcdowell@dover.de.us); Koenig, Scott (SKoenig@dover.de.us)
Subject: FW: Shifting the Cost of Street Lighting
Attachments: Authority of cities and towns to shift costs of street lighting from the general government to utility customers AG of Washington State Opinion.htm; 150 Wn.2d 540, Okeson v. City of Seattle.htm

This email has been bcc'd to City Council

Councilman Lynn,

I reached out to Mr. Ruane to see if he still didn't have the prior research he did regarding the Street Lights. Below is his response. Hope you find this helpful. He had the Court Case documents attached if you would like to have those as well, just let me know.

Thank you,

Donna S. Mitchell, CPA
(not in public practice)
City of Dover
Controller/Treasurer
5 E. Reed Street, Suite 300
Dover, DE 19904
(302) 736-7018
dmitchell@dover.de.us

From: generuane [mailto:generuane@verizon.net]
Sent: Wednesday, June 04, 2014 11:25 AM
To: Mitchell, Donna
Cc: Koenig, Scott
Subject: Shifting the Cost of Street Lighting

Donna

I have checked personal files I still have on my computer to see whether I have anything regarding the issue of how the city pays for street lighting and could not find any comments or research I may have made when Dover started to pay for street lighting from the general fund rather than have Dover's electric customers subsidize these costs. However I did do some internet searches last night and today and found a couple of items that may be of some use as you argue the case for continuing to budget street lighting costs in the General Fund. I found both a Washington AG's opinion and a City of Seattle Court case that you might find helpful.

Although these are not directly applicable to Delaware and Dover statutes, the reasoning you will read can be used to argue against shifting the costs of street lighting back to the electric fund. Basically, the Washington AG's opinion and the Court ruling argue that it is illegal in Washington State to either charge electric customers directly for "municipal" street lighting or "fold in" the costs with other costs of operating and maintaining a city's electric utility. Municipal street

lighting is a general government service unrelated to the metered electric service customers are purchasing from the city. The costs of municipal street lighting cannot be allocated among users in any meaningful way. When the cost of municipal lighting is buried in Dover's general rate structure Dover is simply raising revenue through a hidden tax. In the absence of express authority in the City's Charter/Ordinances or the Delaware Code this practice could be challenged on the same basis as it has been challenged in the State of Washington; and, perhaps elsewhere.

Gene

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Fax: 302.300.4055
ninane@ballardspahr.com

August 24, 2012

Donna S. Mitchell
Controller/Treasurer
City of Dover
5 East Reed Street
Weyandt Hall, Suite 300
Dover, DE 19901

Re: **Street Lights and Electric Fund**

Dear Donna:

As requested, we have reviewed the electric bond resolution and the City of Dover Financial Policies to see how either the street lights can be made part of the electric system or how reserves in the Electric I&E fund can be released and used to pay for the street light cost in the general fund.

Moving Street Lights to the Electric System

The street lights are currently a general fund asset and expense of the City as opposed to part of the Electric System for which electric revenues can be used. This is consistent with the way street lights are paid for by other municipalities. Despite much internal research and discussion, we have not found an example of a municipal client who is currently paying for street lights out of its electric fund rather than its general fund.

Nevertheless, we spent time analyzing the provisions of the electric bond resolution in an effort to figure out a way to make the street lights a revenue generating asset that may be moved to the electric fund. Unfortunately that exercise left us with more questions than answers. For example, would a surcharge on the electric bill for street lights (on a pro rata basis rather than based on metered usage) be characterized as a tax rather than a fee? Do accounting rules permit the street lights to be taken out of the general fund? We need the City's accountants to weigh in on the proper accounting procedures in this matter.

Even if we were somehow able to transfer the asset and recharacterize the street lights as part of the Electric System, the City has to be careful not to violate the covenants set forth in Section 501 including "... (d) electric rates outside the corporate limits of the City will at all times be not less than the electric rates within such limits; (e) and that no free service will be rendered by the Electric

System, and that the City and all political subdivisions and public agencies (state or federal) shall pay for the service and facilities furnished by the Electric System at the established rates." We need more information about the way in which revenue will be generated before we can conclude whether or not these covenants have been met.

We note, however, that pursuant to Section 507A(e) transfers to the general fund can be made so long as the Rate Covenant in Section 502 is not violated. We understand the City has limited this amount to $8 million for other policy reasons but pursuant to the bond resolution, it can be a higher amount so long as the Rate Covenant is not violated.

I&E Fund

Section 510 of the bond resolution provides that "moneys held for the credit of the Improvement and Extension Fund shall be disbursed only for paying all or a part of (i) the cost of usual or extraordinary maintenance or repairs, renewals or replacements, (ii) the cost of acquiring, installing or replacing equipment, (iii) the cost of constructing extensions, additions or improvements to the Electric System or (iv) the cost of engineering expenses relating to the foregoing."

The street lights do not fall into any of the foregoing categories so funds in I&E Fund cannot be used for that purpose. Although the Depreciation Reserve and the Future Capacity Reserve were not created under the resolution, they were created as subaccounts under the I&E Fund pursuant to your financial policies. Since they are subaccounts, they are subject to the same limitation for disbursement.

However, the funding level requirements of the I&E Fund and its subaccounts may be able to be decreased in order to release funds back to the City to be used for general fund purposes. The subaccount levels were set in the financial policy and not in the bond resolution so the City can decrease those levels with a change in the financial policy. The overall I&E Fund requirement can be found in Section 507A(c). It is not stated as a specific dollar amount but rather the amount recommended by the Engineering Consultants (as provided in Section 504 – Duties of Engineering Consultants) in the then current fiscal year. Once we know the amounts required by the Engineering Consultants for each year, we can make a determination of how much overfunding, if any, there is in the I&E Fund.

In conclusion, our advice as bond counsel at this time is to use the provisions of 507A(e) of the resolution to transfer necessary funds to the general fund. Trying to get a general fund expense paid out of the electric fund in a different way runs the risk of bondholders claiming an event of default has occurred under the resolution and, ultimately, could result in acceleration of the bonds.

Very truly yours,

Emilie R. Ninan

Emilie R. Ninan

ERN:lhb

DMEAST #15491772 v1

SB & COMPANY, LLC

August 13, 2012

Donna S. Mitchell
Controller/Treasurer
City of Dover
5 East Reed Street
Weyandt Hall, Suite 300
Dover, Delaware 19901

Re: **Street Lights and Electric Fund**

Dear Donna,

I have read the letter from your bond counsel at Ballard Sphar dated August 8, 2012 and have no additional information that would contradict the assessment that putting the street lights in the Electric Revenue fund with them then being paid for from other funds would not be in compliance with the intent of the fund or bond agreement. However, you have the option to move the street lights into the fund under accounting principles generally accepted in the United States of America (GAAP) subject to certain provisions. Specifically, GAAP does not specify which fund operations must be reported in as long as the funding source for these operations complies with the intent of the fund. Thus, if the streetlights are put in the Electric Revenue fund for GAAP purposes, they would need to be funded with user fees.

Please let me know if you have any other questions. Thank you.

Sincerely,

SB & Company, LLC

Graylin E. Smith
Managing Member

200 International Circle Suite 5500 Hunt Valley Maryland 21030 P 410.584.0060 F 410.584.0061

CITY OF DOVER
ELECTRIC REVENUE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN UNRESERVED RETAINED EARNINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2002 AND 2001

	JUNE 2002	JUNE 2001
OPERATING REVENUES:		
Charges for services	$ 52,555,412	$ 49,408,410
Miscellaneous services/income	1,895,513	1,810,721
TOTAL OPERATING REVENUES	$ 54,450,925	$ 51,219,131
OPERATING EXPENSES:		
General administration	$ 3,469,168	$ 3,244,939
Purchased power	34,377,595	32,455,247
Transmission/distribution	2,493,184	2,545,991
Engineering	2,029,160	293,075
Metering	208,806	191,532
Tree trimming	266,690	265,524
Utility tax	981,149	848,054
Depreciation	3,501,101	3,359,529
Environmental expense	-	124,818
Allowance for bad debts	100,000	100,000
Retiree health care	295,930	247,289
Right of way expense	-	273,000
Self insurance-health	-	418,420
Self insurance-workmans compensation	93,932	-
TOTAL OPERATING EXPENSES	$ 47,816,715	$ 44,367,418
OPERATING INCOME	$ 6,634,210	$ 6,851,713
NONOPERATING REVENUES (EXPENSES):		
Interest Earned:		
Operating funds	$ 452,415	$ 546,393
Reserved funds	1,671,659	1,911,377
Net increase in fair value of investments	45,881	198,560
Interest and fiscal charges	(1,549,344)	(1,620,938)
Bond discount amortized	(39,089)	(39,089)
Gain on disposal of assets	(195,851)	(16,264)
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 385,671	$ 980,039

(Continued)

	JUNE 2002	JUNE 2001
Net income before operating transfers	$ 7,019,881	$ 7,831,752
Operating transfers - out	(3,975,000)	(3,975,000)
NET INCOME	$ 3,044,881	$ 3,856,752
Other changes in unreserved retained earnings:		
Decrease:		
Transferred to Reserves:		
Depreciation	$ (500,000)	$ (500,000)
Future capacity	(500,000)	(500,000)
Interest earnings on reserves	(1,671,659)	(1,911,377)
Street light contribution	(473,251)	(480,068)
UNRESERVED, UNDESIGNATED RETAINED EARNINGS AT BEGINNING OF YEAR	$ 51,338,868	$ 50,873,561
UNRESERVED, UNDESIGNATED RETAINED EARNINGS AT END OF YEAR	$ 51,238,839	$ 51,338,868

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE
A G E N D A

SEPTEMBER 10, 2012 - 5:30 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Purchase of Police Department Parking Enforcement System *(Due to time constraints, this item has been placed on the Council agenda for the meeting being held later in the evening)*

2. Transfer of Street Light Accounting to Electric Fund

3. Reduced Rates for All-Electric Homes in December, January, and February *(City Council Referred to Staff for Cost Analysis and Review on July 9, 2012)*

4. Discussion - Renaming of Division Street as Martin Luther King Boulevard

5. Adjournment by 7:00 P.M.

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

JANUARY 28, 2008 - COUNCIL

Proposed Budget Amendments - Budget Balances and Carry-Forwards

Mrs. Mitchell stated that the transfer tax revenue received for the apartment complexes transfer tax was included at this time since she had previously advised members of Council, during a recent update, regarding the receipt of these funds. She advised members that since that update, it has been discovered that there is an issue regarding the budget for street lights, amounting to approximately $500,000. Although this issue could have also been included at this time, it was decided that it would be addressed during the mid-year review. Mrs. Mitchell relayed concern with the City Manager determining the use of the additional revenue when there is an additional $500,000 required for street lights. It was her opinion that the additional transfer tax revenue remain in the budget balance until the mid-year review to provide the opportunity for members to address other budgetary issues.

WEDNESDAY, MAY 30, 2012 - BUDGET

Mr. Lynn advised members that, historically, street lights were paid out of the Electric Fund; however, in the middle of the last decade, this expense was moved from the Electric Fund into the General Fund, thus incurring $985,000 of expenses to that fund. Mr. Lynn suggested moving the street lights back into the Electric Fund, which would save the General Fund approximately $985,000, which would cover the General Fund shortfall, address the adjustment issues described above by Mr. Koenig, and allow funding of the DDP at the requested level as well. Mr. Lynn stated the bond agencies may not be happy with this; however, for decades the street lights were paid for out of the Electric Fund and the bond agencies did not question this and bond ratings were not negatively affected. He felt that this should be considered prior to discussions on tax increases or trash fees.

In response to Mr. Leary regarding the practical effects of this approach, Mrs. Mitchell stated that between 2002 to 2003, a Government Accounting Standards Board (GASB) 34 accounting standard was implemented that created a massive change to financial statements and reporting procedures. A consultant was brought in to help with the implementation of that accounting standard, and it was discovered that the Electric Fund was billing itself for street lights. The City was billing itself and showing the amounts as being collected by crediting a Street Light Fund within the Electric Fund. The consultant inquired about the Street Light Fund and it was discovered that there was no Street Light Fund, it was simply a way to show the billing, and it was offset by a credit to this fund. This was not proper accounting and was against the City's debt covenant because revenue indicated that the City was billing itself but the General Fund was not being billed. The Street Lights were moved to the General Fund at that time, and the General Fund now pays the Electric Fund for those street lights.

In response to Mr. Anderson's inquiry as to whether a transparent, legitimate street light surcharge (similar to the 911 fee and trash surcharges) could be included on the customer bills and would comply with debt covenant requirements, Mrs. Mitchell stated that such a charge could be attached to the electric bill as a surcharge; however, the money would have to be recorded as a transfer to the

Mrs. Mitchell stated that Mr. Ted Kelly, Principal, Business & Technology Services, Burns & McDonnell, performed the electric rate analysis which reflected a 12% reduction for street lights. She was unsure if street lights receive the advantage of a Power Cost Adjustment (PCA) credit (noting that they are not metered), or if this was 12% straight true credit. She noted that if the 12% was truly against the budget and City's street light budget is $985,000, this would remove $118,000 from that cost.

MONDAY, JUNE 4, 2012 - 6:00 P.M.

Mr. Koenig advised members that Mrs. Mitchell was waiting to hear from bond counsel regarding the payment of street lights entirely from the Electric Fund. In addition, he stated that the General Fund was due a credit for the street lighting expense based on the rate study that was presented to Council during their Regular Meeting of May 29, 2012. If the City Council adopted the rates proposed by Mr. Ted Kelly, Principal, Business & Technology Services, Burns & McDonnell, the General Fund would realize a savings of $116,000 for street lighting over FY12 charges.

JUNE 11, 2012 - FIRST READING OF BUDGET ORDINANCE

Mr. Lynn stated that he was concerned with the alternative because it was "kicking the can" and incurring debt. He requested Mrs. Mitchell to pursue the idea of establishing a surcharge on the electric bill to fund the street lights out of the electric fund. Mr. Lynn stated that the proposal would put $985,000 back into the General Fund each year. Mrs. Mitchell stated that she was still waiting for an opinion from Bond Counsel regarding this proposal.

SEPTEMBER 24, 2012 - COUNCIL

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE REPORT - SEPTEMBER 10, 2012

The Legislative, Finance, and Administration Committee met on September 10, 2012 with Chairman Lynn presiding.

Transfer of Street Light Accounting to Electric Fund

Mrs. Donna Mitchell, Controller/Treasurer, reviewed correspondence received from Ms. Emilie Ninan, City of Dover Bond Counsel, dated August 24, 2012. She explained that it was the opinion of the Bond Counsel that attempting to charge for street lights through the Electric Fund could run the City in default of the bonds. Ms. Ninan recommended that the City transfer additional funds from the Electric Fund, rather than charging individual customers for all of the street lights in the City of Dover.

In response to Mr. Lynn's question regarding the legality of charging through the Electric Fund, Mrs. Mitchell stated that it was the opinion of the Bond Counsel that the City would risk running in default of the Bond Covenants. Mrs. Mitchell explained that Ms. Ninan's correspondence indicated that the City could not provide for free electric in the Electric Fund and could be in default of bond

The Committee recommended acceptance of the recommendation of the Bond Counsel to use the provisions of 507A(e) of the resolution to transfer necessary funds to the general fund, (since) trying to get a general fund expense paid out of the electric fund in a different way runs the risk of bondholders claiming an event of default has occurred under the resolution and, ultimately, could result in acceleration of the bonds.

During the Council meeting, Mr. Anderson expressed concern regarding the lack of specificity in the correspondence provided by Bond Counsel. He stated that other municipalities do what is being proposed and he would like to see what specific provisions would be violated and how. Noting that there was no rush to make a decision, Mr. Anderson suggested inviting Bond Counsel to come and address their questions.

Mr. Anderson moved to table the matter and invite Bond Counsel to address this matter at a future meeting, seconded by Mr. Lynn.

Responding to Mr. Hare, Mrs. Donna Mitchell, Controller/Treasurer, stated that there would be a fee for Bond Counsel to attend the meeting. She suggested that Bond Counsel was being questioned because they advised that the City would "run the risk" of a claim of default and an acceleration of the bonds instead of stating their opinion absolutely.

Mr. Anderson reiterated his concerns about not being able to obtain answers to his questions.

With regard to the practice of other municipalities, Mr. Leary stated that Revenue and General Obligation bonds are completely different from the bonds being discussed.

The motion to table the matter and invite Bond Counsel to address this matter at a future meeting failed by a roll call vote of six (6) no (Perza, Bonar, Williams, Hare, Hutchison, and Leary) and two (2) yes (Anderson and Lynn) (Mrs. Russell absent).

Mr. Hutchison moved for approval of the Committee's recommendation, seconded by Mr. Bonar and carried, with Mr. Anderson voting no.

ARTICLE I. - IN GENERAL

Sec. 98-1. - Street department created; purpose.
Sec. 98-2. - Authority to temporarily close streets and sidewalks.
Sec. 98-3. - Removing or damaging street boundary stakes.
Sec. 98-4. - Storage of building materials.
Sec. 98-5. - Duty of tenants or owners to maintain sidewalks and landscaped areas within the street right-of-way.
Sec. 98-6. - Duty of persons occupying commercial establishments and premises to keep sidewalks clear.
Sec. 98-7. - Placement of canopies and awnings within rights-of-way.
Sec. 98-8. - Obstruction of streetlights.
Sec. 98-9. - Use of Dover Green.
Sec. 98-10. - Speed reduction devices.
Secs. 98-11—98-40. - Reserved.

Sec. 98-1. - Street department created; purpose.

There is hereby created a street department under the general supervision and authority of the city manager, which shall superintend and have authority over the use, construction, condition and lighting of city streets, sidewalks, storm sewers and public places.

(Code 1968, §§ 2-80, 28-1; Code 1981, § 19-1; Ord. No. 2010-07, 3-22-2010)

Sec. 98-2. - Authority to temporarily close streets and sidewalks.

Both the city manager and chief of police shall have the authority to temporarily close streets, sidewalks or private entrances onto public streets to vehicular and pedestrian traffic when necessary for the public safety or convenience or to conduct work on streets or sidewalks.

(Code 1968, § 28-2; Code 1981, § 19-2)

Sec. 98-3. - Removing or damaging street boundary stakes.

It shall be unlawful for any person to drive down, pull up, remove or otherwise disturb or injure any stake which shall be planted or driven in the ground by city authority to fix and indicate the grade of curbline or boundaries of any city streets.

(Code 1968, § 28-4; Code 1981, § 19-3)

Sec. 98-4. - Storage of building materials.

(a) *Permit required.* It shall be unlawful to keep or store building materials in city streets or sidewalks, without a written permit from the city manager, describing the property fronting the street or sidewalk to be used. The permit shall only authorize the use of the roadbed in front of the property being built or repaired for a space of 12 feet from the gutterline, provided that the gutter remains unobstructed for the free passage of water and the sidewalk for a space of five feet from the building line.

(b) *Workbench, etc.* No workbench or mortarbed shall be erected or maintained in the streets or sidewalks, except for storage, unless otherwise specifically provided in the permit.

Pledge of Revenues of the Electric System

The principal amount of the Bonds and all interest payable thereon are secured by a pledge of and lien on the Revenues of the Electric System as provided in the Bond Resolution. Revenues are defined as all moneys received by the City for the use of, and for the services and facilities furnished by the Electric System. See "Flow of Funds" for the application of Revenues and Net Revenues. Net Revenues is the amount of the excess of the Revenues of the Electric System over the Current Expenses for a particular period. "Current Expenses" are the City's reasonable and necessary current expenses of maintenance, repair and operation of the Electric System, and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation which may include expenses not annually recurring, all administrative expenses, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, charges to City Paying Agent, legal expenses, fees of consultants, and any other expenses required to be paid by the City under the provisions of the Bond Resolution or by law, but does not include any reserves, extraordinary maintenance or repair, or any allowance for depreciation, or any deposits or transfers to the credit of the Interest and Sinking Fund or the Improvement and Extension Fund or any payments with respect to Non-Parity Debt.

Parity Bonds

Additional Bonds may be issued on a parity basis with the Bonds under the Bond Resolution (the "Parity Bonds"). After the issuance of the Bonds, both the Bonds and portions of the Series 2004 Bonds will be outstanding under the Bond Resolution.

Reserve Fund Requirement

After the issuance of the Bonds, funds in the Reserve Account will be maintained in an amount equal to the Reserve Fund Requirement. In the event there are insufficient funds in the Bond Service Account to pay principal or interest on the Bonds, when due, the Trustee is authorized to draw such deficiency from the Reserve Account. The City is required to maintain an amount equal to the Reserve Fund Requirement in the Reserve Account.

Reserve Fund Requirement means the maximum amount of Principal and Interest Requirements for any fiscal year thereafter on account of all Parity Bonds issued under the Bond Resolution and then Outstanding; provided that with respect to any Series of Bonds which do not have Substantially Equal Debt Service, the Reserve Fund Requirement may not exceed the maximum Principal and Interest Requirements determined as of the date of initial issuance. Under the Bond Resolution the City may satisfy the Reserve Fund Requirement by depositing with the Trustee a Credit Facility which permits the Trustee to draw thereon the amount of the Reserve Fund Requirement. The City may not use such a Credit Facility to satisfy the Reserve Fund Requirement unless any Rating Agency then rating the Bonds confirms in writing that the use of such Credit Facility will not reduce the then applicable rating on the Bonds.

Rate Covenants

The City has agreed that it will have in effect a schedule of rates and charges for the Electric System so that the total amount of Revenues of the Electric System during each fiscal year (plus funds held by the City and budgeted to be used to pay current expenses) will be not less than the total of (1) the Current Expenses of the Electric System during the current fiscal year as shown by the Annual Budget for such fiscal year and (2) one hundred twenty-five per cent (125%) of the Principal and Interest Requirements for the current fiscal year on account of all Parity Bonds then Outstanding under the Bond Resolution.

The City has covenanted that if the Revenues of the Electric System in any fiscal year are less than the amounts required to meet the requirements set forth above that before the 15th day of the second month of the following year it will request the Engineering Consultants to make a recommendation as to the revision of the electric rates. The City has agreed to file copies of the request and the Engineering

Consultant's report with the Trustee. So long as the City complies with all of the recommendations of Engineering Consultants in respect of the electric rates, the City will not be in default of the rate covenant provisions set out above even if the Revenues are less than the amount required to meet such Rate Covenant.

The City further covenants that (a) the electric rates outside the corporate limits of the City shall at all times be not less than the electric rates within such limit; (b) no free service will be rendered by the Electric System and the City and political subdivisions and public agencies (state or federal) will pay for the service facilities furnished by the Electric System at the established rates; (c) that no discount will be allowed for prompt payment of bills, and if any bill is not paid before the 20th day after the date of mailing such bill, notice will be sent that service will be discontinued and the premises will be disconnected from the Electric System as permitted by law and in accordance with uniform policies of the City Council in effect from time to time; and (d) that all bills for the services and facilities furnished by the Electric System will be rendered on a monthly basis until such time as the City Council deems it advisable to change the period covered by such bills, and that it will establish and enforce reasonable rules and regulations in relation to the collection of such bills.

Flow of Funds

Revenue Fund. The City covenants that all Revenues of the Electric System will be collected by the City and deposited as received with a Depository to the credit of the Revenue Fund.

Current Expenses. Current Expenses of the Electric System are paid when due from the Revenue Fund provided that no such expense will be paid if it is more than the unencumbered balance of the appropriations in the Annual Budget for such expenses. The City covenants that no Current Expenses will be incurred in any year unless the same shall be reasonable and necessary.

Interest and Sinking Fund. The City Controller/Treasurer, on or before the 20th day of each month, will withdraw from the Revenue Fund an amount equal to the amount of all moneys held for the credit of the Revenue Fund on the last day of the preceding month less the amount (to be held as reserve for Current Expenses) not in excess of twenty per cent (20%) of the amount shown by the Annual Budget to be necessary for Current Expenses of the Electric System for the current fiscal year and will apply the sum so withdrawn in the following order of priority:

(a) deposit with the Trustee to the credit of the Bond Service Account, an amount equal to one-sixth (1/6) of the amount of interest payable on the Parity Bonds of each Series then Outstanding on the next succeeding Interest Payment Date, and commencing with the twelfth (12th) month preceding the first maturity of the Bonds of any Series and continuing until all of such Bonds have been paid or provision made for payment, an amount equal to one-twelfth of the principal payable on the next Principal Payment Date whether on account of maturity or Sinking Fund Installments; provided however, that if less than twelve (12) months intervene between the delivery of the Bonds of any Series and the first maturity of such Bonds, the amount deposited on account of such principal in each month until and including the month immediately preceding such maturity date will be that amount which when multiplied by the number of such deposits will be equal to the principal amount of such bonds maturing on such date; and provided, further, that there shall be credited against the amounts of the deposits otherwise required to be made pursuant to this clause (a) the money theretofore deposited in the Bond Service Account under the provisions of the Bond Resolution and available for the payment of such interest and principal;

(b) deposit with the Trustee to the credit of the Reserve Account, an amount, if any, which may be required to increase the amount therein to the Reserve Fund Requirement;

(c) deposit with a Depository to the credit of the Improvement and Extension Fund, to be held in trust by the City, such amount, if any, of any balance remaining after making the deposits under clauses (a) and (b) above (or the entire balance if less than the required amount) as may be required to make the amount deposited in the then current fiscal year to the credit of said Fund equal to the amount recommended by the Engineering Consultants, as provided in the Bond Resolution.

(d) pay current debt service on any Non-Parity Debt; and

(e) deposit with a Depository or Depositories to the credit of such funds of the City as the City Council may provide by resolution, such amount, if any, of the balance remaining after making the deposits and payments under clauses (a), (b), (c) and (d) above; provided that no amounts shall be transferred to the City's General Fund, or any other fund which is not held for the benefit of the Electric System, unless, if that transfer were taken into account as a Current Expense for the purposes of the Rate Covenant, such transfer would not cause the Rate Covenant to be violated.

Bond Service Account. The Trustee will, not more than 10 days immediately preceding each Interest Payment Date, withdraw from the Bond Service Account the amount required for paying interest upon such bonds on such Interest Payment Date and transmit it to the Paying Agent who will apply it to the payment of such interest when due. The Trustee will, not more than 10 days immediately preceding each Principal Payment Date withdraw from the Bond Service Account the amount required for paying all principal coming due on such Principal Payment Date, whether on account of maturity or Sinking Fund Installments, and transmit it to the Paying Agent who will apply it to the payment of such principal upon the presentation and surrender of Bonds on such Principal Payment Date. Notwithstanding the foregoing, the Trustee will, upon the direction of the City, withdraw sums from the Bond Service Account to be applied to purchase Bonds subject to redemption from Sinking Fund Installments on the next succeeding Principal Payment Date provided that the purchase price does not exceed the applicable redemption price at the next Principal Payment Date. Any Bonds so purchased will be presented to the Trustee for cancellation and the next succeeding Sinking Fund Installment will be reduced by the principal amount of the Bonds so canceled.

Reserve Account. Moneys held for the credit of the Reserve Account will be used for the purpose of paying interest on and principal of Parity Bonds whenever and to the extent that the moneys held for the credit of the Bond Service Account are insufficient for such purpose. So long as there is no event of default under the Bond Resolution, all investment earnings and gains on amounts in the Reserve Account will be transferred to the Bond Service Account or the Revenue Fund as the City may direct the Trustee in writing at least ten (10) days prior to each Interest Payment Date. If the Trustee receives no written direction said funds will be transferred to the Bond Service Account on the sixth (6^{th}) day prior to each Interest Payment Date.

Improvement and Extension Fund. Except in those situations provided for in the Bond Resolution, or except in case of an emergency caused by some extraordinary occurrence, so characterized in a certificate signed by the City Manager and filed with the City Controller/Treasurer, and an insufficiency of moneys to the credit of the Revenue Fund to meet such emergency, moneys held for the credit of the Improvement and Extension Fund may be disbursed only for paying all or a part of the cost of unusual or extraordinary maintenance or repairs, renewals or replacements, the cost of acquiring, installing or replacing equipment, the cost of constructing extensions, additions or improvements to the Electric System, or engineering expenses relating to the foregoing,

If at any time the moneys held for the credit of the Bond Service Account and the Reserve Account are insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal become due, then the City will withdraw from the Improvement and Extension Fund and deposit to the credit of the Bond Service Account an amount sufficient to make up any such deficiency. Any moneys so withdrawn from the Improvement and Extension Fund and deposited to the credit of the Bond Service Account must be restored from the first available moneys in the Revenue Fund, after making up such deficiency.

Redemption Account. Moneys deposited into the Redemption Account by the City will be applied by the Trustee at the written direction of the City, either for the optional redemption of Parity Bonds as provided in the Bond Resolution or to the purchase of Parity Bonds in the open market or otherwise, at a price not exceeding the redemption price then applicable thereunder.

Funds held in Trust. Subject to the terms and conditions set forth in the Bond Resolution, moneys to the credit of the Bond Service Account, the Reserve Account and the Redemption Account will be held in trust and disbursed by the Trustee for (a) the payment of interest upon the Bonds issued under the Bond Resolution as such interest becomes due or (b) the payment of the principal of such Bonds at their respective maturities or (c) the payment of the purchase price or redemption price of such Bonds before maturity.

All moneys which the Trustee withdraws from the Interest and Sinking Fund or receives from any other source and sets aside, or deposits with the Paying Agent, for the purpose of paying any of the Bonds secured, either at the maturity thereof or upon call for redemption, will be held in trust for the respective owners of such Bonds.

The moneys in the Bond Service Account, the Reserve Account and the Redemption Account under the Bond Resolution will be held in trust and applied as provided in the Bond Resolution and, pending such application, will be subject to a lien and charge in favor of the owners of Parity Bonds issued and Outstanding under the Bond Resolution and for the further security of such owners until paid out or transferred as provided in the Bond Resolution.

Additional Covenants

Engineering Consultants

The City covenants, that it will, for the purpose of performing and carrying out the duties imposed on the Engineering Consultants under the provisions of the Bond Resolution, employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience in such work.

The City further covenants that, except as otherwise permitted by provisions of the Bond Resolution, it will not sell, lease or otherwise dispose of the Electric System or any part thereof. The City may from time to time at its own cost and expense, without notice to, and without obtaining the approval of, the Trustee,

(i) remove and dispose of obsolete, worn out or unsuitable equipment of facilities;

(ii) sell, transfer or dispose of any property or equipment in the ordinary course of business;

(iii) demolish, remove or dispose of any facilities or equipment provided the aggregate book value thereof in any fiscal year, as estimated by the City, at the time of such demolition, removal or disposal does not exceed an amount equal to two percent (2%) of the Electric System's net property, plant and equipment as shown in the latest annual report of the City filed with the Trustee; and

(iv) transfer any property to any party if the Trustee receives a report of the Engineering Consultants stating that Net Revenues for the current fiscal year and in each of the two succeeding fiscal years is expected to be at least equal to one hundred and twenty-five percent (125%) of the maximum Principal and Interest Requirements with respect to all bonds outstanding under the Bond Resolution including any Non-Parity Debt.

Any such disposition permitted may only be made on terms as fair and reasonable to the City as would be obtained in any arms length transaction. The City will have the use of the proceeds from any such disposition for any lawful purpose.

Insurance

The City has covenanted that it will maintain a practical insurance program, reasonable terms, conditions, provisions and costs, which the City Manager determines, with the approval of the Engineering Consultants, will afford adequate protection against loss, including loss of Revenues, caused by damage to or destruction of the Electric System or part thereof and also such comprehensive public liability insurance on the Electric System for bodily injury and property damage in such amounts as may be recommended by the Engineering Consultants.

The City further has covenanted that all such insurance policies will be carried by a responsible insurance company or companies and authorized and qualified under the laws of the State of Delaware (the "State") to assume the risks thereof.

Also, the proceeds of all such insurance covering damage to or destruction of the Electric System will be deposited with a Depository and will be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Improvement and Extension Fund. If such proceeds are insufficient for such purpose, the deficiency may be supplied out of any moneys in the Improvement and Extension Fund. The proceeds of all insurance covering loss of Revenues shall be deposited to the credit of the Revenue Fund.

The City has covenanted that copies of all recommendations and approvals made by the Engineering Consultants under the provisions of the Bond Resolution will be filed with the City and the Trustee and that within the first six (6) months of each fiscal year the City Manager shall file with the Trustee a complete report of the status of the insurance program, such report to be first approved by the Engineering Consultants. Any such recommendation, approval or report of the Engineering Consultants may be relied upon by the Trustee as conclusive.

Instead of maintaining policies of insurance, the City may establish, as part of its insurance program required by the Bond Resolution, one or more self insurance funds to cover one or more of the risks described therein. Any self insurance fund must be established pursuant to a written plan for funding and coverage adopted by the City. The plan must, among other things, require that: (a) all funds be deposited with a fiduciary in trust pursuant to a written agreement; (b) an actuary must prepare a written report recommending, among other things, the amounts to be deposited initially in the self insurance fund and the time by which such initial amounts shall be deposited; (c) a written report by an actuary, on at least a biennial basis, making recommendations of appropriate funding levels; and (d) the actuary hired by the City to make the foregoing reports must be qualified and experienced.

Annual Budgets

The City covenants that not less than forty-five (45) days before the end of each fiscal year the City Manager will prepare and file with the City Council a preliminary budget of Current Expenses of the Electric System for the ensuing fiscal year.

Not later than the 30th day of June in each fiscal year, the City Council will hold a public hearing on each such preliminary budget at which any bond owner and any citizen or taxpayer and any other

interested person may appear in person or by agent or attorney and present any objections he may have to the final adoption of such budget. At least ten (10) days before the hearing, notice of the time and place of such hearing will be published once in a daily newspaper of general circulation published in the City.

The City further covenants that promptly after each such public hearing and on or before the first day of the next ensuing fiscal year the City Council will finally adopt the Annual Budget of Current Expenses of the Electric System for such fiscal year (the "Annual Budget").

If for any reason the City Council does not adopt the Annual Budget of the Electric System before the first day of any fiscal year, the budget for the preceding fiscal year will, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget.

The City Council may, in its discretion, at any time adopt an amended or supplemental Annual Budget of the Electric System for the remainder of the then current fiscal year by complying with the City and State laws with respect thereto.

Accounting and Audits

The City covenants that it will keep the funds and accounts of the Electric System separate from all other funds and accounts of the City or of any of its departments, and that it will keep accurate records and accounts of all items of cost and of all expenditures relating to the Electric System and of the Revenues collected and the application of such Revenues. Such records and accounts will be open for the inspection of all interested persons.

The City further covenants that in the first month of each fiscal year it will cause an audit to be made of its books and accounts relating to the Electric System by an independent firm of certified public accountants of suitable experience and responsibility to be chosen by the City Council, and will cause an annual report of operations of the Electric System to be prepared, such annual report to cover the matters usually contained in annual reports for similar systems. Within a reasonable time thereafter reports of each such audit and copies of each annual report will be filed with the Trustee and copies of such reports will be mailed by the City Controller/Treasurer to the Engineering Consultants. Each such audit report shall set forth in respect of the preceding fiscal year all expenditures relating to the Electric System, the Revenues collected, the application of such Revenues, a balance sheet and the findings of such certified public accountants as to whether the moneys received by the City under the Bond Resolution have been applied in accordance with the provisions of the Bond Resolution, whether any obligations for Current Expenses were incurred in the preceding fiscal year in excess of the amount appropriated in the Annual Budget for Current Expenses for such fiscal year and whether the City is in default in the performance of any of the covenants pertaining to rates. Such audit reports shall be open to the inspection of all interested persons.

The City further covenants that it will cause any additional reports or audits relating to the Electric System to be made as required by law and that, as often as may be requested, it will furnish to the Trustee such other information concerning the Electric System or the operation thereof as it may reasonably request. The cost of such audits will be treated as a part of the cost of operation.

Security for Deposits

All moneys received by the City under the provisions of the Bond Resolution will be deposited as received with the Trustee or with one or more other Depositories, and will be trust funds under the terms of the Bond Resolution and will not be subject to lien or attachment by any creditor of the City. Such moneys will be held in trust and applied in accordance with the provisions of the Bond Resolution.

No money may be deposited with any Depository, other than the Trustee, in any amount exceeding fifty percent (50%) of the amount which an officer of such Depositary shall certify to the City as the combined capital and surplus of such Depository.

Investment of Funds

Moneys in any fund or account established under the Bond Resolution will be invested by the Trustee in Qualified Investments specified in a written direction of the City filed with the Trustee, or if no such written request is filed, in Qualified Investments selected by the Trustee. Such investments will be made so as to mature, or be redeemable at the option of the owner thereof, on or prior to the date or dates that moneys therefrom are estimated to be required. The Trustee, when authorized by the City may trade with itself in the purchase and sale of securities for such investments. Except as otherwise specifically provided in the Bond Resolution, all earnings and gains derived from the investment of funds and any losses therefrom will be credited to or charged against the Fund or Account in which the investment is made.

For purposes of determining the amount on deposit in any Fund or Account obligations in which money in such Fund or Account are invested will be valued at market value or Amortized Value, whichever is lower.

Whenever a payment or transfer of moneys between two or more of the Funds or Accounts established by the Bond Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more investments at a value determined in accordance with the Bond Resolution, provided that the investment transferred is one in which moneys of the receiving Fund or Account could be invested at the date of such transfer.

The Trustee will value the Qualified Investments in the Funds and Accounts established under the Bond Resolution on June 15 of each year or if such day is not a Business Day, on the next succeeding Business Day.

The Trustee will not be liable or responsible for any loss resulting from any investment authorized by the Bond Resolution.

Mitchell, Donna

rom: Mitchell, Donna
Sent: Wednesday, June 04, 2014 5:51 PM
To: McDowell, Traci; Koenig, Scott
Cc: City Clerks Office
Subject: RE: Budget questions
Attachments: Summary of FY15 Training, Conference, & Travel.xlsx; Comparison - 2014 to 2015 w Pension Change.pdf; Comparison - 2014 to 2015 wo Pension Change.pdf; Comparison - Pension Change only for 2015.pdf; Slavin Comparison.xls

City Council has been blind copied on this email.

Councilman Slavin,

The responses to your questions are as below. Also, next year we will try to remember to include a Table of Contents to make it easier for everyone to find documents included in the Draft Budget.

Thank you,

Donna S. Mitchell, CPA
(not in public practice)
City of Dover
Controller/Treasurer
5 E. Reed Street, Suite 300
Dover, DE 19904
(302) 736-7018
dmitchell@dover.de.us

From: McDowell, Traci
Sent: Wednesday, June 04, 2014 7:46 AM
To: Koenig, Scott; Mitchell, Donna
Cc: City Clerks Office
Subject: Fwd: Budget questions

City Council has been blind copied on this email.

Traci McDowell
Sent from my iPhone

Begin forwarded message:

From: Tim Slavin <timslavin1@gmail.com>
Date: June 4, 2014 at 7:33:43 AM EDT
To: Traci McDowell <tmcdowell@dover.de.us>
Subject: Fwd: Budget questions

Traci,

Can you please distribute this to Mrs. Mitchell, Mr. Koenig, and members of Council?

Thanks.

Tim

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Here are some questions I have in advance of our next budget hearing on Thursday. I apologize if some of these questions were raised previously or, should have been raised previously. I had an out of state commitment that was scheduled long before the dates for the budget hearings were set.

1. The proposed budget cites as one of the cost drivers a $550,000 deficit from the general fund for FY 14 (p. 14 of PowerPoint presentation in budget book.). Please explain. The FY14 Budget was approved with Revenues of $36,278,000 and expenditures of $36,833,500, a shortfall of $555,500. The shortfall was covered by the projected Carry Forward Budget Balance. The City has had a past practice of using the Carry Forward Budget Balance to balance its budgets. We made sure to follow the Charter Article IV, Section 44 and present to Council a budget in which "The total of the proposed expenditures shall not exceed the total of anticipated income."

2. Mr. Koenig mentioned in his remarks that the budget was designed "to close a $2.3M deficit in the General Fund." The budget appears to raise $2.8M in new taxes and fees. This is correct. Can you confirm this? If there is a difference, please comment. There are some revenues projected to increase and some to decrease. The most significant increases are the property taxes $2.2 million and Internal Service Fund allocation receipts. By making the pension accounting change, the General Fund benefited by $433,600. Although, the increase on the page 22 is $577,000, the remainder is true cost increases so the allocation increased. Also, the Division Expenditures increase reflects a $1,875,100 increase on page 23. Of this $1,875,100 or 6.5%, $1,373,200 or 4.7% is attributed to the pension accounting change.

3. Are the new business license fee increases included as part of the projected revenue in the FY 15 draft budget? No we did not incorporate them into the Draft Budget, as we knew they were still under discussion. Those fee increases are, I believe, tracking through a separate approval process than the budget.

4. Do we account for the balance forward that carries from FY 14 actual budget as revenue in FY 15? **Not for FY15.** If so, why? Shouldn't the balance forward from any fiscal year be programmed into either directed reserves, special expenses (such as OPEB), or used for major one-time expenses? **Agreed** Is our practice of booking the carry forward as revenue in violation of the expenditure policy #2 **and Charter**? **Yes it has been a long-standing practice to consider the Carry Forward Balance as if it is a Revenue item prior to my tenure. Prior to 2002, we did not have budget balance minimum policies**. Did the Ad Hoc Committee make any recommendations on this? **Not at this time.**

5. Are there any restrictions in the FY 15 budget from departments re-programming appropriated funds for other uses? For example, will personnel funds be used only for personnel expenses or can they be re-directed for other uses? Currently, appropriated funds are fungible and requests are presented to Council throughout the year to expend funds for purposes other than what they were appropriated for. **These request can still be done as per our Budget Amendment procedure. (Although this is a Finance Procedure and not Policy, it was originally brought forward by Councilman Ritter, so we continue to have it approved by Council). The request presented to Council throughout the year are done as such, because exceptions have to be**

approved by Council. The procedure can be amended by City Council at any time. This and the Financial Policies were on the Budget Meeting agenda on May 21 for discussion. My suggestion was to bring them forth to L, F & A since we had some Council Members missing. We can tackle them 'omorrow evening if Councils so chooses. They start on page 41 of the Draft Budget document.

6. Can you please provide a summary of all travel costs associated in this budget? **See attachment. Excel File – Summary of FY15 Training, Conference etc…**

7. Can you please provide a summary of all new vehicles proposed in this budget and what the age of the vehicle that is being replaced is? **See pages 182 – 190 of the Budget Document. Vehicle Inspections were conducted and Sharon Duca's spreadsheet as well as my write up were included in the large envelope provide to City Council last week. I reviewed every vehicle's inspection folder.** In particular, a new vehicle is proposed for use under the City Manager's office. What is the proposed use of that vehicle? **Kay Sass – Emergency Management Coordinator.** Also, seven new police vehicles are proposed. What is the disposition of the police vehicles to be replaced? **The Police Department will evaluate all of their vehicles prior to purchasing new ones, so the vehicle numbers are subject to change depending on condition from the time they were budgeted to purchase. We sell the old vehicles on on-line auction sites and the receipts go into the Capital Project Fund to help fund future purchases.**

8. Can you please provide a list of all new positions proposed in this budget with the full-year salary and OECs for those positions? **See attachment – Slavin Comparison.** Are the costs for all new positions proposed in the FY 15 budget estimated at a full twelve months for the position?

9. During the meeting on Monday night, Mr. Koenig mentioned that the proposed raises for the non-bargaining employees only netted out to $18,000 $16,000 once other personnel-related savings were subtracted. In order to obtain a clearer picture of the true costs of these proposed raises, can you provide what the gross aggregate amount of the raises are for FY 15 without subtracting any offsets for savings from attrition, etc.? To help Council understand the components of the personnel cost we have 3 summary sheets attached. These files reflect the difference in each component between the FY14 adopted Budget and the FY15 Proposed Budget. One with the inclusion of the pension accounting change ($16,000 in aggregate as above) and one without the pension accounting change. The other summary is a reflection of the pension accounting change only. They are all 3 attached a pdfs. Also, assuming 75% retention of these employees for the next 5 years, can you provide what the 5-year aggregate amount would be for this raise package? This will take some time as we would need to build a file with the FOP promotions, steps increases etc… I can see what we did for the projections presented to Council for the Contracts over the 3 years of the contract, as I believe some of this in built into those numbers. I will strive to have this ready for tomorrow night if not sooner.

10. Can you provide a summary of the total number of FTEs that would be appropriated in this budget, by department? **See page 55 of the Draft Document.**

11. In your opinion, does the revenue forecast for FY 15 in any fund have a large one-time infusion of revenue? There may be a large permit from Bay Health if it has not already been received this year. I think it may have, just can't recall off the top of my head. Permits are up this year but we are not certain of the continuation. (Also, Uzin Utz) We projected the transfer taxes at $1.1 million originally, but Scott and I have discussed taking it up as we are once again seeing large receipts this year that have put us over budget. The increase we are considering is $125,000 which is the past 3 year average. Are there anomalies to the normal estimating for revenue that are included in our revenue estimates? Not that I'm seeing.

I will likely have additional questions and will try to get them to you prior to Thursday's meeting.

Tim

--
http://twitter.com/timslavin

City of Dover
FY15 Proposed Budget
Summary of All Training, Conference & Travel

	General Fund	Grant Funds
City Clerk	$ 6,200	
Council	8,500	
Tax Assessor	4,000	
Grounds	3,000	
Library	-	$ 3,500
Recreation	500	
Life Safety	2,000	
Code Enforcement	1,000	
Planning	4,200	
Public Inspections	800	
Economic Development	800	
Police	27,700	$ 32,000
Streets	1,300	
Sanitation	100	
City Manager	2,200	
Information Technology	1,700	
Controller/Treasurer	5,500	
Public Works Admin	3,000	
Facilities	100	
Engineering	500	
Procurement & Inventory	-	
Vehicle Maintenance	900	
Human Resources	3,300	
Mayor	4,500	
Total General & Grant Funds	$ 81,800	$ 35,500

	Water Wastewater
Engineering	$ 1,400
Construction & Maintenance	500
Water	3,200
Wastewater	1,700
Water Treatment Plant	300
Total Water/Wastewater Fund	$ 7,100

	Electric Fund
Plant Management	$ 53,200
Transmission & Distribution	5,000
Engineering	8,000
Administration	2,500
Total Electric Fund	$ 68,700

Grand Total - All Funds	$ 193,100

City of Dover
FY15 Proposed Budget
Summary of All Training, Conference & Travel

	General Fund	Grant Funds
City Clerk	$ 6,200	
Council	8,500	
Tax Assessor	4,000	
Grounds	3,000	
Library	-	$ 3,500
Recreation	500	
Life Safety	2,000	
Code Enforcement	1,000	
Planning	4,200	
Public Inspections	800	
Economic Development	800	
Police	27,700	$ 32,000
Streets	1,300	
Sanitation	100	
City Manager	2,200	
Information Technology	1,700	
Controller/Treasurer	5,500	
Public Works Admin	3,000	
Facilities	100	
Engineering	500	
Procurement & Inventory	-	
Vehicle Maintenance	900	
Human Resources	3,300	
Mayor	4,500	
Total General & Grant Funds	$ 81,800	$ 35,500

	Water Wastewater
Engineering	$ 1,400
Construction & Maintenance	500
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	Electric Fund
Plant Management	$ 53,200
Transmission & Distribution	5,000
Engineering	8,000
Administration	2,500
Total Electric Fund	$ 68,700

Grand Total - All Funds	$ 193,100

City of Dover

Personnel Budget

Comparison of Fiscal Year 2014 to Fiscal Year 2015 with Pension Change

Total City by Fund

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
1100-511	City Clerk	$ 5,500	$ 1,300	$ -	$ -	$ 6,800	$ 600	$ (6,900)	$ -	$ 100	$ -	$ 1,000	$ 3,200	$ (2,000)	$ 4,800
1200-512	City Council	-	-			-								-	-
1300-513	Assessor	1,200	1,300			2,500	200					(400)	1,700	1,500	4,000
1400-514	Fire	(500)	(4,400)	(16,800)	12,800	(8,900)	(800)	(3,400)				(13,100)	2,700	(14,600)	(23,500)
1500-522	Grounds	(66,600)	(2,800)	(3,800)	6,700	(64,500)	(5,800)	3,400	(300)	(2,400)		(9,000)	(1,900)	(16,000)	(80,500)
1500-523	Library	19,000	(13,100)	200	(44,200)	(38,100)	(3,100)	10,500	100	(200)		(4,500)	5,900	8,700	(29,400)
1500-525	Recreation	2,000	(1,200)		(10,400)	(9,600)	(1,000)	(10,600)	(100)			(400)	2,800	(9,300)	(18,900)
1600-531	Life Safety	13,100	(1,100)	600		12,600	900	(3,500)	-	100		(1,100)	3,200	(400)	12,200
1600-532	Code Enforcement	(8,400)	(4,800)			(13,200)	(1,100)	(6,500)	-	(100)		(1,000)	1,800	(7,000)	(20,200)
1600-533	Planning	2,100	(4,100)			(2,000)	1,500	200	100	-		100	4,000	5,900	3,900
1600-534	Building Inspections	(700)	(3,600)	800		(3,500)		6,300	(300)	(100)		(700)	3,000	8,200	4,700
1600-535	Economic Development	1,300	1,300			2,600	200	100	-	-		100	1,800	2,200	4,800
1700-542	Civilian Police	16,000	(17,100)	(16,200)		(17,300)	(1,300)	(33,200)	400	-		(14,800)	11,000	(37,900)	(55,200)
1700-543	Law Enforcement	226,100	(16,200)	(100,000)		109,900	11,700	8,000	500	6,500		(54,200)	104,200	76,700	186,600
1700-544	Police Extra Duty	(42,100)				(42,100)	(4,300)		-	(2,100)				(6,400)	(47,500)
1800-554	Streets	(3,800)	(4,800)	(4,100)		(12,700)	(1,100)	14,700	-	(500)		(1,400)	3,000	14,700	2,000
1800-555	Sanitation	30,200	(10,600)	(1,100)		18,500	1,900	(10,300)	200	600		7,300	8,200	7,900	26,400
2100-515	City Manager	88,600	6,000	500		95,100	7,400	8,800	500	200		5,300	13,100	35,300	130,400
2200-516	Information Technology	1,700	1,300			3,000	300	100	100	-		(2,300)	3,500	1,700	4,700
2300-517	Finance	(1,300)	100			(1,200)		300	-	-		(17,900)	5,800	(11,800)	(13,000)
2400-551	Public Works Admin	19,500	(13,800)			5,700	500	100	100	-		(900)	5,600	5,400	11,100
2500-552	Facilities	(9,200)	(14,800)	2,900		(21,100)	(1,600)	(3,300)	-	(800)		(1,300)	2,400	(4,600)	(25,700)
2600-553	Public Works Engineering	128,400	500	800		129,700	9,800	22,400	900	400		6,100	15,300	54,900	184,600
2700-571	Procurement & Inventory	4,700	400	1,600		6,700	500		-	100		(200)	2,700	3,100	9,800
2800-572	Fleet Maintenance	11,200	(7,700)	(1,400)		2,100	100	300	100	100		(1,100)	4,500	4,000	6,100
2900-529	Customer Service	(9,300)	(9,500)		14,600	(4,200)	(300)	(20,200)	(200)	-		(14,000)	5,600	(29,100)	(33,300)
3100-518	Human Resources	4,300	1,300			5,600	500	(10,600)		-		(300)	2,600	(7,800)	(2,200)
3200-519	Mayor					-								-	-
	Total General Fund	$ 433,000	$ (116,100)	$ (136,000)	$ (18,500)	$ 162,400	$ 16,700	$ (33,400)	$ 2,100	$ 1,900	$ -	$ (118,700)	$ 215,700	$ 84,300	$ 246,700
Count	Divisions = 28; Council 17 part-time/temp; Library 12 part-time/temp; Recreation 14 part-time/temp; Fire 2 part-time/temp; Grounds 1 part-time/temp; Planning 14 part-time/temp; Customer Service 1 part-time/temp; Substance abuse grant 15 part-time/temp;														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
2600-553	Engineering	$ (125,200)	$ (1,900)	$ (2,500)	$ -	$ (129,600)	$ (9,900)	$ (24,100)	$ (500)	$ (500)	$ -	$ (12,400)	$ (10,500)	$ (57,900)	$ (187,500)
5600-556	Construction	(66,500)	(7,300)	(7,900)		(81,700)	(6,300)	(26,800)	(400)	(2,700)		(10,400)	(5,600)	(52,200)	(133,900)
6800-568	Water	4,600	(2,100)	(2,100)		400		200				15,000	300	15,500	15,900
6900-569	Wastewater	(15,200)	-	(100)		(15,300)	(1,300)	(5,000)	(200)	(500)		12,200	(1,200)	4,000	(11,300)
7600-576	Water Treatment	26,800	(9,300)	15,100		32,600	2,600	1,400	100	1,100		28,000	2,200	35,400	68,000
	Total Water/Wastewater Fund	$ (175,500)	$ (20,600)	$ 2,500	$ -	$ (193,600)	$ (14,900)	$ (54,300)	$ (1,000)	$ (2,600)	$ -	$ 32,400	$ (14,800)	$ (55,200)	$ (248,800)
Count	Divisions = 5														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
8200-562	T & D	$ 40,500	$ (30,200)	$ (12,800)	$ -	$ (2,500)	$ (300)	$ (21,500)	$ 100	$ (100)	$ -	$ 55,300	$ 3,000	$ 36,500	$ 34,000
8300-563	Engineering	17,700	(31,100)	(4,000)		(17,400)	(1,400)	(6,500)		1,000		2,200	1,300	(3,400)	(20,800)
8400-564	Administration	(23,300)	(1,200)	2,000		(22,500)	(1,600)	100	(100)			(1,000)	(1,800)	(4,400)	(26,900)
8500-565	Meter Reading	1,500	(7,000)	(3,800)		(9,300)	(700)	100		(400)		600	100	(300)	(9,600)
8600-526	System Operators	18,600	(10,800)	(300)		7,700	400	200		100		8,100	1,400	10,400	18,100
	Total Electric Fund	$ 55,200	$ (80,300)	$ (18,900)	$ -	$ (44,000)	$ (3,600)	$ (27,600)	$ -	$ 800	$ -	$ 65,200	$ 4,000	$ 38,800	$ (5,200)
Count	Divisions = 5														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
9900-596	CDBG	$ -	$ 2,300	$ -	$ -	$ 2,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,300
9900-581	Substance Abuse Grant	-	-	-	19,400	19,400	1,600	-	-	-	-	-	-	1,600	21,000
	Total Grant Funds	$ -	$ 2,300	$ -	$ 19,400	$ 21,700	$ 1,600	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,600	$ 23,300
Count	GRAND TOTAL	$ 312,700	$ (214,700)	$ (152,400)	$ 900	$ (53,500)	$ (200)	$ (115,300)	$ 1,100	$ 100	$ -	$ (21,100)	$ 204,900	$ 69,500	$ 16,000
Full-Time	Divisions = 38 w/o CDBG and Substance Abuse Grant														
PP/TEMP	Count includes Council Members and Committee/Commission Members														

City of Dover
Personnel Budget
Comparison of Fiscal Year 2014 to Fiscal Year 2015 without Pension Change
Total City by Fund

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
1100-511	City Clerk	$ 5,500	$ 1,300	$ -	$ -	$ 6,800	$ 600	$ (6,900)	$ -	$ 100	$ -	$ 1,400	$ 3,200	$ (1,600)	$ 5,200
1200-512	City Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1300-513	Assessor	1,200	1,300	-	-	2,500	200	-	-	-	-	100	1,700	2,000	4,500
1400-514	Fire	(500)	(4,400)	(16,800)	12,800	(8,900)	(800)	(3,400)	-	-	-	1,500	2,700	-	(8,900)
1500-522	Grounds	(66,600)	(2,800)	(3,800)	8,700	(64,500)	(5,800)	3,400	(300)	(2,400)	-	(4,900)	(1,900)	(11,900)	(76,400)
1500-523	Library	19,000	(13,100)	200	(44,200)	(38,100)	(3,100)	10,500	100	(200)	-	(2,700)	5,900	10,500	(27,600)
1500-525	Recreation	2,000	(1,200)	-	(10,400)	(9,600)	(1,000)	(10,600)	(100)	-	-	100	2,800	(8,800)	(18,400)
1600-531	Life Safety	13,100	(1,100)	600	-	12,600	900	(3,500)	-	100	-	900	3,200	1,600	14,200
1600-532	Code Enforcement	(8,400)	(4,800)	-	-	(13,200)	(1,100)	(6,600)	-	(100)	-	(500)	1,800	(6,500)	(19,700)
1600-533	Planning	2,100	(4,100)	-	-	(2,000)	1,500	200	100	-	-	100	4,000	5,900	3,900
1600-534	Building Inspections	(700)	(3,600)	800	-	(3,500)	-	6,300	(300)	(100)	-	(1,000)	3,000	7,900	4,400
1600-535	Economic Development	1,300	1,300	-	-	2,600	200	100	-	-	-	100	1,800	2,200	4,800
1700-542	Civilian Police	16,000	(17,100)	(16,200)	-	(17,300)	(1,300)	(33,200)	400	-	-	100	11,000	(23,000)	(40,300)
1700-543	Law Enforcement	226,100	(16,200)	(100,000)	-	109,900	11,700	8,000	500	6,500	-	(54,200)	104,200	76,700	186,600
1700-544	Police Extra Duty	(42,100)	-	-	-	(42,100)	(3,300)	-	-	(2,100)	-	-	-	(5,400)	(47,500)
1800-554	Streets	(3,800)	(4,800)	(4,100)	-	(12,700)	(1,100)	14,700	-	(500)	-	(1,300)	3,000	14,800	2,100
1800-555	Sanitation	30,200	(10,600)	(1,100)	-	18,500	1,900	(10,300)	200	600	-	600	8,200	1,200	19,700
2100-515	City Manager	88,600	6,000	500	-	95,100	7,400	8,800	500	200	-	5,300	13,100	35,300	130,400
2200-516	Information Technology	1,700	1,300	-	-	3,000	300	100	100	-	-	-	3,500	4,000	7,000
2300-517	Finance	(1,300)	100	-	-	(1,200)	-	300	-	-	-	500	5,800	6,600	5,400
2400-551	Public Works Admin	19,500	(13,800)	-	-	5,700	500	100	100	-	-	1,100	5,600	7,400	13,100
2500-552	Facilities	(9,200)	(14,800)	2,900	-	(21,100)	(1,600)	(3,300)	-	(800)	-	(700)	2,400	(4,000)	(25,100)
2600-553	Public Works Engineering	128,400	500	800	-	129,700	9,800	22,400	900	400	-	6,100	15,300	54,900	184,600
2700-571	Procurement & Inventory	4,700	400	1,600	-	6,700	500	-	-	100	-	200	2,700	3,500	10,200
2800-572	Fleet Maintenance	11,200	(7,700)	(1,400)	-	2,100	100	300	100	100	-	(700)	4,500	4,400	6,500
2900-529	Customer Service	(9,300)	(9,500)	-	14,600	(4,200)	(300)	(20,200)	(200)	-	-	(2,300)	5,600	(17,400)	(21,600)
3100-518	Human Resources	4,300	1,300	-	-	5,600	500	(10,600)	-	-	-	200	2,600	(7,300)	(1,700)
3200-519	Mayor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total General Fund	**$ 433,000**	**$ (116,100)**	**$ (136,000)**	**$ (18,500)**	**$ 162,400**	**$ 16,700**	**$ (33,400)**	**$ 2,100**	**$ 1,900**	**$ -**	**$ (50,000)**	**$ 215,700**	**$ 153,000**	**$ 315,400**
Count	Divisions = 38; Council 17 part-time/temp; Library 12 part-time/temp; Recreation 14 part-time/temp; Fire 2 part-time/temp; Grounds 1 part-time/temp; Planning 14 part-time/temp; Customer Service 1 part-time/temp; Substance abuse grant 15 part-time/temp;														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
2600-553	Engineering	$ (125,200)	$ (1,900)	$ (2,500)	$ -	$ (129,600)	$ (9,900)	$ (24,100)	$ (500)	$ (500)	$ -	$ (5,200)	$ (10,500)	$ (50,700)	$ (180,300)
5600-556	Construction	(66,500)	(7,300)	(7,900)	-	(81,700)	(6,300)	(26,800)	(400)	(2,700)	-	(3,100)	(5,600)	(44,900)	(126,600)
6800-568	Water	4,600	(2,100)	(2,100)	-	400	-	200	-	-	-	200	300	700	1,100
6900-569	Wastewater	(15,200)	-	(100)	-	(15,300)	(1,300)	(5,000)	(200)	(500)	-	(1,100)	(1,200)	(9,300)	(24,600)
7600-576	Water Treatment	26,800	(9,300)	15,100	-	32,600	2,600	1,400	100	1,100	-	1,500	2,200	8,900	41,500
	Total Water/Wastewater Fund	**$ (175,500)**	**$ (20,600)**	**$ 2,500**	**$ -**	**$ (193,600)**	**$ (14,900)**	**$ (54,300)**	**$ (1,000)**	**$ (2,600)**	**$ -**	**$ (7,700)**	**$ (14,800)**	**$ (95,300)**	**$ (288,900)**
Count	Divisions = 5														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
8200-562	T & D	$ 40,500	$ (30,200)	$ (12,800)	$ -	$ (2,500)	$ (300)	$ (21,500)	$ 100	$ (100)	$ -	$ 900	$ 3,000	$ (17,900)	$ (20,400)
8300-563	Engineering	17,700	(31,100)	(4,000)	-	(17,400)	(1,400)	(6,500)	-	1,000	-	1,100	1,300	(4,500)	(21,900)
8400-564	Administration	(23,300)	(1,200)	2,000	-	(22,500)	(1,600)	100	(100)	-	-	(1,400)	(1,800)	(4,800)	(27,300)
8500-565	Meter Reading	1,500	(7,000)	(3,800)	-	(9,300)	(700)	100	-	(400)	-	100	100	(800)	(10,100)
8600-526	System Operators	18,800	(10,800)	(300)	-	7,700	400	200	-	300	-	900	1,400	3,200	10,900
	Total Electric Fund	**$ 55,200**	**$ (80,300)**	**$ (18,900)**	**$ -**	**$ (44,000)**	**$ (3,600)**	**$ (27,600)**	**$ -**	**$ 800**	**$ -**	**$ 1,600**	**$ 4,000**	**$ (24,800)**	**$ (68,800)**
Count	Divisions = 5														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow./SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
9900-596	CDBG	$ -	$ 2,300	$ -	$ -	$ 2,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,300
9900-581	Substance Abuse Grant	-	-	-	19,400	19,400	1,600	-	-	-	-	-	-	1,600	21,000
	Total Grant Funds	**$ -**	**$ 2,300**	**$ -**	**$ 19,400**	**$ 21,700**	**$ 1,600**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,600**	**$ 23,300**
Count	**GRAND TOTAL**	**$ 312,700**	**$ (214,700)**	**$ (152,400)**	**$ 800**	**$ (53,500)**	**$ (200)**	**$ (115,300)**	**$ 1,100**	**$ 100**	**$ -**	**$ (56,100)**	**$ 204,900**	**$ 34,500**	**$ (19,000)**
Full-Time	Divisions = 38 w/o CDBG and Substance Abuse Grant														
PP/TEMP	Count includes Council Members and Committee/Commission Members														

City of Dover
Personnel Budget
Fiscal Year 2015

Pension Change only for FY 2015

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow /SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
1100-511	City Clerk	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,500	$ -	$ 33,500	$ 33,500
1200-512	City Council											-		-	-
1300-513	Assessor											12,600		12,600	12,600
1400-514	Fire											34,900		34,900	34,900
1500-522	Grounds											151,400		151,400	151,400
1500-523	Library											77,200		77,200	77,200
1500-525	Recreation											14,600		14,600	14,600
1600-531	Life Safety											19,800		19,800	19,800
1600-532	Code Enforcement											53,300		53,300	53,300
1600-533	Planning											-		-	-
1600-534	Building Inspections											54,500		54,500	54,500
1600-535	Economic Development											-		-	-
1700-542	Civilian Police											246,200		246,200	246,200
1700-543	Law Enforcement											-		-	-
1700-544	Police Extra Duty											-		-	-
1800-554	Streets											54,600		54,600	54,600
1800-555	Sanitation											105,000		105,000	105,000
2100-515	City Manager											-		-	-
2200-516	Information Technology											86,700		86,700	86,700
2300-517	Finance											45,900		45,900	45,900
2400-551	Public Works Admin											81,000		81,000	81,000
2500-552	Facilities											54,300		54,300	54,300
2600-553	Public Works Engineering											-		-	-
2700-571	Procurement & Inventory											41,400		41,400	41,400
2800-572	Fleet Maintenance											49,800		49,800	49,800
2900-529	Customer Service											106,800		106,800	106,800
3100-518	Human Resources											49,700		49,700	49,700
3200-519	Mayor											-		-	-
	Total General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,373,200	$ -	$ 1,373,200	$ 1,373,200
Count	Divisions = 28; Council 17 part-time/temp; Library 12 part-time/temp; Recreation 14 part-time/temp; Fire 2 part-time/temp; Grounds 1 part-time/temp; Planning 14 part-time/temp; Customer Service 1 part-time/temp; Substance abuse grant 15 part-time/temp.														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow /SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
2600-553	Engineering	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,100	$ -	$ 30,100	$ 30,100
5600-556	Construction											45,000		45,000	45,000
6800-568	Water											53,700		53,700	53,700
6900-569	Wastewater											42,700		42,700	42,700
7600-576	Water Treatment											96,300		96,300	96,300
	Total Water/Wastewater Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 267,800	$ -	$ 267,800	$ 267,800
Count	Divisions = 5														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow /SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
8200-562	T & D	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 772,500	$ -	$ 772,500	$ 772,500
8300-563	Engineering											197,400		197,400	197,400
8400-564	Administration											26,000		26,000	26,000
8500-565	Meter Reading											52,500		52,500	52,500
8600-526	System Operators											129,200		129,200	129,200
	Total Electric Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,177,600	$ -	$ 1,177,600	$ 1,177,600
Count	Divisions = 5														

Dept/Div Number	Division Title	Base Pay 10-11	Bonus/Allow /SD On Call 10-11	Overtime 10-12	Part Time/Temp 10-13	Total Wages	F.I.C.A. 10-14	Medical & Vision 10-15	L.I.D. & LTD 10-16	Worker's Comp 10-17	Ed Assist. 10-18	Pension 10-19	OPEB 10-20	Total Benefits	Total Personnel
9900-596	CDBG	$	$	$	$	$	$	$	$	$	$	$	$	$	$
9900-581	Substance Abuse Grant														
	Total Grant Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Count	GRAND TOTAL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,818,600	$ -	$ 2,818,600	$ 2,818,600
Full-Time	Divisions = 38 w/o CDBG and Substance Abuse Grant														
PP/TEMP	Count includes Council Members and Committee/Commission Members														

New Positions:	FY 2015			FY 2016					
General Fund	10 Months Salary	Fringes	Total	12 Months Salary	Fringes	Total	Increase Salary	Fringes	Total
Assistant City Manager	87,500	31,800	119,300	105,000	38,100	143,100	17,500	6,300	23,800
General Fund	**8 Months Salary**	**Fringes**	**Total**	**12 Months Salary**	**Fringes**	**Total**	**Increase Salary**	**Fringes**	**Total**
Environmental Scientist	33,150	15,800	48,950	49,350	23,600	72,950	16,200	7,800	24,000
Water Wastewater Fund	**6 Months Salary**	**Fringes**	**Total**	**12 Months Salary**	**Fringes**	**Total**	**Increase Salary**	**Fringes**	**Total**
Water Treatment Plant Operator	16,150	15,800	31,950	31,100	18,300	49,400	14,950	2,500	17,450
Totals	**136,800**	**63,400**	**200,200**	**185,450**	**80,000**	**265,450**	**48,650**	**16,600**	**65,250**

DOVER ORGANIZATION OF EMPLOYEES

Payroll Projections with New Scale Wage Increase in FY15

FY13 - FY15

Description	FY13	FY14	FY15	Remarks
DOE WAGES	w/ Bonus	w/ Bonus	w/ Pay Scale	
Base Wages - Full Time	$5,184,500	$5,184,500	$5,299,300	
Base Wages - Part Time	140,600	140,600	143,600	
Contract Bonus	40,500	54,000	-	
Overtime	227,300	227,300	233,000	
Vacation Sell-Back	56,900	56,900	58,300	
Shoe Allowances	13,200	13,200	13,200	fixed amounts
Shift Diff., Ex Duty, On Call & Tool Allow.	55,300	55,300	55,300	
Totals	$5,718,300	$5,731,800	$5,802,700	
Total # Personnel - Full Time	135	135	135	
Average per Employee	$41,300	$41,400	$41,900	
DOE BENEFITS				
FICA @ 7.65%	$437,400	$438,500	$443,900	7.65% all years
Health Insurance - current	1,270,600	1,345,500	1,418,000	6.0% annual incr.
Health Insurance - (9.5% Ind. FY13/15% cost sharing)	(44,200)	(112,600)	(112,600)	(2013 = 5 months)
LID	28,300	28,300	28,800	
W/C	142,900	142,900	144,100	
Pension (excluding amortization of unfunded liability)	261,900	261,900	268,100	See below note
OPEB (Percentage per latest actuary analysis)	427,700	523,900	623,700	per actuary
OPEB Credit (15% Cost Sharing)	(16,700)	(48,000)	(56,000)	per actuary
Totals	$2,507,900	$2,580,400	$2,758,000	
Total # Personnel - Full Time	135	135	135	
Average per Employee	$18,600	$19,100	$20,400	
DOE WAGES & BENEFITS				**Cumulative $**
Totals	$8,226,200	$8,312,200	$8,560,700	$25,099,100
Budget Increase $	$1,100	$86,000	$248,500	$335,600
Total # Personnel - Full Time	135	135	135	
Average per Employee $	$60,900	$61,600	$63,400	**Cumulative %**
Annual Increase/(Decrease) %	0.6%	1.1%	2.9%	1.3%
Individual Summaries - Fund Breakdown				**Cumulative $**
General Fund	($1,900)	$52,400	$192,800	$243,300
Water/Wastewater Fund	3,000	30,900	51,300	85,200
Electric Revenue Fund	-	2,700	4,400	7,100
Total	$1,100	$86,000	$248,500	$335,600
Note:				**Cumulative $**
Pension Unfunded Liability (not included above)	$2,295,000	$2,399,800	$2,559,500	$7,254,300
Budget Increase $	$0	$104,800	$159,700	$264,500
Employer Contribution @ 4.67% (above)	$261,900	$261,900	$268,100	$791,900
Unfunded Liability @ Avg. % Increase	$2,295,000	$2,399,800	$2,559,500	$7,254,300
Fund Allocation				
General Fund @ 36.8%	$1,690,000	$1,767,200	$1,884,800	$194,800
Water/Wastewater Fund @ 38.1%	515,600	539,100	574,900	59,300
Electric Revenue Fund @ 62.4%	89,400	93,500	99,800	10,400
Total Unfunded Liability by Fund	$2,295,000	$2,399,800	$2,559,500	$264,500

Final was
3.25% in FY15

International Brotherhood Of Electric Workers

Payroll Projections with New Steps & General Wage Increase in FY17

City Proposal - 4 Year Contract (3.0% Option)

Description	FY14	FY14	FY15	FY16	FY17	Remarks
IBEW WAGES	Budget	Currently No Wage Change	with 3.0% Step Increase	with 3.0 % Step Increase	with 3.0% General Wage Increase	
Base Wages - DB Plan	$1,570,400	$1,570,400	1,632,900	1,681,900	1,732,400	
Base Wages - DC Plan	440,500	440,500	458,000	471,700	485,900	
Hourly Rate Increase	-	-	-	-	-	
Overtime	179,500	179,500	186,600	192,200	198,000	
Vacation Sell-Back	50,800	50,800	52,800	54,400	56,000	Based on FY14 Budget
Sick Leave Buy-Back	-	92,600	-	-	-	
Shoe Allowances	5,100	5,100	5,100	5,100	5,100	fixed amounts
Safety Glasses	-	2,100	2,100	2,100	2,100	fixed amounts
Shift Diff., Ex Duty, On Call & Tool Allow.	97,200	97,200	101,100	104,100	107,200	Increase in wage rates
Totals	$2,343,500	$2,438,200	$2,438,600	$2,511,500	$2,586,700	
Total # Personnel - Full Time	34	34	34	34	34	
Average per Employee	$68,900	$71,700	$71,700	$73,900	$76,100	**Cumulative %**
Annual Increase/(Decrease) %	0.0%	4.04%	0.02%	2.99%	2.99%	10.4%
IBEW BENEFITS						
FICA @ 7.65%	$179,300	$186,500	$186,600	$192,100	$197,900	7.65% all years
Health Insurance - current	433,500	430,300	455,300	480,300	506,700	Incr. per actuary
Health Insurance - 15% cost sharing	(23,200)	-	(25,600)	(27,000)	(28,500)	Incr. per actuary
LID (no increase projected; not significant)	9,100	9,100	9,100	9,100	9,100	
W/C @ .03294	69,400	69,400	72,200	74,400	76,600	Used .03294 all years
Pension (Defined Benefit Plan)	942,200	973,600	1,045,100	1,110,100	1,178,000	per actuary
Pension (Defined Contribution Plan)	26,400	26,400	27,500	28,300	29,200	6% of wages all years
OPEB (Percentage per latest actuary analysis)	862,400	839,500	846,800	842,800	837,800	
OPEB Credit (15% Cost Sharing)	-		(36,000)	(36,000)	(36,000)	per actuary analysis
Totals	$2,499,100	$2,534,800	$2,581,000	$2,674,100	$2,770,800	
Total # Personnel - Full Time	34	34	34	34	34	
Average per Employee	$73,500	$74,600	$75,900	$78,700	$81,500	**Cumulative %**
Annual Increase/(Decrease) %	0.0%	1.43%	1.82%	3.61%	3.62%	10.9%
IBEW WAGES & BENEFITS						**Cumulative $**
Totals	$4,842,600	$4,973,000	$5,019,600	$5,185,600	$5,357,500	$20,535,700
Budget Increase $	$0	$130,400	$46,600	$166,000	$171,900	$514,900
Total # Personnel - Full Time	34	34	34	34	34	
Average per Employee $	$142,400	$146,300	$147,600	$152,500	$157,600	**Cumulative %**
Annual Increase/(Decrease) %	0.0%	2.7%	0.9%	3.3%	3.3%	10.6%

DOVER POLICE DEPARTMENT

Police Payroll Projections

FY13 - FY17 with FY12 Pay Scale

Account: 110-1700-543-10-11

Description	FY13	FY14	FY15	FY16	FY17	Remarks
Annual Inflation	1.00	1.00	1.00	1.00	1.00	1.0 = 0% inflation
LAW ENFORCEMENT TOTAL SALARIES						
Payroll (salaries only)	6,346,800	6,188,500	6,194,800	6,102,900	5,848,500	
Total	6,346,800	6,188,500	6,194,800	6,102,900	5,848,500	
Total # Personnel	93	93	93	93	93	
NON-BARGAINING PORTION						
Payroll (salaries only)	222,800	222,800	222,800	223,400	222,800	
Total	222,800	222,800	222,800	223,400	222,800	
Total # Personnel	2	2	2	2	2	
FOP WAGES						
Payroll (salaries only)	6,124,000	5,965,700	5,972,000	5,879,500	5,625,700	
Vacation Sell-Back (Increase 5% each year)	152,700	160,300	168,300	176,700	185,500	5% annual incr.
Personal Fitness Incentives	8,400	8,400	8,400	8,400	8,400	fixed amounts
Clothing Allowances	29,800	29,800	29,800	29,800	29,800	fixed amounts
Education Incentive	32,500	32,500	32,500	32,500	32,500	fixed amounts
Field Officer Training	1,200	1,200	1,200	1,200	1,200	fixed amounts
Shoe Allowances	16,300	16,300	16,300	16,300	16,300	fixed amounts
Shift Differential	58,000	58,000	58,000	58,000	58,000	fixed amounts
SORT Pay	11,700	11,700	11,700	11,700	11,700	fixed amounts
Stand-By Pay	43,600	45,800	48,100	50,500	53,000	5% annual incr.
Totals	6,478,200	6,329,700	6,346,300	6,264,600	6,022,100	
Total # Personnel	91	91	91	91	91	
Average per Officer	71,200	69,600	69,700	68,800	66,200	
FOP BENEFITS						
FICA @ 7.65%	495,600	484,200	485,500	479,200	460,700	7.65% all years
Health Insurance	927,900	983,600	1,042,600	1,105,200	1,171,500	6.0% annual incr.
Health Insurance (15% Employee Contribution)	(54,400)	(57,700)	(61,200)	(64,900)	(68,800)	6.0% annual incr.
W/C @ 4.87%	315,500	308,300	309,100	305,100	293,300	4.87% all years
Pension (14.75%, 14.5%, 14.3%, 14.2%, 14.1%)	903,300	865,000	854,000	834,900	793,200	See first column)
OPEB (Percentage per latest actuary analysis)	532,800	638,300	746,500	823,100	855,100	per actuary
OPEB Credit (15% Cost Sharing)	(50,000)	(60,000)	(70,000)	(80,000)	(90,000)	per actuary
Totals	3,070,700	3,161,700	3,306,500	3,402,600	3,415,000	
Total # Personnel	91	91	91	91	91	
Average per Officer	33,700	34,700	36,300	37,400	37,500	
FOP WAGES & BENEFITS						
Totals	9,548,900	9,491,400	9,652,800	9,667,200	9,437,100	
Total # Personnel	91	91	91	91	91	
Average per Officer	104,900	104,300	106,100	106,200	103,700	
Annual Increase/(Decrease) %	-	-	1.7%	0.1%	-2.4%	

City of Dover
Forecasted FOP Wages

Five Year Average Base Pay per Employee

Fiscal Year 13	67,297		91	Total	6,124,000
	45,859	4.2%	4	Recruits	176,100
	68,241	95.8%	87	Current	5,947,900
Fiscal Year 14	65,557		91	Total	5,965,700
	49,320	5.5%	5	Recruits	246,600
	66,501	94.5%	86	Current	5,719,100
Fiscal Year 15	67,943		91	Total	6,182,800
	50,850	6.6%	6	Recruits	305,100
	69,149	93.4%	85	Current	5,877,700
Fiscal Year 16	67,116		91	Total	6,107,600
	51,578	9.5%	9	Recruits	447,700
	68,755	90.5%	82	Current	5,659,900
Fiscal Year 17	64,955		91	Total	5,910,900
	51,609	13.1%	12	Recruits	615,700
	66,969	86.9%	79	Current	5,295,200

EXHIBIT #16
2014 Budget Review
Special Council Meeting of 05/20/2014

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES &
ENVIRONMENTAL CONTROL
DIVISION OF WATER
89 KINGS HIGHWAY
DOVER, DELAWARE 19901

OFFICE OF THE DIRECTOR

Telephone: (302) 739-9949
Facsimile: (302) 739-8964

June 5, 2014

Scott Koenig, City of Dover Manager
City Hall
15 Loockerman Plaza
Dover, DE 19901

Dear Mr. Koenig,

The United States Environmental Protection Agency established the National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) Program to prevent polluted stormwater runoff that is commonly transported through storm sewer systems from discharging untreated into local water bodies. Stormwater discharges are a significant contributor to local water quality impairments as high levels of sediment, oil, toxics and other pollutants flow from impervious surfaces into waterways.

The EPA regulations require that owners and operators of MS4s obtain a NPDES permit and develop and implement a program to minimize the discharge of pollutants through and from the MS4. These programs must include, among other things, educating the public about ways they can prevent wastes, such as used oil, from entering storm drains, ensuring that construction sites implement appropriate erosion and sediment control measures, ensuring that municipal operations minimize the amount of pollutants carried or discharged into the MS4, ensuring that municipal facilities are operated and maintained to minimize the discharge of pollutants to the maximum extent practicable, identifying and eliminating illicit connections or discharges into the MS4, and ensuring that new development and redeveloped areas are designed to minimize the impact of stormwater discharges.

The Delaware Department of Natural Resources and Environmental Control (DNREC) implements this program in the State of Delaware and has permitted the City of Dover's MS4 since 2003. It is generally expected that by the end of the first five-year permit term a permitee would have fully developed and implemented a stormwater management program. This is not the case with Dover's Program. The City has done a great deal of work over the years related to this permit. However, despite all the effort they have put in, Dover has yet to develop a complete and effective program, and therefore remains out of compliance with NPDES MS4 permit requirements. It would stand to reason that the City is likely not designating enough resources,

particularly staffing and funding, to effectively develop and maintain this program. DNREC strongly encourages Dover to designate adequate resources to your MS4 program.

A large part of this program is outreach and education, of city staff and of the public. City staff in Dover's Public Works and other departments may already do (or could be trained to do) a great deal of this work required under in the MS4 Program. However, without a designated staff person ensuring that things are done correctly, and educating and informing city staff on the proper best management practices to prevent stormwater discharges, simple good housekeeping practices can be overlooked, as evident by Dover's recent Notices of Violations (NOV) for your Water Street and Pear Street public works facilities. The public should also be working towards implementing this program. Staff needs to be charged with informing and changing individual and business owners perspective on what stormwater is and the importance of keeping it clean. Dover should be working to developing new ordinances when necessary and ensuring the public knows how to properly adhere to those in place.

DNREC would much prefer that Dover's funds be used to improve their program rather than to pay fines, however without significant improvements in Dover's MS4 Program DNREC will be issuing penalty assessments for the deficiencies cited in our April 17, 2014 NOV (W-14-SWD-05). Please keep in mind that this NOV was based on an audit of only of two of the six minimum measures of the MS4 Program. It is not a comprehensive list of all the improvements that Dover needs to do to develop a complete program.

In addition to DNREC, EPA regularly inspects a subset of Delaware's MS4s to ensure compliance. EPA has stated that they will be making Phase II MS4s, such as Dover, a focus on their next round of MS4 compliance inspections. On past inspections in the state EPA has levied significant penalties on programs far more developed than Dover's program. DNREC would like to work with Dover to improve Dover's program and help you to have a successful program. However, Dover has a great deal of work that needs to be done and needs to designate the resources to develop and manage an effective program.

Sincerely,

Kathleen M. Stiller

Kathleen M. Stiller
Director
Division of Water

City of Dover Fiscal Year 2015 Proposed Budget

Proposed Changes to Original Budget Presentation

June 5, 2014

EXHIBIT #17
2014 Budget Review
Special Council Meeting of 05/20/2014

Policy Compliance

	General Fund	Water Utility	Wastewater Utility	Water/Wastewater Fund	Electric Fund
Revenus	$38,772,500	$5,508,300	$8,992,100	$14,500,400	$80,387,200
Expenses	(38,744,100)	(5,144,900)	(8,523,200)	(13,668,100)	(80,305,600)
Surplus/(Deficit)	$28,400	$363,400	$468,900	$832,300	$81,600
Ending Budget Balance	$3,421,400	$1,021,800	$525,400	$1,547,200	$9,335,200
% of Revenue	8.8%	18.6%	5.8%	10.7%	11.6%
Beginning Budget Balance	$3,393,000	$658,400	$56,500	$714,900	$9,253,600

Revenue Changes since 6/2/14

- General Fund
  - ✓ Proposed tax increase from $.0722 to $.0622 (18% increase)
  - ✓ Increased Transfer Taxes $150,000 based most recent trend
  - ✓ Reduced Gaming Licenses 15% or $52,700
  - ✓ All Non-Bargaining increases at 2%
  - ✓ Increased DDP Contribution $10,000
  - ✓ Moved utility credit card fees from Customer Service to Electric Fund expense; Was previously allocated in Interfund Services;
  - ✓ Changed Storekeeper/Courier position to permanent part-time
  - ✓ Eliminated Training/Conference/Travel for Mayor and Council
  - ✓ Interfund Service Allocations reduced as a result of division changes
- Water/Wastewater Fund
  - ✓ Interfund Service Allocations reduced as a result of changes to the General Fund
- Electric Fund
  - ✓ PCA Credit of 3.1%
  - ✓ Interfund Service Allocations reduced as a result of changes to the General Fund
  - ✓ Transfer from Rate Stabilization $2.5 million

CITY OF DOVER
PROPERTY ASSESSMENT PROJECTION

TAXABLE ASSESSED VALUE AS OF DECEMBER 31, 2013	$3,176,191,100
Filed Tax Exemption Requests (scheduled for Annual Appeals)	(229,600)
Supplemental Billing (April)	2,000,000
Annual Appeals	(3,000,000)
Expired Abatements (Capitol Green)	2,822,100
Senior Citizen/Disability Exemption (approx 425 approved; revenue loss $74,316)	(22,000,000)
TOTAL ASSESSED VALUE	$3,155,783,600
BID ASSESSMENTS	
BID1	$38,558,700
BID2	$58,694,000
BID3	$32,830,900

CITY OF DOVER
PROJECTED PROPERTY TAX RECEIPTS
ACCRUAL METHOD OF ACCOUNTING
7/01/14 - 6/30/15

	Curent Rate	Proposed Rate
	$0.3378	**$0.4000**
Using a tax of $0.3378 per $100 of assessment, the estimated gross 7/01/14 billing will be	$10,660,200	$12,623,100
Penalties	50,000	50,000
Estimated Quarterly Billing	22,000	22,000
PROJECTED PROPERTY TAX RECEIPT SUBTOTAL	**$10,732,200**	**$12,695,100**
BID 1 - Using a rate of $0.0634 per $100 of assessment, the estimated gross 7/01/14 billing will be	24,400	24,400
BID 2 - Using a rate of $0.0349 per $100 of assessment, the estimated gross 7/01/14 billing will be	20,500	20,500
BID 3 - Using a rate of $0.0156 per $100 of assessment, the estimated gross 7/01/14 billing will be	5,100	5,100
TOTAL BID TAXES	**$50,000**	**$50,000**
Pay In Lieu of Taxes		
Luther Towers $27,200; State of Delaware $285,000;	**$317,000**	**$317,000**
Delaware State Housing Authority $4,000; St Andrews $800		
PROJECTED PROPERTY TAX RECEIPTS FOR FY 2015	**$11,049,200**	**$13,012,100**
$0.01 of tax rate equates to: $ 315,578.36		
PROJECTED DOVER REALTY TRANSFER TAX RECEIPTS	**$1,250,000**	

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND
CASH RECEIPT SUMMARY

		2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
	RECEIPTS							
1	**BEGINNING BALANCE**	**3,851,086**	**3,455,200**	**4,219,800**	**3,393,000**	**3,393,000**	**(62,200)**	**-1.8%**
2	FINES AND POLICE REVENUE	612,193	866,000	573,900	629,300	629,300	(36,700)	-5.5%
3	INVESTMENT INCOME	93,173	75,000	40,000	40,000	40,000	(35,000)	-46.7%
4	LIBRARY REVENUES	64,584	66,600	70,500	71,600	71,600	5,000	7.5%
5	KENT COUNTY BOOK REIMBURSEMENT	406,481	400,000	460,000	450,000	450,000	50,000	12.5%
6	BUSINESS LICENSES	1,462,503	1,460,000	1,460,000	1,460,000	1,407,300	(52,700)	-3.6%
7	PERMITS AND OTHER FEES	1,162,765	1,167,500	1,332,500	1,214,200	1,354,200	186,700	16.0%
8	MISCELLANEOUS CHARGES	106,997	63,300	53,100	53,900	53,900	(9,400)	-14.8%
9	POLICE EXTRA DUTY	703,575	650,000	650,000	663,000	659,500	9,500	1.5%
10	PROPERTY TAXES	11,076,335	11,120,000	11,046,000	11,049,200	13,012,100	1,892,100	17.0%
11	BID REVENUE	50,060	49,500	49,500	50,000	50,000	500	1.0%
12	RECREATION REVENUE	144,490	133,000	148,800	148,800	148,800	15,800	11.9%
13	FRANCHISE FEE	618,347	606,200	636,000	636,000	636,000	29,800	4.9%
14	SANITATION FEES	2,624,877	2,676,500	2,595,600	2,595,600	2,595,600	(80,900)	-3.0%
15	RENT REVENUE - GARRISON FARM	117,247	118,500	118,500	101,400	101,400	(17,100)	-14.4%
16	COURT OF CHANCERY FEES	917,700	863,200	1,002,200	917,700	1,023,000	159,800	18.5%
17	**RECEIPTS SUBTOTAL**	**20,161,327**	**20,115,300**	**20,236,600**	**20,080,700**	**22,232,700**	**2,117,400**	**10.5%**
18	**INTERFUND SERVICE RECEIPTS**							
19	INTRAFUND SERVICE RECEIPTS W/WW	1,046,492	1,134,900	1,360,300	1,359,800	1,356,600	221,700	19.5%
20	INTRAFUND SERVICE RECEIPTS ELECTRIC	3,195,818	3,319,400	3,572,700	3,593,100	3,517,800	198,400	6.0%
21	**INTERFUND SERVICE RECEIPTS SUBTOTAL**	**4,242,310**	**4,454,300**	**4,933,000**	**4,952,900**	**4,874,400**	**420,100**	**9.4%**
22	**GRANTS:**							
23	POLICE RELATED/EXTRA DUTY	170,337	110,000	126,800	124,000	124,000	14,000	12.7%
24	POLICE PENSION GRANT	577,765	500,000	500,000	500,000	500,000	-	0.0%
25	GREEN ENERGY GRANT	-	98,500	98,500	98,500	98,500	-	0.0%
26	DEMA GRANTS/OTHER GRANTS	92,641	-	-	-	-	-	0.0%
27	MISC GRANT REVENUE	1,224	25,000	25,000	70,000	25,000	-	0.0%
28	VERIZON RESERVE	50,000	-	-	-	-	-	0.0%
29	**GRANTS SUBTOTAL**	**891,967**	**733,500**	**750,300**	**792,500**	**747,500**	**14,000**	**1.9%**
30	**TRANSFERS FROM:**							
31	TRANSFER TAX	1,107,959	1,315,500	1,393,000	1,100,000	1,250,000	(65,500)	-5.0%
32	MUNICIPAL STREET AID	531,121	527,400	663,900	663,900	663,900	136,500	25.9%
33	CIVIL TRAFFIC PENALTIES	299,828	600,000	368,400	500,000	500,000	(100,000)	-16.7%
34	WATER/WASTEWATER	500,000	500,000	500,000	500,000	500,000	-	0.0%
35	ELECTRIC	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	-	0.0%
36	OTHER RESERVES	4,485	32,000	32,000	4,000	4,000	(28,000)	-87.5%
37	**TRANSFERS FROM SUBTOTAL**	**10,443,393**	**10,974,900**	**10,957,300**	**10,767,900**	**10,917,900**	**(57,000)**	**-0.5%**
38	**TOTAL REVENUES**	**35,738,997**	**36,278,000**	**36,877,200**	**36,594,000**	**38,772,500**	**2,494,500**	**6.9%**
39	**TOTAL BEGINNING BALANCE & REVENUE**	**39,590,083**	**39,733,200**	**41,097,000**	**39,987,000**	**42,165,500**	**2,432,300**	**6.1%**

EXHIBIT #18
2014 Budget Review
Special Council Meeting of 05/20/2014

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GENERAL FUND
EXPENSE SUMMARY

		2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
1	**DEPARTMENT EXPENSES:**							
2	CITY CLERK	315,512	334,400	371,700	377,700	380,200	45,800	13.7%
3	COUNCIL	101,707	107,800	107,800	115,100	107,600	(200)	-0.2%
4	TAX ASSESSOR	187,438	198,300	208,400	339,900	308,600	110,300	55.6%
5	FIRE	654,884	692,100	741,600	727,300	716,100	24,000	3.5%
6	GROUNDS MAINTENANCE	961,489	948,500	1,160,700	1,083,600	1,123,800	175,300	18.5%
7	LIBRARY	1,169,605	1,330,400	1,336,900	1,395,700	1,390,600	60,200	4.5%
8	RECREATION	644,346	708,200	717,200	713,900	705,400	(2,800)	-0.4%
9	LIFE SAFETY	452,175	468,200	491,400	511,400	504,800	36,600	7.8%
10	CODE ENFORCEMENT	326,437	377,100	432,300	418,400	417,700	40,600	10.8%
11	PLANNING	399,461	444,800	422,600	439,600	441,800	(3,000)	-0.7%
12	INSPECTIONS	493,902	540,300	695,200	605,200	602,100	61,800	11.4%
13	ECONOMIC DEVELOPMENT	219,947	215,200	215,200	221,600	222,200	7,000	3.3%
14	POLICE	13,428,744	13,571,800	14,096,800	14,228,700	13,984,500	412,700	3.0%
15	POLICE EXTRA DUTY	831,510	760,000	776,800	675,100	712,500	(47,500)	-6.3%
16	STREETS	705,071	603,700	660,300	817,600	665,100	61,400	10.2%
17	SANITATION	2,003,887	2,153,800	2,253,500	2,277,700	2,247,200	93,400	4.3%
18	CITY MANAGER	497,281	457,300	460,000	481,200	591,900	134,600	29.4%
19	INFORMATION TECHNOLOGY	611,301	660,500	740,000	732,500	727,400	66,900	10.1%
20	FINANCE	854,310	906,500	980,000	959,100	943,900	37,400	4.1%
21	PUBLIC WORKS - ADMINISTRATION	360,118	425,800	513,100	492,300	512,100	86,300	20.3%
22	FACILITIES MANAGEMENT	638,748	632,600	689,100	696,600	677,800	45,200	7.1%
23	PUBLIC WORKS - ENGINEERING	-	-	-	158,600	192,600	192,600	0.0%
24	PROCUREMENT & INVENTORY	530,208	517,600	559,400	563,800	534,500	16,900	3.3%
25	FLEET MAINTENANCE	630,886	720,700	770,900	780,100	776,100	55,400	7.7%
26	CUSTOMER SERVICE	860,657	1,109,400	1,232,200	1,188,800	1,038,500	(70,900)	-6.4%
27	HUMAN RESOURCES	295,146	334,300	393,100	373,500	377,100	42,800	12.8%
28	MAYOR	81,073	83,300	83,300	81,400	75,400	(7,900)	-9.5%
29	**DEPARTMENT SUBTOTALS**	**28,253,643**	**29,302,600**	**31,109,500**	**31,456,400**	**30,977,500**	**1,674,900**	**5.7%**
30	**OTHER EXPENDITURES:**							
31	DEBT SERVICE	369,073	557,300	557,300	518,400	708,600	151,300	27.1%
32	CONTRIBUTION TO DDP	180,000	162,400	162,400	201,000	70,000	(92,400)	-56.9%
33	MISCELLANEOUS GRANT RELATED EXP	-	25,000	25,000	25,000	25,000	-	0.0%
34	INSURANCE	628,633	658,900	658,900	724,800	724,800	65,900	10.0%
35	RETIREES HEALTH CARE	1,620,600	1,636,500	1,636,500	1,636,500	1,636,500	-	0.0%
36	OTHER EMPLOYMENT EXPENSES	-	400,000	10,700	652,400	500,000	100,000	25.0%
37	GENERAL PENSION UNFUNDED LIABILITY	1,693,500	1,159,100	121,000	-	-	(1,159,100)	-100.0%
38	POLICE PENSION FUND - STATE GRANT	577,765	500,000	500,000	500,000	500,000	-	0.0%
39	POLICE PENSION UNFUNDED LIABILITY	495,000	307,400	689,400	655,000	655,000	347,600	113.1%
40	UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	10,000	50,000	50,000	40,000	400.0%
41	STREET LIGHTS	878,760	836,000	774,500	774,500	774,500	(61,500)	-7.4%
42	**OTHER EXPENSE SUBTOTAL**	**6,453,331**	**6,252,600**	**5,145,700**	**5,737,600**	**5,644,400**	**(608,200)**	**-9.7%**
43	**TRANSFERS**							
45	TRANSFER TO CAPITAL FUND - PROJECTS	613,400	1,278,300	1,448,800	2,500,000	2,122,200	843,900	66.0%
47	TRANSFER TO VERIZON RESERVE	50,000	-	-	-	-	-	0.0%
50	**TRANSFERS SUBTOTAL**	**663,400**	**1,278,300**	**1,448,800**	**2,500,000**	**2,122,200**	**843,900**	**66.0%**
51	**TOTAL EXPENDITURES**	**35,370,374**	**36,833,500**	**37,704,000**	**39,694,000**	**38,744,100**	**1,910,600**	**5.2%**
52	**BUDGET BALANCE**	**4,219,709**	**2,899,700**	**3,393,000**	**293,000**	**3,421,400**	**521,700**	**18.0%**
53	**TOTAL BUDGET BALANCE & EXPENDITURES**	**39,590,083**	**39,733,200**	**41,097,000**	**39,987,000**	**42,165,500**	**2,432,300**	**6.1%**
54	EXCEEDS/(REMAINS)TO MEET REQUIREMENT	1,360,600	(2,500)	442,800	(2,634,500)	319,900		

		2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	POLICY
55	**RESERVE BALANCES**							
56	CONTINGENCY	733,985	723,600	466,000	716,000	719,500	(4,100)	2% OF REV

Per S Koenig

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

GOVERNMENTAL CAPITAL PROJECTS FUND SUMMARY

	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14 REV
BEGINNING BALANCE - PROJECTS	**145,647**	**166,500**	**3,058,300**	**117,100**	**117,100**	**(49,400)**	**-29.7%**
REVENUES							
STATE GRANTS - Other	143,000	15,000	15,000	-	153,000	138,000	**920.0%**
PROPOSED BOND/BANK PROCEEDS - Street	800,000	-	-	-	2,661,100	2,661,100	**0.0%**
LEASE PURCHASE OF FIRE AND POLICE EQUIPT	-	-	-	-	918,300	918,300	**0.0%**
CONTRACTOR CONTRIBUTIONS	-	-	264,800	-	-	-	**0.0%**
INCOME FROM SALE OF ASSETS	53,780	-	-	-	-	-	**0.0%**
MISCELLANEOUS RECEIPTS	2,750	-	-	-	-	-	**0.0%**
INTEREST EARNINGS	25,987	-	-	-	-	-	**0.0%**
TRANSFER FROM GENERAL FUND	613,400	1,278,300	1,448,800	2,500,000	2,122,200	843,900	**66.0%**
TRANSFER FROM COM TRANSP FUND	43,000	-	60,500	-	-	-	**0.0%**
TRANSFER FROM MUNICIPAL STREET AID - CAPI	13,963		251,200	-	-	-	**0.0%**
TRANSFER FROM PARKLAND RESERVE	-	95,000	80,000	-	-	(95,000)	**-100.0%**
TRANSFER FROM FUTURE CAPACITY RESERVE	2,000,000	-	-	-	-	-	**0.0%**
TRANSFER FROM CAPITAL ASSET RESERVE	-	-	-	-	-	-	**0.0%**
SUBTOTAL CAPITAL PROJECT FUNDING SOURCES	**3,695,880**	**1,388,300**	**2,120,300**	**2,500,000**	**5,854,600**	**4,466,300**	**321.7%**
STATE GRANTS - Library	1,708,524	-	150,000	-	-	-	**0.0%**
LIBRARY CAPITAL PLEDGES	337,460	-	5,000	-	-	-	**0.0%**
INCOME FROM SALE OF OLD LIBRARY	1,200,000	-	-	-	-	-	**0.0%**
LOAN PROCEEDS - LIBRARY GREEN ENERGY PR	648,500	-	-	-	-	-	**0.0%**
KENT COUNTY CONTRIBUTION	250,000	-	-	-	-	-	**0.0%**
DEMEC GRANT	152,141	-	-	-	-	-	**0.0%**
FRIENDS OF THE LIBRARY DONATION	67,361	-	-	-	-	-	**0.0%**
SUBTOTAL LIBRARY PROJECT FUNDING SOURCES	**4,363,986**	**-**	**155,000**	**-**	**-**	**-**	**0.0%**
TOTAL FUNDING SOURCES	**8,059,866**	**1,388,300**	**2,275,300**	**2,500,000**	**5,854,600**	**4,466,300**	**321.7%**
TOTAL BEGINNING BALANCE & FUNDING SOURCES	**8,205,513**	**1,554,800**	**5,333,600**	**2,617,100**	**5,971,700**	**4,416,900**	**284.1%**
EXPENDITURES							
FIRE	238,515	238,500	238,500	238,500	827,300	588,800	**246.9%**
GROUNDS MAINTENANCE	111,767	50,100	50,100	122,600	68,100	18,000	**35.9%**
LIBRARY	4,070,899	-	446,500	-	-	-	**0.0%**
RECREATION	6,995	95,000	172,000	146,000	146,000	51,000	**53.7%**
LIFE SAFETY	-	-	-	65,600	-	-	**0.0%**
CODE ENFORCEMENT	-	30,000	30,900	-	-	(30,000)	**-100.0%**
POLICE	191,019	257,300	342,400	373,500	542,500	285,200	**110.8%**
STREETS	150,714	251,500	1,524,600	1,282,900	1,320,300	1,068,800	**425.0%**
STREETS - GARRISON FARM INFRASTRUCTURE	-	-	1,936,100	-	2,586,100	2,586,100	**0.0%**
SANITATION	130,758	402,100	395,600	260,000	256,500	(145,600)	**-36.2%**
CITY MANAGER	-	-	-	-	32,800	32,800	**0.0%**
INFORMATION TECHNOLOGY	102,589	7,000	7,000	-	-	(7,000)	**-100.0%**
FACILITIES MANAGEMENT	109,875	17,800	17,800	-	-	(17,800)	**-100.0%**
PROCUREMENT & INVENTORY	-	55,000	55,000	-	-	(55,000)	**-100.0%**
MAYOR	33,000	-	-	-	-	-	**0.0%**
DEPARTMENT SUBTOTAL	**5,146,131**	**1,404,300**	**5,216,500**	**2,489,100**	**5,779,600**	**4,375,300**	**311.6%**
TRANSFERS & MISCELLANEOUS EXPENSES							
BOND/LOAN ISSUANCE COST	1,029	32,000	-	-	75,000	43,000	**134.4%**
TRANSFER TO PARKLAND RESERVE	100	-	-	-	-	-	**0.0%**
TRANSFER TO COMMUNITY TRANS FUND	-	60,000	-	-	-	(60,000)	**-100.0%**
TRANSFERS & MISCELLANEOUS SUBTOTAL	**1,129**	**92,000**	**-**	**-**	**75,000**	**(17,000)**	**-18.5%**
TOTAL EXPENDITURES	**5,147,260**	**1,496,300**	**5,216,500**	**2,489,100**	**5,854,600**	**4,358,300**	**291.3%**
BUDGET BALANCE	3,058,253	58,500	117,100	128,000	117,100	58,600	**100.2%**
TOTAL BUDGET BALANCE & EXPENDITURES	**8,205,513**	**1,554,800**	**5,333,600**	**2,617,100**	**5,971,700**	**4,416,900**	**284.1%**

RESERVE BALANCES	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	FY 15 PP VS FY14 BUDGET	POLICY
CAPITAL ASSET RESERVE	507,308	512,000	509,800	509,800	512,300	300	Min $500K
PARKLAND/RECREATION	202,915	110,000	203,800	203,800	204,800	94,800	N/A

Per S. Koenig

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

WATER/WASTEWATER FUND SUMMARY

	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
BEGINNING BALANCE - WATER	1,075,800	770,800	732,700	658,400	658,400	(112,400)	-14.6%
BEGINNING BALANCE - WASTEWATER	991,100	412,600	441,400	(98,500)	(98,500)	(511,100)	-123.9%
BEGINNING BALANCE - KCSA	(626,400)	141,600	(17,300)	155,000	155,000	13,400	9.5%
TOTAL BEGINNING BALANCES	**1,440,500**	**1,325,000**	**1,156,800**	**714,900**	**714,900**	**(610,100)**	**-46.0%**
BASE REVENUE:							
WATER SERVICES	4,551,840	4,730,700	4,396,000	4,430,600	4,616,400	(114,300)	-2.4%
WASTEWATER SERVICES	3,564,615	3,642,700	3,529,000	3,532,000	3,706,800	64,100	1.8%
WASTEWATER TREATMENT SERVICES	2,926,616	2,980,300	2,900,000	2,902,600	2,902,600	(77,700)	-2.6%
GROUNDWATER INFLOW ADJUSTMENT	1,314,033	1,324,600	1,302,300	1,303,500	1,862,500	537,900	40.6%
WATER TANK SPACE LEASING	300,067	333,800	321,200	331,900	331,900	(1,900)	-0.6%
STATE REIMBURSEMENT - DEMA	50,876	-	-	-	-	-	0.0%
SEWER IMPACT FEES	385,986	323,000	237,900	427,900	427,900	104,900	32.5%
WATER IMPACT FEES	220,362	357,000	262,700	472,700	472,700	115,700	32.4%
INTEREST - WATER	5,268	9,100	3,900	9,000	9,000	(100)	-1.1%
INTEREST - WASTEWATER	8,239	14,000	6,100	14,000	14,000	-	0.0%
MISCELLANEOUS SERVICE FEE	73,312	82,000	64,400	156,600	156,600	74,600	91.0%
TOTAL REVENUES	**13,401,214**	**13,797,200**	**13,023,500**	**13,580,800**	**14,500,400**	**703,200**	**5.1%**
TOTAL BEGINNING BALANCE & REVENUES	**14,841,714**	**15,122,200**	**14,180,300**	**14,295,700**	**15,215,300**	**93,100**	**0.6%**
DIRECT EXPENSES:							
ENGINEERING & INSPECTION	486,714	664,400	501,200	500,400	499,800	(164,600)	-24.8%
WATER CONSTRUCTION	333,511	351,400	328,000	398,300	252,500	(98,900)	-28.1%
WATER DEPARTMENT	415,700	433,900	475,600	485,500	484,300	50,400	11.6%
WATER TREATMENT PLANT	1,390,347	1,501,800	1,711,500	1,552,700	1,576,100	74,300	4.9%
WASTEWATER DEPARTMENT	802,551	945,100	928,900	1,006,400	974,100	29,000	3.1%
DIRECT EXPENDITURE SUBTOTAL	**3,428,823**	**3,896,600**	**3,945,200**	**3,943,300**	**3,786,800**	**(109,800)**	**-2.8%**
OTHER EXPENSES:							
DEBT SERVICE - WATER	410,632	403,800	403,800	534,100	534,100	130,300	32.3%
DEBT SERVICE - WASTEWATER	579,394	615,700	603,400	617,900	617,900	2,200	0.4%
RETIREES HEALTH CARE	220,000	200,000	200,000	200,000	200,000	-	0.0%
OTHER EMPLOYMENT EXPENSES	-	25,000	10,800	17,700	17,700	(7,300)	-29.2%
PENSION UNFUNDED LIABILITY	509,800	339,400	-	-	-	(339,400)	-100.0%
KENT COUNTY TREATMENT CHARGE	3,631,516	3,524,800	4,030,000	4,030,000	3,655,000	130,200	3.7%
INTRAFUND SERVICE FEES	1,182,905	1,233,400	1,468,800	1,359,800	1,356,600	123,200	10.0%
UNCOLLECTIBLES	5,000	-	-	-	-	-	0.0%
INVENTORY/FIXED ASSET WRITEOFFS	5,000	-	-	-	-	-	0.0%
OTHER EXPENSES SUBTOTAL	**6,544,247**	**6,342,100**	**6,706,800**	**6,759,500**	**6,381,300**	**39,200**	**0.6%**
TRANSFER TO:							
GENERAL FUND FROM WATER	250,000	250,000	250,000	250,000	250,000	-	0.0%
GENERAL FUND FROM WASTEWATER	250,000	250,000	250,000	250,000	250,000	-	0.0%
WATER IMP AND EXT	1,700,000	1,200,000	1,233,200	1,600,000	1,200,000	-	0.0%
WASTEWATER IMP AND EXT	1,200,000	1,330,000	1,330,000	3,260,700	1,800,000	470,000	35.3%
SEWER IMPACT FEE RESERVE	219,757	-	-	-	-	-	0.0%
CAPITAL ASSET RESERVE WATER	70,000	-	-	-	-	-	0.0%
CAPITAL ASSET RESERVE WASTEWATER	22,000	-	-	-	-	-	0.0%
TRANSFER TO SUBTOTAL	**3,711,757**	**3,030,000**	**3,063,200**	**5,360,700**	**3,500,000**	**470,000**	**15.5%**
TOTAL EXPENSES	**13,684,827**	**13,268,700**	**13,715,200**	**16,063,500**	**13,668,100**	**399,400**	**3.0%**
BUDGET BALANCES							
BUDGET BALANCE WATER	732,740	1,056,400	658,400	291,900	1,021,800	(34,600)	-3.3%
BUDGET BALANCE WASTEWATER	441,414	797,100	(98,500)	(2,390,800)	(739,700)	(1,536,800)	-192.8%
BUDGET BALANCE KCSA	(17,267)	-	155,000	331,100	1,265,100	1,265,100	0.0%
BUDGET BALANCE SUBTOTALS	**1,156,887**	**1,853,500**	**714,900**	**(1,767,800)**	**1,547,200**	**(306,300)**	**-16.5%**
TOTAL BUDGET BALANCES & EXPENSES	**14,841,714**	**15,122,200**	**14,430,100**	**14,295,700**	**15,215,300**	**93,100**	**0.6%**
EXCEEDS/(REMAINS)TO MEET REQMNT	88,860	749,800	(327,000)	(2,854,300)	387,100		

RESERVE BALANCES	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	POLICY
CONTINGENCY - WATER	104,109	105,600	105,900	105,900	107,700	2,100	2% of Rev
CONTINGENCY - WATER/WASTEWATER	186,257	191,500	191,500	191,500	194,800	3,300	2% of Rev

per S. Koenig

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND SUMMARY

	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
BEGINNING BALANCE - WATER	3,811,200	1,620,000	4,473,800	1,021,200	1,021,200	(598,800)	-37.0%
BEGINNING BALANCE - WASTEWATER	2,641,000	660,900	2,807,000	1,060,000	1,060,000	399,100	60.4%
TOTAL BEGINNING BALANCES	**6,452,200**	**2,280,900**	**7,280,800**	**2,081,200**	**2,081,200**	**(199,700)**	**-8.8%**
REVENUES							
BOND PROCEEDS - WATER	-	-	3,000,000	-	-	-	0.0%
BOND PROCEEDS - WASTEWATER	-	-	1,067,900	-	-	-	0.0%
STATE LOAN FUND - WATER	142,719	-	-	-	-	-	0.0%
STATE LOAN FUND - WASTEWATER	494,520	-	62,000	-	-	-	0.0%
ARBITRAGE REBATE - IRS REFUND	-	-	66,000	-	-	-	0.0%
TRANS FR OPERATING FUND - WATER	1,700,000	1,200,000	1,233,200	1,600,000	1,200,000	-	0.0%
TRANS FR OPERATING FUND - WASTEWATER	1,200,000	1,330,000	1,330,000	3,260,700	1,800,000	470,000	35.3%
TRANSFER FR WATER IMPACT FEE		390,000	-	-	-	(390,000)	-100.0%
TRANSFER FR WASTEWATER IMPACT FEE	250,000	-	1,000,000	-	1,315,600	1,315,600	0.0%
PROCEEDS FROM SALE OF ASSETS	11,339	-	-	-	-	-	0.0%
INTEREST INCOME	101,327	25,000	25,000	-	25,000	-	0.0%
TOTAL REVENUES	**3,899,905**	**2,945,000**	**7,784,100**	**4,860,700**	**4,340,600**	**1,395,600**	**47.4%**
TOTAL BEGINNING BALANCES & REVENUES	**10,352,105**	**5,225,900**	**15,064,900**	**6,941,900**	**6,421,800**	**1,195,900**	**22.9%**
EXPENSES							
WATER	1,154,852	1,476,800	7,641,300	1,320,400	1,336,900	(139,900)	-9.6%
WASTEWATER	1,815,569	1,251,000	5,252,400	3,260,700	3,273,200	2,022,200	161.6%
WATER TREATMENT PLANT	29,208	-	-	38,100	38,100	38,100	0.0%
WATER CONSTRUCTION	35,899	90,000	90,000	201,300	-	(90,000)	-100.0%
W/WW ENGINEERING	29,208	-	-	-	-	-	0.0%
BOND ISSUANCE COST	6,597	-	-			-	0.0%
TOTAL EXPENSES	**3,071,333**	**2,817,800**	**12,983,700**	**4,820,500**	**4,648,200**	**1,830,400**	**65.0%**
BUDGET BALANCE - WATER	4,473,776	1,655,700	1,021,200	1,061,400	858,700	(797,000)	-48.1%
BUDGET BALANCE - WASTEWATER	2,806,996	752,400	1,060,000	1,060,000	914,900	162,500	21.6%
TOTAL ENDING BUDGET BALANCES	**7,280,772**	**2,408,100**	**2,081,200**	**2,121,400**	**1,773,600**	**(634,500)**	**-26.3%**
TOTAL BUDGET BALANCES & EXPENSES	**10,352,105**	**5,225,900**	**15,064,900**	**6,941,900**	**6,421,800**	**1,195,900**	**22.9%**

RESERVE BALANCES	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	POLICY
CAPITAL ASSET RESERVE-WATER	505,442	513,000	514,000	514,000	522,700	9,700	MIN $500K
CAPITAL ASSET RESERVE-WASTEWATER	504,285	512,300	512,900	512,900	521,600	9,300	MIN $500K
IMPACT FEE RESERVE - WATER	197,081	448,600	200,500	200,500	203,900	(244,700)	20% of Rev.
IMPACT FEE RESERVE - WASTEWATER	3,756,092	3,285,800	2,820,000	1,552,300	1,552,300	(1,733,500)	20% of Rev.

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FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

ELECTRIC REVENUE FUND SUMMARY

	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	% CHG FY15 VS FY14
BEGINNING BALANCE	**14,567,100**	**7,152,400**	**6,620,900**	**9,253,600**	**9,253,600**	**2,101,200**	**29.4%**
BASE REVENUE:							
DIRECT SALES TO CUSTOMER	86,887,345	76,286,700	78,971,700	78,846,400	78,043,000	1,756,300	2.3%
PURCHASE POWER ADJUSTMENT	-	-		-	(2,419,300)	(2,419,300)	0.0%
UTILITY TAX	1,443,852	1,492,200	1,312,300	1,310,200	1,296,900	(195,300)	-13.1%
MISCELLANEOUS REVENUE	1,553,812	602,000	579,100	624,600	624,800	22,800	3.8%
RENT REVENUE	234,488	251,000	180,000	200,000	200,000	(51,000)	-20.3%
GREEN ENERGY	129,195	135,800	130,000	136,000	130,000	(5,800)	-4.3%
GRANTS - DEMA	108,632	-	-	-	-	-	0.0%
INTEREST EARNINGS	137,718	119,400	12,000	12,000	12,000	(107,400)	-89.9%
TRANSFER FROM RATE STABILIZATION	5,400,000	4,000,000	7,000,000	-	2,500,000	(1,500,000)	-37.5%
INTRAFUND SERVICE RECEIPTS WWW	136,413	98,500	98,500	-	-	(98,500)	-100.0%
TOTAL REVENUES	**96,031,455**	**82,985,600**	**88,283,600**	**81,129,200**	**80,387,200**	**(2,598,400)**	**-3.1%**
TOTAL BEGINNING BALANCE & REVENUES	**110,598,555**	**90,138,000**	**94,904,500**	**90,382,800**	**89,640,800**	**(497,200)**	**-0.6%**
EXPENSES:							
POWER SUPPLY	37,698,282	23,832,000	26,458,900	21,823,000	21,823,000	(2,009,000)	-8.4%
SOLAR ENERGY	1,595,826	1,565,800	1,729,200	2,067,600	2,067,600	501,800	32.0%
SOLAR RENEWAL ENERGY CREDITS	370,256	300,000	352,600	378,600	378,600	78,600	26.2%
POWER SUPPLY MANAGEMENT	996,000	996,000	996,000	996,000	996,000	-	0.0%
PJM CHARGES - ENERGY	6,024,702	12,812,900	17,274,000	11,499,800	11,499,800	(1,313,100)	-10.2%
PJM CHARGES - TRANSMISSION & FEES	7,103,571	4,740,000	7,420,000	7,234,100	7,234,100	2,494,100	52.6%
CAPACITY CHARGES	11,587,934	15,787,200	15,614,100	9,818,900	9,958,900	(5,828,300)	-36.9%
SUB-TOTAL POWER SUPPLY	**65,376,571**	**60,033,900**	**69,844,800**	**53,818,000**	**53,958,000**	**(6,075,900)**	**-10.1%**
PLANT OPERATIONS	5,719,083	6,015,800	5,791,600	6,141,100	6,141,100	125,300	2.1%
GENERATIONS FUELS	1,023,574	-	1,603,800	-	1,611,100	1,611,100	0.0%
PJM SPOT MARKET ENERGY	(1,930,510)	(230,500)	(1,004,500)	(346,700)	(2,232,800)	(2,002,300)	868.7%
PJM CREDITS	(502,983)	(397,000)	(5,314,800)	(621,400)	(486,700)	(89,700)	22.6%
CAPACITY CREDITS	(14,318,588)	(15,079,800)	(15,079,800)	(8,881,500)	(8,881,500)	6,198,300	-41.1%
GENERATION SUBTOTAL	**(10,009,424)**	**(9,691,500)**	**(14,003,700)**	**(3,708,500)**	**(3,848,800)**	**5,842,700**	**-60.3%**
POWER SUPPLY & GENERATION SUBTOTAL	**55,367,147**	**50,342,400**	**55,841,100**	**50,109,500**	**50,109,200**	**(233,200)**	**-0.5%**
DIRECT EXPENDITURES							
TRANSMISSION/DISTRIBUTION	3,230,473	3,302,500	3,776,300	4,075,300	4,027,000	724,500	21.9%
ELECTRICAL ENGINEERING	1,098,315	1,192,200	1,285,300	1,385,100	1,370,900	178,700	15.0%
ADMINISTRATION	393,666	597,000	628,400	622,800	636,600	39,600	6.6%
METER READING	219,010	220,300	273,800	272,800	267,600	47,300	21.5%
SYSTEMS OPERATIONS	544,405	543,600	675,800	674,400	686,300	142,700	26.3%
DIRECT EXPENDITURE SUBTOTALS	**5,485,869**	**5,855,600**	**6,639,600**	**7,030,400**	**6,988,400**	**1,132,800**	**19.3%**
OTHER EXPENSES:							
UTILITY TAX	1,443,853	1,492,200	1,312,300	1,310,200	1,296,900	(195,300)	-13.1%
ALLOW FOR UNCOLLECTIBLES	150,000	200,000	200,000	200,000	200,000	-	0.0%
CONTRACTUAL SERVICES - RFP'S & CC Fees	157,955	100,000	100,000	100,000	244,000	144,000	144.0%
RETIREES HEALTH CARE	686,500	513,300	513,300	513,300	513,300	-	0.0%
OTHER EMPLOYMENT EXPENSES	-	150,000	125,700	54,200	54,200	(95,800)	-63.9%
TRANSFER TO PENSION UNFUNDED LIABILITY	7,274,200	1,314,200	-	-	-	(1,314,200)	-100.0%
OPEB UNFUNDED LIABILITY	-	975,700	975,700	1,009,800	1,009,800	34,100	3.5%
GREEN ENERGY PAYMENT TO DEMEC	129,195	135,800	130,000	136,000	130,000	(5,800)	-4.3%
INTRAFUND SERVICE FEES	3,195,818	3,319,400	3,572,700	3,593,100	3,517,800	198,400	6.0%
INTEREST ON DEPOSITS	25,576	27,000	20,000	20,000	20,000	(7,000)	-25.9%
INVENTORY WRITE OFFS	175,000	-	-	175,000	175,000	175,000	0.0%
TRANSFER TO WORKER'S COMPENSATION	500,000	-	-	-	-	-	0.0%
DEBT SERVICE	3,376,564	3,301,900	3,301,900	3,297,000	3,297,000	(4,900)	-0.1%
OTHER EXPENSES SUBTOTAL	**17,124,661**	**11,529,500**	**10,251,600**	**10,408,600**	**10,458,000**	**(1,071,500)**	**-9.3%**
TRANSFER TO:							
IMPROVEMENT & EXTENSION	3,500,000	5,448,600	4,918,600	6,000,000	4,750,000	(698,600)	-12.8%
GENERAL FUND	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	-	0.0%
TRANSFER TO FUTURE CAPACITY RESERVE	2,100,000	-	-	-	-	-	0.0%
RATE STABILIZATION RESERVE	12,400,000	-	-	-	-	-	0.0%
TRANSFER TO SUBTOTAL	**26,000,000**	**13,448,600**	**12,918,600**	**14,000,000**	**12,750,000**	**(698,600)**	**-5.2%**
TOTAL EXPENSES	**103,977,677**	**81,176,100**	**85,650,900**	**81,548,500**	**80,305,600**	**(870,500)**	**-1.1%**
BUDGET BALANCE - WORKING CAPITAL	**6,620,878**	**8,961,900**	**9,253,600**	**8,834,300**	**9,335,200**	**373,300**	**4.2%**
TOTAL BUDGET BALANCE & EXPENSES	**110,598,555**	**90,138,000**	**94,904,500**	**90,382,800**	**89,640,800**	**(497,200)**	**-0.6%**
EXCEEDS/(REMAINS)TO MEET REQUIREMENT	(937,422)	2,762,400	2,863,800	2,448,800	3,014,400		

RESERVE BALANCES	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 BUDGET	POLICY
CONTINGENCY RESERVE	814,236	826,500	820,100	820,100	826,000	(500)	1% of Rev
INSURANCE RESERVE	733,043	739,000	738,300	738,300	743,600	4,600	$750k
RATE STABILIZATION RESERVE	17,382,124	13,644,000	10,507,300	12,507,300	10,583,000	(3,061,000)	10%

per S Koenig

FY 2015 ANNUAL OPERATING BUDGET - DOVER, DELAWARE

ELECTRIC IMPROVEMENT & EXTENSION FUND SUMMARY

	2012/13 ACTUAL	2013/14 BUDGET	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 REVISED	% CHG FY15 VS FY14 REV
BEGINNING BALANCE	**3,534,600**	**3,091,000**	**3,868,500**	**3,362,200**	**3,362,200**	**271,200**	**8.8%**
REVENUES							
TRANSFER FROM ELECTRIC	3,500,000	5,448,600	4,918,600	6,000,000	4,750,000	(698,600)	-12.6%
TRANSFER FROM FUTURE CAPACITY RESERVE	2,000,000	-	-	-	-	-	0.0%
GENERAL SERVICE BILLING	191,956	440,000	440,000	250,000	250,000	(190,000)	-43.2%
TRF FM COMMUNITY TRANSPORTATION FUND	8,281	-	-	-	-	-	0.0%
INCOME FROM SALE OF ASSETS	5,203	-	-	-	-	-	0.0%
INTEREST EARNINGS	52,751	25,200	25,200	-	24,800	(400)	-1.6%
TOTAL REVENUES	**5,758,191**	**5,913,800**	**5,383,800**	**6,250,000**	**5,024,800**	**(889,000)**	**-15.0%**
TOTALS	**9,292,791**	**9,004,800**	**9,252,300**	**9,612,200**	**8,387,000**	**(617,800)**	**-6.9%**
EXPENSES							
ELECTRIC GENERATION	929,027	2,117,800	2,130,000	2,289,500	2,240,000	122,200	5.8%
TRANSMISSION AND DISTRIBUTION	1,183,604	1,100,000	1,144,600	1,116,600	1,033,000	(67,000)	-6.1%
ELECTRICAL ENGINEERING	1,311,650	2,405,800	2,615,500	3,378,300	1,663,100	(742,700)	-30.9%
TRANSFER TO GENERAL FUND	2,000,000	-	-	-	-	-	0.0%
TOTAL EXPENSES	**5,424,281**	**5,623,600**	**5,890,100**	**6,784,400**	**4,936,100**	**(687,500)**	**-12.2%**
BUDGET BALANCE	**3,868,510**	**3,381,200**	**3,362,200**	**2,827,800**	**3,450,900**	**69,700**	**2.1%**
TOTAL BUDGET BALANCE & EXPENSES	9,292,791	9,004,800	9,252,300	9,612,200	8,387,000	(617,800)	-6.9%

	2012/13 BUDGET	2012/13 REVISED	2013/14 REVISED	2014/15 PRELIMINARY	2014/15 PROPOSED	$ DIFFERENCE FY 15 PP VS FY14 REVISED	POLICY
RESERVE BALANCES							
DEPRECIATION RESERVE	9,855,704	9,977,100	9,898,000	9,898,000	9,998,200	21,100	$10Million Min.
FUTURE CAPACITY RESERVE	10,004,190	10,131,400	10,076,200	10,076,200	10,148,700	17,300	$10Million Min.

per S. Koenig

City of Dover
FY15 Budget Workshop - June 5, 2014

	Electric Utility			Sewer Utility		Property Taxes		Annual Impact - Utility $ Based on Calendar 2013 Usage						Average	w/PCA CR Average
	KWH Used	Energy Rate	Energy $	T/Gal	Sewer T/Gallons	Assessed Value	Taxable Value	Customer Charge	I & I Surcharge	Tax Increase	Total	PCA Credit	Adjusted Total	Monthly	Monthly
								$2.50	$0.45	$0.0622		3.10%			
Sample Customer 1	6,240,876	$0.06450	$402,536.50	16,944	16,944	49,743,300	-	30.00	7,624.80	-	7,654.80	($12,478.63)	(4,823.83)	637.90	(1,039.89)
Sample Customer 2	26,244,822	$0.06450	$1,692,791.02	45,659	45,659	109,272,600	6,951,700	30.00	20,546.55	4,323.96	24,900.51	($52,476.52)	(27,576.01)	2,075.04	(2,298.00)
Sample Customer 3	25,936,360	$0.06450	$1,672,895.22	51,858	51,858	146,847,600	146,847,600	30.00	23,336.10	91,339.21	114,705.31	($51,859.75)	62,845.56	9,558.78	5,237.13
Sample Customer 4	41,260,545	$0.06090	$2,512,767.19	23,014	31,251	19,565,300	19,565,300	30.00	14,062.95	12,169.62	26,262.57	($77,895.78)	(51,633.22)	2,188.55	(4,302.77)
Sample Customer 5	24,821,696	$0.06450	$1,600,999.39	5,319	5,319	17,726,100	17,726,100	30.00	2,393.55	11,025.63	13,449.18	($49,630.98)	(36,181.80)	1,120.77	(3,015.15)
Sample Customer 6	14,509,767	$0.06090	$883,644.81	65,299	38,463	11,778,000	11,778,000	30.00	17,308.35	7,325.92	24,664.27	($27,392.99)	(2,728.72)	2,055.36	(227.39)
Residential Customer 1	26,836	$0.12040	$3,231.05	63		228,700	228,700	30.00	28.35	142.25	200.60	($100.16)	100.44	16.72	8.37
Residential Customer 2	13,689	$0.12040	$1,648.16	76		164,400	164,400	30.00	34.20	102.26	166.46	($51.09)	115.36	13.87	9.61
Residential Customer 3	9,017	$0.12040	$1,085.65	21		166,600	166,600	30.00	9.45	103.63	143.08	($33.66)	109.42	11.92	9.12
Residential Customer 4	10,982	$0.12040	$1,322.23	41		153,100	153,100	30.00	18.45	95.23	143.68	($40.99)	102.69	11.97	8.56
Residential Customer 5	17,880	$0.12040	$2,152.75	57		239,600	239,600	30.00	25.65	149.03	204.68	($66.74)	137.95	17.06	11.50
Residential Customer 6	14,322	$0.12040	$1,724.37	38		150,900	150,900	30.00	17.10	93.86	140.96	($53.46)	87.50	11.75	7.29
Residential Customer 7	15,180	$0.12040	$1,827.67	54		237,400	237,400	30.00	24.30	147.66	201.96	($56.66)	145.30	16.83	12.11
Residential Customer 8	6,327	$0.12040	$761.77	33		50,100	50,100	30.00	14.85	31.16	76.01	($23.61)	52.40	6.33	4.37
Residential Customer 9	8,280	$0.12040	$996.91	19		169,200	169,200	30.00	8.55	105.24	143.79	($30.90)	112.89	11.98	9.41

EXHIBIT #19
2014 Budget Review
Special Council Meeting of 05/20/2014