AD HOC FINANCIAL AND OPERATIONAL ADVISORY COMMITTEE

The Financial and Operational Advisory Committee Meeting was held on February 27, 2014 at 5:00 p.m. with Chairman Holden presiding. Members present were Councilman Hutchison, Dr. Newton, Mr. Larson (departed at 5:05 p.m.), and Mr. Smith (arrived at 5:13 p.m.).

AGENDA ADDITIONS/DELETIONS
By unanimous consent, the agenda was approved as presented.

Adoption of Minutes - Regular Meeting of January 30, 2014
Mr. Hutchison moved for approval of the Regular Meeting Minutes of January 30, 2014, seconded by Dr. Newton and unanimously carried.

Mr. Larson informed members that, following the Committee meeting on December 13, 2013, he thoroughly reviewed the material provided by staff. Although he was selected to serve on the Committee because of his previous position as Controller General for the State of Delaware, he explained that he was not familiar enough with the City of Dover, nor could he acquire enough knowledge regarding the City in the next three (3) to five (5) months, to provide helpful input regarding the City's budget. He expressed his opinion that the City's budget concerns could be best addressed through meetings of Council members and staff. He stated that, prior to the meeting, he spoke to Council President David Bonar and informed him that he no longer wished to serve on the Committee.

Mr. Hutchison thanked Mr. Larson for his service.

Discussion of City of Dover and Kent County 911 Dispatch Services
Mr. Holden reminded members that during their meeting of January 30, 2014, a question was raised as to whether there was a duplication of 911 services provided by Kent County and the City of Dover. As a result, representatives of the Dover Fire Department, Dover Police Department, and Kent County were invited to attend this evening's meeting in order to discuss 911 dispatch services. Representatives in attendance included Chief Matthew Carey, Dover Fire Department; Chief James Hosfelt, Dover Police Department; Colin Faulkner, Director of the Kent County Department of Public Safety and Division of Emergency Management; and Kevin Sipple, Assistant Director of Kent County Public Safety Division of Emergency Communications.

Chief Carey expressed his concerns regarding the Delaware State News article, "Panel meets to improve Dover's governing structure," dated January 31, 2014 ***(Attachment #1)***. He stated that, as Fire Chief, he is responsible for 190 living members, 70 of whom are still active. He indicated that the Committee's comments in the newspaper stating that there were issues with having a volunteer Fire Chief may not have been intended to be hurtful or portrayed as bad; however, they were passed along to him. Chief Carey reminded members that the City of Dover is the only capital in the United States protected by a 100% volunteer fire department, and that when such comments are made, whether intended for good or bad, this sends shock waves through the Fire Department. He informed members that, in accordance with the recommendations of the Ad Hoc Haggerty & Haggerty Review Committee regarding the Dover Fire Department and the City of Dover that were accepted by City Council on May 26, 2009, the Fire Chief is the direct liaison to the City of Dover. Chief Carey requested that members direct all related questions and concerns to him.

[City Clerk Office Note: Subsequent to the meeting, members were provided the Independent Accountant Report, Haggerty & Haggerty Joint Committee (City of Dover and Dover Fire Department) Recommendation ***(Attachment #2)****.]*

Responding to Chief Carey's request for an explanation regarding the comments expressed in the newspaper article, Dr. Newton explained that, living in the City of Dover, this was her first experience with a City that did not have a paid fire department. She stated that she was curious as to why the City had a paid Fire Marshal and Police Department but the Fire Department was volunteer. Dr. Newton explained that the topic was very interesting to her, since she teaches government and wanted to have a better understanding in order to explain the City of Dover to her students. She stated that there was no intent to insult to the Fire Department or any of the volunteers. She expressed her opinion that, in a perfect world, the Fire Department would be full time and paid.

Responding to Dr. Newton, Chief Carey stated that she did not understand the repercussions that her comments would have throughout the Fire Department. He explained that members of the Fire Department take a pride in the level of fire protection that is provided to the City. For comparison, Chief Carey informed members that the City of Wilmington has six (6) engines and two (2) ladder trucks and it costs Wilmington $22,500 to operate for a 24-hour period, excluding overtime and benefits. During the recent fire at Kirby & Holloway Family Restaurant, the Dover Fire Department responded with six (6) engines and two (2) ladder trucks, but since the responders were 100% volunteer there was no cost to the City of Dover.

Dr. Newton clarified that she did not mean that the Dover Fire Department shouldn't be volunteer, but that it should be recognized more for its service.

In response to Chief Carey's request for an explanation regarding the comments relayed in the newspaper article, Mr. Holden explained that during the Committee meeting on January 30, 2014, he expressed his opinion that, compared to other cities, the Dover Fire Department is a great financial bargain for the City and that in examining the City in total, the Fire Department's services are like a financial contribution to the City every day. Mr. Holden further explained that his comment referencing Tammany Hall had nothing to do with the Fire Department, but was related to elected public officials and was made during conversations pertaining to the City organizational structure. Mr. Holden indicated that he Fire Department was discussed in regard to the 911 issues, but not in a negative regard at all.

Responding to Mr. Holden, Chief Carey stated that as long as Committee members are committed to a 100% volunteer fire department, he would consider the issue closed.

Mr. Holden stated that the Committee members had a large responsibility to determine whether or not the City had gotten away from basic principles and to report back to the City Council with recommendations for items to examine and provide possible suggestions for change.

Chief Carey stated that he understood that the Committee had a large task ahead of them, and that he was present only to address his concerns with the Fire Department. He introduced Mr. Patrick Smith, Administrative Assistant, who works Monday through Friday from 8:00 a.m. to

4:30 p.m., and Mr. Jake Shepherd, Fire Dispatcher, who also works full time. Chief Carey informed members that both Mr. Smith and Mr. Shepherd were recently certified in Emergency Fire Dispatch (EFD) and are now able to answer 911 calls.

Chief Carey provided members with a Station 1 Weekly Duty List ***(Attachment #3)***; Dover Fire Department Study, Expenses/Balance Sheet, as of January 31, 2013 ***(Attachment #4)***; and Annapolis Fire Department Study ***(Attachment #5)***. Referring to the Station 1 Weekly Duty List, he stated that four (4) full-time dispatchers work at Fire Department Station No. 1, located at 103 S. Governors Avenue. He noted that the items on the Dispatcher Station Duties Check Off List are extremely important to the safety of all of the firefighters. These tasks, including maintaining the apparatus and equipment and identifying and fixing as many problems as possible, are performed by the dispatchers on a daily basis. Chief Carey indicated that the volunteers run more than 1,000 calls per year, attend at least a few of the monthly meetings each year (depending on their level of membership), and are required to stay up to date with training; therefore, assigning station duties to the volunteers would push them away. As a result, the station duties are handled by the dispatchers in between emergencies and phone calls.

Chief Carey stated that the fire dispatchers are also irreplaceable inside the building in regard to security. He stated that the City of Dover has been great to the Fire Department in providing millions of dollars worth of equipment, and precautionary steps had been taken through the installation of camera systems; however, given the location of Station No. 1, it would be irresponsible to not have someone in the building.

Chief Carey reviewed the 2013 Dover Fire Department Study, noting that the Fire Department responds to a wide variety of calls and the emergency dispatchers provide assistance to each individual caller. He stated that this issue was brought up a few years ago and, at that time, members of the Fire Department made it clear that they want and need the dispatchers in the fire station. Chief Carey expressed his comfort in knowing that when he calls the Fire Department, the dispatchers on the other end can provide assistance since they are familiar with his policies and are able to prompt him through situations.

In response to Mr. Holden, Chief Carey explained that there are four (4) dispatcher positions, and that the employees work "four (4) on and four (4) off" schedule rotations, consisting of two (2) 10-hour days and two (2) 14-hour nights. He stated that, earlier in the day, he received approval to hire a fifth dispatcher position for Station No. 2, which would relieve overtime problems the Department is experiencing from a shortage of manpower and also provide another certified person. Chief Carey noted that this dispatcher would also be provided with a list for checking the equipment at Station No. 2 since there are several million dollars worth of equipment at that station as well. He expressed his appreciation for the support provided to the Fire Department by the City of Dover.

Dr. Newton questioned what could help the Fire Department work more efficiently, have a more streamlined process, or make things easier/better. Responding, Chief Carey stated that additional people and money would make things better for the Fire Department.

Mr. Holden questioned whether the dispatchers at the Fire Department receive only fire-related calls, and how the calls are directed through the telephone system. In response, Chief Carey explained that cell phone calls to 911 within the City of Dover are directed to the Dover Police Department dispatch center; however, a cell phone call may hit a tower in Cape May, New Jersey or Sussex County, Delaware. Landline calls to 911 are directed to the Dover Police Department dispatch center, and if the call is fire related, the Dover Police dispatchers confirm the address and forward the call to the Fire Department for a dispatcher to EFD, following the steps to mitigate and respond to the incident. Additionally, he explained that the fire district extends beyond the limits of the City of Dover and the Fire Department leans on Kent County for assistance. There are situations when a 911 call hits a tower outside of Kent County, and when Kent County receives the call, the dispatcher will proceed to EFD the call and then subsequently provide the information to the Dover Fire Department.

Responding to Mr. Holden, Chief Carey stated that the Kent County 911 Center handles all ambulance dispatch services. Although he felt this was something that the Fire Department could explore for the future, Chief Carey expressed his opinion that Kent County had perfected this process. Additionally, he stated that it would probably cost the City of Dover a lot more money to for the dispatchers to receive Emergency Medical Dispatch (EMD) certification and, with an increase in call volume related to ambulance calls, the dispatchers would not be able to continue to perform the duties associated with inspecting the fire apparatus and equipment. He noted that he did not work with the ambulance service enough to speak on this matter.

In response to Mr. Holden, Chief Carey clarified that the Dover Fire Department does receive police and ambulance calls, as well as calls for other fire districts and the calls are then transferred to the appropriate agency.

Responding to Dr. Newton, Chief Carey confirmed that transferring calls does cause a delay in response time.

Mr. Holden questioned whether any of the fire dispatchers were also members of the Dover Fire Department. In response, Chief Carey stated that Mr. Jake Shepherd is a member and was the Department's Fireman of the Year for 2013; the Senior Dispatcher, Greg Parsell, is a member of the Smyrna Fire Company; Chris Jacobs is a member of the Dover Fire Department, although he is not very active anymore; and Alex Carrow is an Assistant Chief with the Clayton Fire Company. Chief Carey stated that there are also two (2) part-time dispatchers, one (1) who is a supervisor at the Sussex County Emergency Center and a past Chief of Georgetown Fire Company, and the other, Mr. Trey Small, who was previously a full-time dispatcher at the Dover Fire Department and is now a career fire fighter in Ann Arundel County, Maryland. Chief Carey noted that the dispatchers are a well rounded group who are able to provide input and suggestions based on their personal experience.

Mr. Holden questioned whether there was a formal structure for sharing information between the various fire companies. Responding, Chief Carey stated that the fire service is very political and "cliquey." There are 18 companies in Kent County and each operates differently. He expressed his opinion that there would be no way to hold the fire companies accountable other than for the State to change their funding. Chief Carey noted that the Dover Fire Department would not be able to

survive without the support of the City of Dover. The City provides $283,000 annually for the Department to operate, in addition to purchasing the Department's equipment and providing for the maintenance of Station No. 2.

In response to Mr. Holden's question regarding which of the City's retirement plans the fire dispatchers participate in, Chief Carey stated that he was uncertain and would yield that question to the union president.

Responding to Dr. Newton regarding first responder requirements, Chief Carey stated that the Dover Fire Department responds if called, but only responds to an accident if there is a report of someone trapped in a vehicle. He explained that the Department is lucky because Dover Police officers are typically on scene within one (1) to two (2) minutes and able to provide the Fire Department with a brief description, which allows the Department to make a quick decision to prevent sending out fire trucks when they are not necessary. He stated that, following the Sandy Hook school shooting, the Police and Fire Department developed a plan for mass casualty incidents. Chief Carey informed members that the Dover Fire Department has the most certified Emergency Management Technicians (EMTs) in the State of Delaware; however, the City contracts Emergency Management Services (EMS) and the Fire Department could never take on that additional responsibility.

Chief Carey invited members to stop by anytime for a tour of the firehouse.

Mr. Colin Faulkner, Director of the Kent County Department of Public Safety and Division of Emergency Management, informed members that the Kent County 911 Center was internationally recognized. He stated that the Center has five (5) to six (6) dispatchers on duty at all times and because it is also a joint center with the Delaware State Police, there are typically at least a total of 11 dispatchers on duty. Mr. Faulkner explained that Kent County dispatches 17 of the 18 fire departments in the County for approximately 6,000 fire calls per year, as well as approximately 23,000 ambulance and paramedic calls. Additionally, the State Police dispatch for the Delaware Department of Natural Resources and Environmental Control (DNREC). Mr. Faulkner stated that the County uses a template for dispatching for standardization.

Mr. Faulkner stated that all of the County dispatchers, including the Police dispatchers, are EMD and EFD certified. While the County does not have a police standard, the dispatchers do work with the State Police, and can manage their calls when necessary since all of the dispatchers in the department are cross-trained. He explained that it is not uncommon, since so many people have cell phones, for the Center to receive a surge of 40 - 50 calls to report one (1) accident and it is helpful to have 11 dispatchers on duty to manage those calls.

Mr. Faulkner stated that the County has a console located in the back of the Center which provides additional space for call takers during major events, like snowstorms or hurricanes, for which they can anticipate a surge in call volume.

Mr. Faulkner informed members that the County 911 Center moved from the County Courthouse to its current location in 1998 and has managed to update all of the equipment for the Center, including the CAD system. He stated that the County works with the State and the State 911 Board

to ensure that the Center meets the standard expected of a 911 center, and expressed his opinion that the County does a very good job.

Responding to Mr. Holden, Mr. Faulkner explained that most of the ambulances which the County dispatches are volunteer ambulances, although some of the volunteer companies do have paid crew members because the call volume is so high. He stated that the City of Dover has a contract for ambulance service, so the Dover Fire Department does not manage the ambulance service. Mr. Faulkner stated that most of the ambulance services are part of a fire company except Dover and Smyrna, noting that the American Legion operates the ambulance service in Smyrna. He explained that a lot of the fire companies have a first responder program, so they send a piece of equipment to a scene to provide assistance until such time as an ambulance or a paramedic can get there. Mr. Faulkner stated that the paramedics are also manned 24/7 in the County, operating from three (3) stations: one (1) in Harrington, one (1) at the headquarters in Dover, and one (1) in Smyrna.

Mr. Holden questioned if there were criteria for differentiating between sending an ambulance versus paramedics. In response, Mr. Faulkner explained that, as an internationally recognized EMD center, the County has established standards for determining the level of deployment. When a call comes in to the 911 Center, one (1) dispatcher automatically starts "EMDing" the call by asking questions, while another dispatcher is on the other line listening and dispatching. He stated that the dispatchers' procedures are very in-depth. Mr. Faulkner explained that if a caller has fallen and hurt their foot, the dispatcher will determine very quickly that only an ambulance is required. However, if a caller reports that they were outside shoveling snow and started to experience chest pain, an ambulance and a paramedic would be dispatched. When the dispatcher EMDs a call, they are also able to provide pre-arrival instructions. Mr. Faulkner stated that there have been instances in which dispatchers have delivered babies or taught individuals how to perform CPR over the phone. The Center has also been able to steer rescue boats to abandoned ships in the Delaware Bay. He noted that the County is extremely proud of the EMD service because lives can now be saved as soon as a call comes in, as opposed to when medics and/or police arrive at a scene.

Mr. Faulkner extended an invitation for any Council or Committee members to tour and observe the Kent County 911 Center, noting that it is very impressive to watch the dispatchers manage calls, especially during a surge. He stated that the dispatchers are very good at their jobs and are masters of multitasking.

Responding to Mr. Holden, Mr. Faulkner stated that the modern, nationwide trend in 911 centers is toward centralization and that dispatchers like having everyone in the same location. He explained that if every fire department in Kent County established its own 911 center, Kent County would be underserved. Mr. Faulkner credited the City of Dover for having one (1) fire dispatcher on duty at a time, noting that, personally, he would not want that type of responsibility, especially during a multiple alarm fire, but that the City dispatchers handle it well.

In response to Mr. Holden, Mr. Faulkner explained that the dispatch system is a statewide system and the County adheres to State dispatch standards. He stated that the dispatch system was like the paramedic program, in that it is a statewide program but each County runs their own program.

Dr. Newton questioned whether there was anything Mr. Faulkner would change in order to streamline the County's process. Responding, Mr. Faulkner reiterated that the national trend is toward centralization. Mr. Kevin Sipple, Assistant Director of Kent County Public Safety Division of Emergency Communications, agreed with Mr. Faulkner's comments. He noted that when residents of the City of Dover call 911 they reach the Dover Police Department and if the caller requires EMS, they are transferred to the Kent County 911 Center and the dispatcher has to start the process from the beginning.

Mr. Sipple stated that the County has had a good working relationship with the Delaware State Police for 30 years. He expressed his opinion that consolidation is not a bad thing. Mr. Sipple explained that the City of Dover dispatchers could simply move into the County 911 Center, like the State Police; the County would not have to absorb the services. He stated that having the State Police in the Center is very beneficial and they work very well together.

Mr. Sipple noted that the County serves as backup for the Dover Police and Fire Departments, as well as Sussex County. He stated that the County 911 Center has the capabilities to provide assistance during a surge, and if any of these entities need to move into the Center they can. Mr. Sipple explained that the County was currently dispatching for the Dover Fire Department due to a radio issue. He also noted that, last year, the Dover Police dispatchers worked out of the County 911 Center for more than a week, while their dispatch center was under construction, and the information sharing and operations ran well. During that time, there was an armed robbery involving three (3) individuals at South State Street and Lebanon Road and within five (5) minutes the individuals were apprehended. Mr. Sipple noted that part of the reason for the fast response time was due to the fact that the Dover and State Police dispatchers were working in the same room, heard the same call at the same time, and all units were dispatched simultaneously. He expressed his opinion that the Dover Police and Fire Departments do an outstanding job, but noted that having everyone in the same room, seems to work better.

Responding to Mr. Smith, Mr. Sipple stated that no conflicts were experienced during the time when the facility was shared. He explained that there are 18 consoles in the communication center and on a normal day there are 11 dispatchers on duty, leaving seven (7) consoles vacant, which are present in case the City of Dover or Sussex County 911 have to fold down. He stated that the County has the surge capacity to bring agencies in and to work in that environment.

Mr. Sipple informed members that the County dispatches for 14 EMS stations and 17 fire departments and follows the standards for time limits, etc. for all of those agencies. He stated that the County prides itself on its accreditation. The Center was sixth in the world to be internationally recognized as an accredited center for fire, which Mr. Sipple attributed to the hard work of the dispatchers. He noted that the County had received a press release on Monday, February 24, 2014, stating that the Center had reached the reaccreditation process, which validated that they are performing according to international standards. He stated that, the reaccreditation process required that the Center meet 20 points of accreditation and send 20 random calls for review to ensure protocols are followed properly. Mr. Sipple stated that the County was also the 29th center in the world to reach EMS accreditation. He noted that State of Delaware legislation requires all medical 911 centers to be accredited. He explained that the accreditation process must be repeated every

three (3) years, is similar to the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA) process for police departments and is validation from outside the County government that the Center is providing the proper service to the citizens of the County.

Hypothetically, in terms of financial arrangements, Dr. Newton questioned whether there would be any cost to the City of Dover if the space were shared. Responding, Mr. Faulkner stated that when the City folds down into the County there is no cost involved. However, he explained that the County has a contract with the Delaware State Police which includes very nominal costs that are funded through the State 911 Board based on a standard formula. Mr. Sipple noted that the contract was put into place when the dispatchers moved into their current building and the costs are related to the lockers, paving, shared refrigerators, etc. at the facility.

Mr. Holden questioned the costs for the City of Dover in terms of dispatching. In response, Mr. Scott Koenig, City Manager, explained that the concept of a dispatch consolidation and alternate ways to dispatch had been topics of discussion among City staff since July 2011. He stated that the matter had absolutely nothing to do with dissatisfaction with the level of service being provided by employees, it was driven by the opportunity to more efficiently use scarce dollars. Both the Police and Fire Departments are General Fund expenses and City of Dover has been discussing the instability of the General Fund for more than three (3) years. With regard to the fire dispatch service, Mr. Koenig explained that there were five (5) budgeted dispatcher positions, four (4) of which were currently filled and one (1) for which recruitment had been authorized. The police dispatch service includes a 911 supervisor as well as 12 budgeted full-time communication operators/dispatchers, one (1) of which was authorized last year and began in December 2013. Additionally, Mr. Koenig noted that when the 911 Supervisor is not available, a sergeant oversees the dispatch center; however, the sergeant's costs would not be included with the costs in terms of dispatching.

Mr. Koenig informed members that, in 2011, he met with Police Chief James Hosfelt; Deputy Chief Paul Bernat; Jack Fortney, who was serving as Fire Chief at that time; and the Human Resources Director to discuss the concept of a consolidated dispatch. He explained that the City runs one (1) console at the Fire Department and one (1) at the Police Department and at some point the consoles will have to be upgraded; therefore, staff was considering the possibility of consolidating the City's dispatch services at the Police Department. Mr. Koenig noted that the last time the Police Department console was upgraded, it cost several hundred thousand dollars, some of which may have been offset by County funds or some emergency communication funds. Staff had discussed the possibility of receiving an increase in 911 funding as a result of consolidating the police and fire dispatch services; however, it was Mr. Koenig's belief that, following their meeting, the Police Chief had investigated and determined that the City would not be able to obtain additional funding, based on the number of calls.

Mr. Koenig stated that during their meeting in 2011, the Fire Department had expressed concern regarding building and vehicle maintenance, which were reiterated by Chief Carey this evening. Additionally, he noted that the Police Department expressed that having a dispatch was a "force multiplier," because the officers are familiar with the dispatchers and know their voices and personalities, which the officers felt provides an added level of support. He stated that the Fire Department also conveyed that the volunteers like knowing the individual dispatchers. Mr. Koenig

indicated that the question remained as to whether these preferences were enough to maintain the current approach to dispatch operations.

Mr. Koenig explained that his long-term goal was to consolidate the dispatchers, and since there were three (3) vacant positions in the Fire Department in September 2012, a decision was reached between himself and the Police and Fire Chiefs that all new dispatchers hired, for police and fire, would go though the same testing and background checks to ensure that the dispatchers would all be qualified to work at the Police Department if they were consolidated. He stated that these criteria were implemented for the last few dispatchers hired.

Mr. Koenig stated that during the discussions in September, 2012, the issue of building and apparatus maintenance and security was a primary factor and there were also concerns as to whether the Haggerty & Haggerty agreement was being followed. At that time, he and the Chiefs met with the dispatchers to inform them of his intent to consolidate and the new background check and testing criteria. Mr. Koenig stated that members of Council had expressed that they did not want any employees to lose their jobs, so if an employee could not qualify to work at the Police Department, he would be responsible for finding them another position within the organization. Mr. Koenig stated that, subsequent to the discussions with the dispatchers, the Dover Fire Department held a meeting and informed him that they were not supportive of consolidation and requested a meeting with City Council since, in their opinion, this was not the City Manager's decision because the Haggerty & Haggerty agreement outlined the relationship between the Fire Department and City Council.

Mr. Koenig explained to members that, in 2012, Chief Hosfelt indicated that the Police Department would need five (5) additional dispatchers in order to consolidate, based on the call volume. As a result, Mr. Koenig determined that consolidation would have resulted in an increase in costs in order to provide five (5) additional dispatchers and address the building maintenance for the Fire Department; therefore, he made the decision to abandon the idea but to keep it as a long-term goal as possible opportunities arose in the future.

Mr. Koenig stated that, since 2012, Kent County dispatch has expanded and upgraded their facilities, and he has had brief concept discussions with the County Administrator regarding the possible transfer of part or all of the fire dispatch to the County, and the County Administrator indicated that it would not be difficult for the transfer to occur. Mr. Koenig explained that he had a similar discussion with Chief Carey and if the dispatch positions were transferred to the County, he would still need to account for the building maintenance for the Fire Department.

Mr. Koenig explained to members that it is difficult to have an open and honest discussion because comments are taken negatively; however, the City has scarce dollars and a multimillion dollar deficit forecast, so he needs to determine what the best solution will be for the future as the City continues to grow. While Mr. Koenig concurred with Mr. Holden's assessment that the value of the volunteer fire service is a significant dollar amount, as an administrator, it is his responsibility to determine how to keep the volunteer service in place and use resources and dollars most efficiently.

Chief Carey reiterated that several years ago an agreement was established as a result of the Haggerty & Haggerty report which stated that the fire dispatchers were to be assigned to the Fire Department/station and that the Fire Chief would report to the City Council President; however, he indicated that there is ongoing confusion and frustration in regard to whom the Fire Chief should submit requests for funding or employees.

Mr. Holden stated that the Committee is attempting to examine the City's finances because the City is facing an approximate $7.5M deficit in the next three (3) years. He stated that Vallejo, California was currently facing a similar situation and, although they recognize that they have a great police force, they are unable to continue to fund it and are going to have to lay off the entire police department. Referring to various recent newspaper articles pertaining to the financial problems of several governmental agencies ***(Attachment #6)***, Mr. Holden stated that this is a systemic, nationwide problem but, fortunately, the City of Dover had anticipated it and was working to develop a solution. He stated that the Committee would develop and vote on a list of recommendations for consideration by City Council.

Mr. Holden questioned whether the Haggerty & Haggerty report/agreement was developed by paid consultants. Responding, Mr. Koenig stated that a report was prepared as the result of a financial audit, and a consultant was hired by City Council. Mrs. Traci McDowell, City Clerk, clarified that subsequently to City Council's acceptance of the Haggerty & Haggerty report, an Ad Hoc Haggerty & Haggerty Review Committee was established to develop an agreement.

In response to Mr. Holden, Mrs. McDowell confirmed that the agreement had not been codified; however, all of the recommendations were approved by City Council.

Referring to the Haggerty & Haggerty agreement, Mr. Jason Osika, former Chief for the Dover Fire Department, stated that an audit was performed for the City of Dover at an approximate cost of $45,000 - $55,000 and, based upon those results, an Ad Hoc Haggerty & Haggerty Review Committee was formed that included members of the Fire Department and City Council as well as City staff. After a year-long process, several key points were agreed upon and the agreement was accepted by members of the Fire Department and City Council.

Mr. Holden stated his understanding that since the agreement had not been codified, the City could hire a second consultant and the agreement could be amended without having to repeal the original agreement.

Referring to the City Council minutes of May 26, 2009, Mr. Koenig stated that the motion of City Council was to accept the recommendations of the Ad-Hoc Haggerty & Haggerty Review Committee, and this motion was carried by a roll call vote of six (6) yes and three (3) no.

Mr. Holden clarified that he did not intend to try to undo the agreement at this time.

Mr. Hutchison reminded those present that the Ad Hoc Financial and Operational Advisory Committee was established as a fact finding group to work with staff, the Mayor, and members of City Council to review each department, as well as the income and expenses of the entire City, and

to develop recommendations. He expressed his opinion that with everyone working together the City could make positive changes to tighten up and correct the City's financial problems. Mr. Hutchison explained that, as a member of City Council, he had requested the creation of this Committee to ensure that the commitments made to the employees and retirees are fulfilled. He expressed his appreciation of all of the City's emergency responders, noting that they are the "best of the best," and stated that the Committee would be examining every department within the City.

Police Chief James Hosfelt provided an overview of the Dover Police Department Communications Section, noting that it is a full service 911 center with 12 full-time dispatchers and is equipped to handled emergency calls, including fire and police. He stated that there are three (3) dispatchers on duty for each of the four (4) daily 12-hour rotating shifts, and dispatchers work two (2) weeks of day work and two (2) weeks of night work.

Chief Hosfelt explained that in addition to handling approximately 10,000 calls for service per month, the dispatchers provide support to the officers, who generate approximately 35,000 - 36,000 complaints per year. The dispatchers assist by monitoring the downtown security cameras; executing arrest paperwork, including entering warrants into the appropriate system; and helping the desk sergeant to monitor prisoners via security monitors. Chief Hosfelt stated that the Police Department can house up to eight (8) prisoners in individual cells and up to 20 in group cells at any given time.

Chief Hosfelt agreed with Mr. Faulkner's comments regarding the benefits of centralization; however, he was unsure whether the County would be able to absorb 10,000 additional calls per month. He stated that the Police Department would still need the employees to carry out its functions, whether they are located in the Police Department or centralized at the County Center.

Responding to Dr. Newton, Mr. Faulkner reminded members that although the County dispatchers are cross-training with the State Police, the County dispatchers only handle dispatch for fire, ambulances and paramedics. He stated that the City of Dover would need to consult with the State Police in terms of the additional calls that they are capable of managing.

Mr. Holden questioned whether the communications systems for the City and State police officers allowed officers to communicate in the field. Responding, Chief Hosfelt confirmed that the City and State Police were able to communicate in the field. He also stated that the State and City Police share dispatch services and communicate quite often because of shared boundaries and resources.

In response to Dr. Newton, Chief Hosfelt stated that there was no financial impact as a result of the shared communications since it is done out of necessity.

Ms. Christina Kober, City of Dover Police Department 911 Supervisor, explained that the one (1) difference between the City of Dover and State Police is that the City is a self-input agency, meaning that the City enters its information for stolen vehicles and guns, warrants, validations, etc., whereas the State Police information is inputted from the State Police headquarters. She stated her opinion that it would be a burden to give the State Police dispatchers additional paperwork.

Review of Committee Priorities and Strategies

Mr. Holden noted that it can be difficult for members of the Committee, who have not previously been directly involved with the City, to understand how things work. He requested that the City Manager and Controller/Treasurer provide the numbers for all of the utility services provided by the City, including water, sewer, electric, and trash collection, as well as other comparable figures available from other municipalities and private corporations. He explained that his intent was for the Committee to review this information in an effort to determine how much responsibility each employee is carrying financially, in terms of expense and revenue. Mr. Holden stated that the object is to maintain a viable City, not to scare employees, noting that the employees are as important to the City as anything else.

Mr. Holden stated that, at the next meeting, he would like to begin to examine the whole picture of the departments, and then look at each department individually.

Mr. Jason Osika, Vice President of the Dover Organization of Employees (DOE), questioned how discussions of the 911 centers became a top priority for the Committee. Responding, Mr. Holden explained that 911 was not necessarily a top priority. He stated his opinion that the Fire Department funding was nominal; however, members reviewed the City's organizational structure during the Committee meeting of January 30, 2014, and did not fully understand how the City and County fire and police dispatch services melded together and whether there was any overlap. Since the topic came up and was a current item of discussion, members chose to look at it first.

Discussion of Meeting Dates and Times

Mr. Holden stated that a review of each department would require a lot of preparation by the City Manager and Controller/Treasurer; therefore, members of the Committee did not schedule a date for their next meeting.

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

Meeting adjourned at 6:32 p.m.

D. Wayne Holden
Chairman

DWH/TM/dd/js
S:\AGENDAS-MINUTES-PACKETS-PRESENTATIONS-ATT&EXH\Misc-Minutes\FINANCIAL AND OPERATIONAL ADVISORY COMMITTEE\02-27-2014 Financial and Operation Advisory Committee.wpd

Attachment
Attachment #1 - Delaware State News article, "Panel meets to improve Dover's governing structure," dated January 31, 2014
Attachment #2 - Independent Accountant Report, Haggerty & Haggerty Joint Committee (City of Dover and Dover Fire Department) Recommendation
Attachment #3 - Station 1 Weekly Duty List
Attachment #4 - Dover Fire Department Study, Expenses/Balance Sheet, as of January 31, 2013
Attachment #5 - Annapolis Fire Department Study
Attachment #6 - Newspaper articles pertaining to the financial problems of several governmental agencies, provided by Mr. Holden

Panel meets to improve Dover's governing structure

By Chris Flood
Delaware State News

DOVER — When D. Wayne Holden, chair of Dover's newly formed Ad Hoc Financial and Operational Advisory Committee, looks at the organizational chart of who reports to whom in the city of Dover, he's reminded of a cartoon drawn in 1871 by Thomas Nast that was Harper's Magazine. It depicts government officials standing outside of Tammany Hall in New York City each pointing to the next as the person who created the problem.

It's a classic historical point, that there needs to be one person to be able to go to and ask why something is happening, he said during the committee's meeting on Thursday night.

"It may be a wonderful system, but in the back of my mind I think about Tammany Hall and I don't want that," said Mr. Holden, who is also the Delaware Association of Nonprofit Agencies director, of Dover's current city council, city manager and mayor governing structure.

City governing structure will be one of a handful of items the committee looks at over the next year. The committee was created in November at the suggestion of Councilman James Hutchison and its goals are to review the city in total, make recommendations for achieving efficiencies and to plan future objectives.

The committee includes Mr. Hutchison, Mr. Holden, Associate Professor of Political Science at Wesley College Dr. Cynthia Newton, former Delaware controller general Russell T. Larson, and Edward Jones financial adviser Chris Smith.

The committee held its first meeting on Dec. 12, during which city manager Scott Koenig explained the city's organizational structure and city controller Donna Mitchell went through the city's funds, where they each stand financially, the city's costs and revenues, and financial obligations into the future.

During the meeting on Thursday, with the help of city staff, the committee created a list of items they will delve more deeply into. That list includes governing structure, how the city should go about handling its unfunded liabilities, how to address the city's ageing infrastructure system, issues with having a volunteer fire chief and a city-paid fire marshal, how to continue to give the same level of service to citizens while continuing to reduce staffing levels, and how to fill gaps in the city's revenue stream.

Mr. Hutchison said at the end of the day, the committee (and the citizens as a whole) need to be worried about the city's financial picture.

It doesn't take a financial genius to look at the income and expenses and see it's not going to work out down the future, he said.

Mr. Holden volunteered to be on the committee because he wants to tackle these issues and make sure the city of Dover doesn't end up like other county and city governments all over the country who are running into economic difficulties.

"I never want to see Dover on that list," he said. "Doing nothing is not an option. Doing nothing is like an airplane crash waiting to happen."

Councilman Sean Lynn attended the meeting. He wanted to make sure the committee wasn't going to try and make suggestions that city government should be run like a business. The two are not analogous, he said.

Mr. Holden agreed, but added there are ways for city council to make better choices.

"The city can get a little more imaginative in how they're doing things," he said.

At the end of the meeting, committee members voted to meet on the second and fourth Thursday of each month through October. The next meeting is scheduled for Feb. 13.

This committee was one of two ad hoc committees created by city council at the end of last year.

The second committee's goal is centered on studying the future of city-owned properties in downtown Dover. Those properties include the vacant building on State Street that used to be home to the Dover Public Library, Weyandt Hall on Reed Street and City Hall on Loockerman Way. This committee has yet to meet or schedule a meeting.

Staff writer Chris Flood can be reached at 741-8230 or cflood@newszap.com.

POLICE

ATTACHMENT #1
F&OA Committee Meeting of 02-27-2014

Independent Accountant Report
Haggerty & Haggerty
Joint Committee (City of Dover and Dover Fire Department) Recommendation

The firm of Haggerty and Haggerty, Public Accountants and Management Consultants, was commissioned by city council to review funding provided to the Dover Fire Department from the City of Dover. Upon completion of the review both members of city council and the fire department raised concerns about funding allocated to the fire department and current procedures.

A joint committee of council members and fire department personnel was created to review and recommend policies, procedures, and standards dealing with City of Dover financial contributions to the Dover Fire Department. These recommended policies, procedures, and standards will allow for improved fire department operations, and provide a transparent monitoring of allocated funding.

After numerous meetings, the committee has developed the following proposed agreement. The committee firmly stands behind this agreement as a means to improve the working relationship between the city council and the fire department.

1. City of Dover Employees:

    a. All current and future City of Dover employees assigned to the Dover Fire Department will remain City of Dover employees assigned to the Dover Fire Department.

    b. All items pertaining to City of Dover employees will remain under the city budget, and will follow the current budgeting and financial procedures. These items are listed under 110-100-514.10 and include, but are not limited to, salaries, overtime, temporary help, FICA taxes, health insurance, LID insurance, workers compensation, educational assistance, and pension.

    c. The City of Dover will cover all upgrades, maintenance, and repairs needed to the Dover Fire Department communications center. This includes any upgrades needed to allow the City of Dover employees to effectively complete their duties.

    d. All City of Dover employees assigned to the Dover Fire Department will remain under the authority of the company elected volunteer Fire Chief. With the approval of city council a Supervisor / Administrative Assistant position will be created to fill the vacancy of the current fire department administrative assistant. If approved by city council this position will be tasked with the supervision of the fire dispatchers, and will act as the Fire Chief's administrative assistant. The company elected volunteer Fire Chief will supervise the new position.

    e. The company elected volunteer Fire Chief; while reporting directly to the City Council President, will consult with the City Manager in an advisory role on matters of personnel policy as set forth in the Employee Handbook, Labor Contracts, and other adopted personnel policies of the City of Dover.

2. The Dover Fire Department will follow the City of Dover budgeting process. After completion of the fiscal year budget and adoption by City Council, the Dover Fire Department budget will be allocated to the department in equal quarterly financial contributions on or before July 31, October 31, January 31, and April 30. All personnel costs as outlined in item 1 of this agreement are not included in the quarterly allotment.

3. The company elected volunteer Fire Chief will report to Council President and will act as the liaison to the City of Dover from the Dover Fire Department.

4. All City of Dover financial contributions to the Dover Fire Department will be placed in a financial account maintained by the Dover Fire Department. This account will be for the sole purpose of managing City of Dover financial contributions.

5. Monthly financial reports from the Dover Fire Department will be provided to the City Council and Mayor. The report will cover all incoming / outgoing monies from the aforementioned account for the calendar month prior. Each report will be included with the monthly Fire Chief's report. The report format shall be approved by city council and Fire Chief.

6. The annual financial review, prepared for the State of Delaware, shall be provided to the city council. If requested by City Council, the Dover Fire Department will have an opinion audit conducted at the end of the fiscal year. The audit will be completed through an accountant firm of the City Council's choice. All associated costs of an audit will be paid for by the Dover Fire Department.

7. The Dover Fire Department will follow State of Delaware purchasing policies and procedures which all fire departments in the State of Delaware are required to follow.

8. Any capital needs beyond the City of Dover's yearly financial contributions that may arise will be brought to City Council for approval through a Committee Action Form (CAF). The Fire Chief will submit an updated 10 year Capital Investment Plan (CIP) in the January Fire Chief's report. All CIP allocations will be paid directly by the City of Dover to the financial institutions.

9. The Dover Fire Department will continue to utilize the City of Dover for the tax exempt rates.

STATION 1 DUTY LIST

WEEKLY

(Excludes Station 2 Duties)

DISPATCHER STATION DUTIES CHECK OFF LIST

Below is a list of daily station duties. All duties must be completed as listed except in the event of multiple alarms, or inclement weather, where variations will be allowed at the discretion of your supervisor.

PLEASE INITIAL NEXT TO EACH ITEM AS IT IS COMPLETED, ON THE REVERSE SIDE, PLEASE SIGN AND DATE THE BOTTOM.

Name: _____ *Tour Dates:* _____

Sunday	*Fill Soda Machine With Ice (Game Room 1st Floor - _____* *Restock Refrigerators on Ladder 1 & Rescue 1 with Gatorade and Water- _____* *Wash/Dry Utility One & Check/Run equipment (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____* *Wash/Dry Brush 9 & Check/Run equipment (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____* *Wash/Dry Car 15(inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____* *Wipe Down Foam Trailer and Marine 1- _____* *Meeting Room (Sweep Floor, Vacuum Stage, dust desks & tabletops, window sills and corners, clean windows) – **This is to be done prior to each company meeting and as needed.** - _____* ***Notes:*** _____
Monday	*Fill Soda Machine With Ice (Game Room 1st Floor) - _____* *Restock Refrigerators on Ladder 1 & Rescue 1 with Gatorade and Water- _____* *Wash/Dry Engine 4 & Check/Run equipment and fill SCBA (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____ Time Completed: _____* *Sweep AND Mop both sets of steps and dust corners- _____* *Clean floor, walls and doors of elevator (Windex walls and doors and sweep/vacuum floors) – _____* ***Notes:*** _____
Tuesday	*Fill Soda Machine With Ice (Game Room 1st Floor) - _____* *Restock Refrigerators on Ladder 1 & Rescue 1 with Gatorade and Water- _____* *Wash/Dry Ladder Truck Check/Run equipment and fill SCBA (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____ Time Completed: _____* *Clean Reed & Governor's Avenue Lobbies (includes cleaning of glass surfaces, dusting of all framework, pictures, objects, archways and corners) - _____* ***Notes:*** _____
Wednesday	*Fill Soda Machine With Ice (Game Room 1st Floor) - _____* *Restock Refrigerators on Ladder 1 & Rescue 1 with Gatorade and Water- _____* *Wash/Dry Engine 6 Check/Run equipment and fill SCBA (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____ Time Completed: _____* *Wash Governors Avenue Engine Room Floor- _____* *Clean Bay Door Windows and Entrance Ways on Governors Avenue- _____* *Clean all Museum Windows - _____* ***Notes:*** _____
Thursday	*Fill Soda Machine With Ice (Game Room 1st Floor) - _____* *Restock Refrigerators on Ladder 1 & Rescue 1 with Gatorade and Water- _____* *Wash/Dry Rescue 1 Check/Run equipment and fill SCBA (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____ Time Completed: _____* *Wipe down/dust tops off all gear lockers- _____* ***Notes:*** _____
Friday	*Fill Soda Machine With Ice (Game Room 1st Floor) - _____* *Restock Refrigerators on Ladder 1 & Rescue 1 with Gatorade and Water- _____* *Wash/Dry Engine 7 Check/Run equipment and fill SCBA (inside cleaning includes vacuuming, windows, spray 9 all applicable surfaces) - _____ Time Completed: _____* *Wash Reed Street Engine Room Floor- _____* *Clean Bay Door Windows and Entrance Ways on Reed Street- _____* ***Notes:*** _____

Dover Fire Department Apparatus Inspection Form

DATE/TIME

UNIT ID 46-4

MILEAGE

FUEL LEVEL

ENGINE OIL LEVEL

CHECK ALL LIGHTS, HORNS, AND SIRENS	
CHECK TIRES AND WHEELS FOR WEAR AND/OR DAMAGE	
CHECK FOR METER CAPS AND INSPECT LINEMAN GLOVES	
CHECK GAS DETECTOR, TIC, AND ALL HANDLIGHTS/SURVIVORS	
OPERATE HOLMATRO PUMP AND TOOLS	
CHECK FUEL LEVEL IN HOLMATRO GAS CAN	
CHECK INSIDE OF CAB FOR PROPER EQUIPMENT	
CHECK ALL 800 MHz PORTABLE RADIOS (BATT & CHANNEL)	
CHECK ALL COMPARTMENTS FOR PROPER EQUIPMENT	
CHECK STAY DRY BUCKET (FILL IF REQUIRED)	
CHECK ALL SPARE BOTTLES	
CHECK WATER CAN AND ABC EXTINGUISHER	
CHECK FIRST AID BAG/COLLAR BAG AND AED	
CLEAN INTERIOR OF CAB AND COMPARTMENTS	
CLEAN EXTERIOR OF APPARATUS	
CLEAN EQUIPMENT	

SCBA CHECK LIST

SCBA #	PSI	PASS ALARM	CLEAN
OIC			
"A"			
"B"			
"C"			
"D"			

NOTES

DISPATCHER NAME

Dover Fire Department Apparatus Inspection Form

DATE/TIME

UNIT ID 46-6

MILEAGE

FUEL LEVEL

ENGINE OIL LEVEL

CHECK ALL LIGHTS, HORNS, AND SIRENS	
CHECK TIRES AND WHEELS FOR WEAR AND/OR DAMAGE	
CHECK FOR METER CAPS AND INSPECT LINEMAN GLOVES	
CHECK GAS DETECTOR, TIC, AND ALL HANDLIGHTS/SURVIVORS	
OPERATE HOLMATRO PUMP AND TOOLS	
CHECK FUEL LEVEL IN HOLMATRO GAS CAN	
CHECK INSIDE OF CAB FOR PROPER EQUIPMENT	
CHECK ALL 800 MHz PORTABLE RADIOS (BATT & CHANNEL)	
CHECK ALL COMPARTMENTS FOR PROPER EQUIPMENT	
CHECK STAY DRY BUCKET (FILL IF REQUIRED)	
CHECK ALL SPARE BOTTLES	
CHECK WATER CAN AND ABC EXTINGUISHER	
CHECK FIRST AID BAG/COLLAR BAG AND AED	
CLEAN INTERIOR OF CAB AND COMPARTMENTS	
CLEAN EXTERIOR OF APPARATUS	
CLEAN EQUIPMENT	

SCBA CHECK LIST

SCBA #	PSI	PASS ALARM	CLEAN
OIC			
"A"			
"B"			
"C"			
"D"			

NOTES

MEMBER NAME

Dover Fire Department Apparatus Inspection Form

DATE/TIME

UNIT ID 46-7

MILEAGE

FUEL LEVEL

ENGINE OIL LEVEL

CHECK ALL LIGHTS, HORNS, AND SIRENS	
CHECK TIRES AND WHEELS FOR WEAR AND/OR DAMAGE	
CHECK FOR METER CAPS AND INSPECT LINEMAN GLOVES	
CHECK GAS DETECTOR, TIC, AND ALL HANDLIGHTS/SURVIVORS	
CHECK INSIDE OF CAB FOR PROPER EQUIPMENT	
CHECK ALL 800 MHz PORTABLE RADIOS (BATT & CHANNEL)	
CHECK ALL COMPARTMENTS FOR PROPER EQUIPMENT	
CHECK STAY DRY BUCKET (FILL IF REQUIRED)	
CHECK ALL SPARE BOTTLES	
CHECK WATER CAN AND ABC EXTINGUISHER	
CHECK FIRST AID BAG/COLLAR BAG AND AED	
CLEAN INTERIOR OF CAB AND COMPARTMENTS	
CLEAN EXTERIOR OF APPARATUS	
CLEAN EQUIPMENT	

SCBA CHECK LIST

SCBA #	PSI	PASS ALARM	CLEAN
OIC			
"A"			
"B"			
"C"			
"D"			

NOTES

DISPATCHER NAME:

Dover Fire Department Apparatus Inspection Form

DATE/TIME

UNIT ID Rescue 1

MILEAGE

FUEL LEVEL

ENGINE OIL LEVEL

CHECK ALL LIGHTS, HORNS, AND SIRENS	
CHECK TIRES AND WHEELS FOR WEAR AND/OR DAMAGE	
CHECK GAS DETECTOR, TIC, AND ALL HANDLIGHTS/SURVIVORS	
CHECK SAWS, FUEL, CHAIN OIL, AND CHAIN	
CHECK FUEL LEVEL IN SAW GAS CAN	
OPERATE HOLMATRO PUMP AND TOOLS	
CHECK FUEL LEVEL IN HOLMATRO GAS CAN	
CHECK INSIDE OF CAB FOR PROPER EQUIPMENT	
CHECK ALL 800 MHz PORTABLE RADIOS (BATT & CHANNEL)	
CHECK ALL COMPARTMENTS FOR PROPER EQUIPMENT	
CHECK GATORADE/WATER LEVELS IN FRIDGE	
CHECK ALL SPARE BOTTLES	
CHECK WATER CAN AND ABC EXTINGUISHER	
CHECK FIRST AID BAG/COLLAR BAG AND AED	
CLEAN INTERIOR OF CAB AND COMPARTMENTS	
CLEAN EXTERIOR OF APPARATUS	
CLEAN EQUIPMENT	
CHECK FUEL LEVEL AND OPERATE LEAF BLOWER	
CHECK FUEL LEVEL AND OPERATE HONDA GENERATOR	

SCBA CHECK LIST

SCBA #	PSI	PASS ALARM	CLEAN
OIC			
"A"			
"B"			
"C"			
"D"			

CASCADE BANKS

BOTTLE #	PRESSURE
1	
2	
3	
4	

NOTES

MEMBER NAME

Dover Fire Department Apparatus Inspection Form

DATE/TIME

UNIT ID Ladder 1

MILEAGE

FUEL LEVEL

ENGINE OIL LEVEL

CHECK ALL LIGHTS, HORNS, AND SIRENS	
CHECK TIRES AND WHEELS FOR WEAR AND/OR DAMAGE	
CHECK GAS DETECTOR, TIC, AND ALL HANDLIGHTS/SURVIVORS	
CHECK SAWS, FUEL, CHAIN OIL, AND CHAIN	
CHECK FUEL LEVEL IN SAW GAS CAN	
CHECK INSIDE OF CAB FOR PROPER EQUIPMENT	
CHECK ALL 800 MHz PORTABLE RADIOS (BATT & CHANNEL)	
CHECK ALL COMPARTMENTS FOR PROPER EQUIPMENT	
CHECK GATORADE/WATER LEVELS IN FRIDGE	
CHECK ALL SPARE BOTTLES	
CHECK WATER CAN AND ABC EXTINGUISHER	
CHECK FIRST AID BAG/COLLAR BAG AND AED	
CLEAN INTERIOR OF CAB AND COMPARTMENTS	
CLEAN EXTERIOR OF APPARATUS	
CLEAN EQUIPMENT	

SCBA CHECK LIST

SCBA #	PSI	PASS ALARM	CLEAN
OIC			
"A"			
"B"			
"C"			
"D"			

CASCADE BANKS

BOTTLE #	PRESSURE
1	
2	
3	

NOTES

DISPATCHER NAME:

Dover Fire Department Apparatus Inspection Form

DATE/TIME

UNIT ID Brush 9

MILEAGE

FUEL LEVEL

ENGINE OIL LEVEL

CHECK ALL LIGHTS, HORNS, AND SIRENS
CHECK TIRES AND WHEELS FOR WEAR AND/OR DAMAGE
START PONY MOTOR AND RUN PUMP
CHECK SAW, FUEL, CHAIN OIL, AND CHAIN
CHECK STAY DRY BUCKET (FILL IF REQUIRED)
CHECK INSIDE OF CAB FOR PROPER EQUIPMENT
CHECK ALL COMPARTMENTS FOR PROPER EQUIPMENT
CHECK WATER LEVEL OF TANK
CLEAN INTERIOR OF CAB AND COMPARTMENTS
CLEAN EXTERIOR OF APPARATUS
CLEAN EQUIPMENT

NOTES

DISPATCHER NAME

Dover Fire Department Study

Expenses / Balance Sheet

As of 1/31/2014

FY 12-13 City Funded Account Balance Sheet

ACCOUNT	BUDGET	SPENT	BALANCE
Apparatus Repairs & Maintenance	$ 67,000.00	$ 67,572.32	$ (572.32)
Building Maintenace Supplies	$ 1,650.00		$ 1,650.00
Contractual Services	$ 16,587.00		$ 16,587.00
Electricity	$ 51,820.00	$ 23,891.99	$ 27,928.01
Gasoline	$ 19,050.00	$ 13,390.99	$ 5,659.01
Heating Expenses- Gas	$ 20,000.00	$ 4,585.00	$ 15,415.00
Medical Supplies	$ 700.00		$ 700.00
Office Supplies	$ 2,500.00	$ 1,040.05	$ 1,459.95
Other Equipment Repairs	$ 4,000.00	$ 1,459.16	$ 2,540.84
Program Expenses	$ 36,630.00	$ 21,584.16	$ 15,045.84
Radio Repairs	$ 2,000.00	$ 1,668.50	$ 331.50
Safety & Security	$ 2,150.00	$ 149.65	$ 2,000.35
Small Tools	$ 4,800.00	$ 979.06	$ 3,820.94
Telephone	$ 13,340.00	$ 3,917.59	$ 9,422.41
Training & Travel	$ 8,815.00	$ 6,968.50	$ 1,846.50
Uniforms & Firefighting Gear	$ 27,100.00	$ 2,181.95	$ 24,918.05
Water/ Sewer	$ 3,150.00	$ 1,657.82	$ 1,492.18

Balance as of: 01/31/14

Robbins Hose Company # 1, Inc.
Profit & Loss Detail
January 2014

Type	Date	Num	Name	Memo	Split	Amount	Balance
Ordinary Income/Expense							
Income							
City Quarterly Deposit							
Deposit	01/17/2014	0232567		3rd Quarter Appropiation	City Fund Account	70,325.00	70,325.00
Total City Quarterly Deposit						70,325.00	70,325.00
Total Income						70,325.00	70,325.00
Expense							
Apparatus Repairs & Maintenance							
Check	01/12/2014	1022	RJS Repair	Work on Command Vehicle	City Fund Account	645.83	645.83
Check	01/18/2014	1023	Atlantic Emergency Solutions	Invoice- MOR3940MORA	City Fund Account	285.24	931.07
Check	01/18/2014	1023	Atlantic Emergency Solutions	Invoice- MOR3941MORA	City Fund Account	4,869.41	5,800.48
Check	01/18/2014	1023	Atlantic Emergency Solutions	Invoice- MOR3934MOP	City Fund Account	712.56	6,513.04
Total Apparatus Repairs & Maintenance						6,513.04	6,513.04
Electricity							
Check	01/12/2014	1018	City of Dover Utility	Acct # 44343-32052	City Fund Account	2,309.30	2,309.30
Check	01/26/2014	1030	City of Dover Utility	Acct # 44255-31966	City Fund Account	566.19	2,875.49
Total Electricity						2,875.49	2,875.49
Gasoline							
Check	01/26/2014	1028	City of Dover	November Unleaded fuel	City Fund Account	423.75	423.75
Check	01/26/2014	1028	City of Dover	November Bio-Diesel fuel	City Fund Account	1,044.63	1,468.38
Check	01/26/2014	1029	City of Dover	December Unleaded fuel	City Fund Account	437.38	1,905.76
Check	01/26/2014	1029	City of Dover	December Bio-Diesel fuel	City Fund Account	1,579.68	3,485.44
Total Gasoline						3,485.44	3,485.44
Heating Expenses- Gas							
Check	01/12/2014	1017	Chesapeake Utilities	Acct # 01-300566-14195-1	City Fund Account	522.52	522.52
Check	01/12/2014	1017	Chesapeake Utilities	Acct # 01-72348-3180-1	City Fund Account	1,656.39	2,178.91
Total Heating Expenses- Gas						2,178.91	2,178.91
Office Supplies							
Check	01/12/2014	1019	Dover Post	Note Pads	City Fund Account	379.29	379.29

Robbins Hose Company # 1, Inc.
Profit & Loss Detail
January 2014

Type	Date	Num	Name	Memo	Split	Amount	Balance
Check	01/26/2014	1031	Dell	Customer # 5604664	City Fund Account	246.75	717.12
Total Office Supplies						717.12	717.12
Other Equipment Repairs							
Check	01/04/2014	1014	Kunkel Auto Supply	Invoice # 056435031- Powersort	City Fund Account	103.94	103.94
Check	01/04/2014	1014	Kunkel Auto Supply	Invoice # 056435069- Lamps, wa	City Fund Account	17.59	121.53
Total Other Equipment Repairs						121.53	121.53
Program Expenses							
Check	01/12/2014	1021	Municipal Emergency Services	Invoice # 00478219_SNV	City Fund Account	421.38	421.38
Check	01/20/2014	1026	Witmer Public Safety	Invoice # 1255106- Air Pack repa	City Fund Account	1,202.02	1,623.40
Total Program Expenses						1,623.40	1,623.40
Radio Repairs							
Check	01/18/2014	1024	Magnum	5 Impres Batteries	City Fund Account	520.00	520.00
Total Radio Repairs						520.00	520.00
Small Tools							
Check	01/12/2014	1020	Kunkel Auto Supply	Invoice # 056435079- WD-40	City Fund Account	12.48	12.48
Check	01/20/2014	1025	Kunkel Auto Supply	Invoice # 056436149- Quik Detail	City Fund Account	28.88	41.36
Total Small Tools						41.36	41.36
Telephone							
Check	01/04/2014	1016	Verizon Wireless	Wireless charges from 11/21 to 1	City Fund Account	81.04	81.04
Check	01/26/2014	1028	City of Dover	November Verizon charges	City Fund Account	268.27	349.31
Check	01/26/2014	1028	City of Dover	November Cavalier charges	City Fund Account	21.09	370.40
Check	01/26/2014	1029	City of Dover	December Verizon charges	City Fund Account	268.27	638.67
Check	01/26/2014	1029	City of Dover	December Cavalier charges	City Fund Account	21.24	659.91
Total Telephone						659.91	659.91
Training & Travel Expenses							
Check	01/04/2014	1013	Delaware State Fire School	Invoice # 14-1884	City Fund Account	2,040.00	2,040.00
Total Training & Travel Expenses						2,040.00	2,040.00
Uniforms							

Robbins Hose Company # 1, Inc.
Profit & Loss Detail
January 2014

Type	Date	Num	Name	Memo	Split	Amount	Balance
Total Uniforms						637.80	637.80
Water/Sewer							
Check	01/04/2014	1015	Sharp Water Culligan	Tank Exchange for water system	City Fund Account	105.00	105.00
Check	01/12/2014	1018	City of Dover Utility	Acct # 44345-32054	City Fund Account	58.25	163.25
Check	01/12/2014	1018	City of Dover Utility	Acct # 44341-32050	City Fund Account	11.54	174.79
Check	01/26/2014	1030	City of Dover Utility	Acct # 44253-31964	City Fund Account	20.58	195.37
Total Water/Sewer						195.37	195.37
Total Expense						21,609.37	21,609.37
Net Ordinary Income						48,715.63	48,715.63
Net Income						**48,715.63**	**48,715.63**

Annapolis Fire Department Study

Why This Report?

Trait	**Annapolis, MD**	**Dover, DE**
Area (1/Miles)	8.1	23.15
Population	38,620 (2012)	36,047 (2010)
Households (2010)	16,136	15,024
Unemployment	5.8% (Aug 2013)	7.5 (Aug 2013)
Colleges	4	4
Business Units	5,160	3,282
Top Employer	Anne Arundel Medical Center	State of Delaware
Largest Event Facility	Navy-Marine Corps Memorial Stadium, *Capacity- 38,225*	Dover International Speedway, Capacity- *133,000*
Fire Calls (2013)	1,425	1,019
Fire Department	**Entirely Paid**	**Volunteer**

2014 Adopted Expenditure Budget: $13,810,951

2013 INCIDENTS

Date	EMS	FIRE	SERVICE	RESCUE	HAZMAT	TOTAL
January	623	142	53	15	21	854
February	555	88	32	7	10	692
March	581	114	30	12	6	743
April	533	104	59	10	5	711
May	627	102	57	9	9	804
June	629	146	69	18	6	868
July	616	128	69	17	7	837
August	583	115	51	24	10	783
September	555	141	54	17	9	776
October	630	106	53	14	13	816
November	532	142	50	11	4	739
December	565	97	46	9	4	721
TOTALS	7,029	1,425	623	163	104	9,344

PERCENTAGE OF CALLS	
EMS	75.2%
FIRE	15.3%
SERVICE	6.7%
RESCUE	1.7%
HAZMAT	1.1%

2013 Adopted Expenditure Budget: $13,455,791

% Fire/Service/Rescue/Hazmat: $3,337,036

2012 INCIDENTS

DATE	EMS	FIRE	SERVICE	RESCUE	HAZMAT	TOTAL
January	622	140	47	13	7	829
February	582	83	43	1	7	716
March	648	117	49	9	5	828
April	655	135	48	13	9	860
May	682	114	63	16	8	883
June	677	149	62	27	4	919
July	656	149	79	22	13	919
August	603	134	76	21	3	837
September	631	115	57	23	4	830
October	588	124	81	14	8	815
November	575	136	64	17	12	804
December	666	151	59	10	9	885
TOTALS	7,575	1,547	728	786	89	10,125

PERCENTAGE OF CALLS	TO DATE
EMS	74.8%
FIRE	15.3%
SERVICE	7.2%
RESCUE	1.8%
HAZMAT	0.9%

2012 Adopted Expenditure Budget: $13,992,120

% Fire/Service/Rescue/Hazmat: $3,526,014

2011 RUN STATISTICS for ANNAPOLIS FIRE DEPARTMENT

Date	EMS	FIRE	SERVICE	RESCUE	HAZMAT	TOTAL
January	649	138	75	7	10	879
February	556	144	52	12	9	773
March	582	110	60	10	7	769
April	595	122	50	17	5	789
May	623	106	59	14	8	810
June	597	134	69	17	7	824
July	641	162	59	20	9	891
August	607	235	121	28	9	1000
September	621	147	69	18	17	872
October	597	163	58	10	10	838
November	618	130	57	12	6	823
December	563	133	61	1	15	773
TOTALS	**7249**	**1724**	**790**	**166**	**112**	**10041**

PERCENTAGE OF CALLS	
EMS	72.2%
FIRE	17.2%
SERVICE	7.9%
RESCUE	1.7%
HAZMAT	1.1%

2011 Adopted Expenditure Budget: $11,876,816

% Fire/Service/Rescue/Hazmat: $3,313,631

2010 RUN STATISTICS for ANNAPOLIS FIRE DEPARTMENT

Date	EMS	FIRE	SERVICE	RESCUE	HAZMAT	TOTAL
January	563	122	51	8	6	750
February	558	122	62	5	5	752
March	545	117	53	11	6	732
April	512	121	56	9	7	705
May	582	129	72	9	14	806
June	544	138	86	14	11	793
July	593	155	66	20	16	850
August	533	124	69	10	10	746
September	576	122	88	15	8	809
October	612	120	74	11	16	833
November	576	127	62	4	25	794
December	612	162	49	9	18	850
TOTALS	**6806**	**1559**	**788**	**125**	**142**	**9420**

PERCENTAGE OF CALLS	
EMS	72.3%
FIRE	16.5%
SERVICE	8.4%
RESCUE	1.3%
HAZMAT	1.5%

2010 Adopted Expenditure Budget: $15,689,740

% Fire/Service/Rescue/Hazmat: $4,346,057

Fire/EMS expenditures per capita

	City	Benchmark: all jurisdictions average
FY11	$304	$164
FY12	$307	$198
FY13 (raw)	$350	

Permanent Positions	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Adopted	FY 14 % of City-wide Total FTE
Mayor & Alderpersons	14	21	12	10	17	17	3.05%
Economic Affairs	2	2	1	-	-	-	0.00%
Finance	23	19	23	26	31	31	5.57%
Human Resources	7	7	6	6	6	7	1.26%
Planning & Zoning	15	14	11	11	11	11	1.97%
Central Services*	5	5	4	-	-	-	0.00%
Police	162	163	145	145	151	151	27.11%
Fire	143	143	132	132	134	134	24.06%
Neighborh'd & Environ.	21	22	21	21	24	24	4.31%
Public Works	110	111	106	107	108	108	19.39%
Recreation & Parks	20	20	18	21	22	22	3.95%
Transportation	70	67	58	58	52	52	9.34%
Total	**592**	**594**	**537**	**537**	**556**	**557**	**100.00%**
% Change from Prior Year*		**0.34%**	**-9.60%**	**0.00%**	**3.54%**	**0.18%**	

* Central Services was dissolved in FY2012. 3 CS positions moved to Finance and 1 position moved to Public Works.

Total FTE: 135

Fire - Uniformed:

Fire Chief 1

Deputy Fire Chief 2

Fire Battalion Chief 6

Fire Captain 6

Fire Lieutenant 22

Firefighter 1/C 32

Firefighter I - III 57

Note: Firefighter positions (1/C and I-III) vary based on the firefighters' level of qualification and certification. Fire Marshals are included in these counts.

Fire - Civilian:

Fire Inspector 1

Administrative Office Associate 1

Fire Apparatus Maintenance Specialist 1

Office Associate IV 1

Office Associate III* 2

Office of Emergency Preparedness and Risk Management (EPRM):

Office Associate IV 1

Deputy Director of EPRM 1

Risk Analyst 1

An additional Office Associate III position was added for FY 2014.

Starting salary for a entry-level Fire Fighter is *$37,837.41*

- Sworn Fire Positions:

City of Annapolis Fire Pay Scale Effective 07/01/13		STEP (5.361%)					
Classification	GRADE (7.5%)	1	2	3	4	5	6
Firefighter I/II	10	37,837	39,865	42,003	44,254	46,627	49,127
Firefighter I/II - EMT-I OR CRT Firefighter II - Technician Firefighter III	11	40,676	42,857	45,154	47,575	50,125	52,813
Firefighter I/II EMT-P FFII-Fire Marshal Investigator FFIII-EMT-I or CRT FFIII-Technician	12	43,727	46,071	48,541	51,143	53,885	56,774
Firefighter 1/C Firefighter III-EMT-P FFIII-Fire Marshal Inspector FFIII-Fire Marshal Investigator	13	47,005	49,525	52,180	54,977	57,925	61,030
Firefighter 1/C - ALS	14	50,530	53,239	56,093	59,101	62,269	65,607

Starting salary for a Line Officer is $74, 310

Lieutenant	15	54,321	57,233	60,301	63,534	66,940	70,529
Captain	16	58,395	61,526	64,824	68,299	71,961	75,819
Battalion Chief	17	62,776	66,141	69,687	73,423	77,359	81,507
Deputy Chief	18	67,484	71,102	74,914	78,930	83,161	87,619
Chief	20	77,985	82,166	86,571	91,212	96,102	101,254

***Contractual and Temporary Positions:** The Fire Department has various temporary and/or contractual positions. These positions consist of a Public Information Officer/Quartermaster and a part-time mechanic. The Office of Emergency Preparedness and Risk Management (EPRM) has a Training & Outreach Coordinator.

Annapolis FD Stations/Apparatus

Station	Engine	Truck	HD Rescue	Special Units	Medic
35	Engine 35			Tanker 35	Medic 35
36	Engine 35	Truck 36			Medic 36
38	Engine 38	Truck 39	Squad 38		Medic 39



Truck 36



Truck 39



Squad 38



Engine 38



HAZMAT

Resources:

- **FY 2014 Adopted OPERATING BUDGET**
  - http://www.ci.annapolis.md.us/docs/default-source/finance-department-documents/2014-fy-adopted-operating-budget.pdf?sfvrsn=8
- **Boards and Commissions Combined Annual Report 2013**
  - http://www.annapolis.gov/docs/default-source/boards-and-commissions/combined-annual-report-2013.pdf?sfvrsn=2

"All the News That's Fit to Print"

The New York Times

Washington Edition
Today, mostly cloudy, a bit of rain, snow mixed in early, high 42. Tonight, cloudy, flurries, low 29. Tomorrow, partly sunny, a colder day, high 35. Weather map, Page 18.

.CLXIII . . . No. 56,407 ©2014 The New York Times SUNDAY, FEBRUARY 9, 2014 $6.00

'AP SOFTWARE LPED SNOWDEN UNDER SECRETS

UTOMATED PROCESS

stigators Say N.S.A. hould Have Easily Detected Actions

By DAVID E. SANGER and ERIC SCHMITT

'HINGTON — Intelligence s investigating how Ed-). Snowden gained access ge trove of the country's ghly classified documents y have determined that he nexpensive and widely le software to "scrape" tional Security Agency's rs, and kept at it even af- as briefly challenged by fficials.

'web crawler" software to search, index and website, Mr. Snowden data out of our sys- 'le he went about his ording to a senior in- fficial. "We do not be- as an individual sit- achine and download- uch material in se- e official said. The added, was "quite

ings are striking be- N.S.A.'s mission in- tecting the nation's ive military and intel- puter systems from s, especially the so- attacks that emanate ia and China. Mr. "insider attack," by as hardly sophisticat- ould have been easily investigators found. er, Mr. Snowden suc- erly three years after dLeaks disclosures, in ilitary and State Depart- s, of far less sensitivity, ken using similar tech-

owden had broad access .S.A.'s complete files be- e was working as a tech- contractor for the agency ail, helping to manage the 's computer systems in an t that focuses on China orth Korea. A web crawler, alled a spider, automatical- ves from website to web- ollowing links embedded in document, and can be pro- med to copy everything in

Continued on Page 4

SOCHI



Sage Kotsenburg of the United States, above, won gold in slopestyle. Canadian sisters Justine and Chloé Dufour-Lapointe, embracing, won gold and silver in moguls. SportsSunday, Page 1.



Seeking U.S. Art All Over Map. Just Check GPS.

By RANDY KENNEDY

PHOENIX — Two men stepped out of a rental car here recently and walked up to a modest ranch-style house with a cat and a grapefruit tree in the yard, worried that the homeowner might mistake them for missionaries or salesmen.

They were neither. They were representatives of one of the world's wealthiest art patrons, Alice Walton, the Walmart heiress and founder of the Crystal Bridges Museum of American Art in Bentonville, Ark. And they had come all the way from there to the door of Monica Alissa Martinez, 51, hoping to discover nothing less than genuine, unheralded American art talent. The men, Don Bacigalupi, the museum's president, and Chad Alligood, a curator, crowded into the artist's small studio off her kitchen and quickly admired her work, a mix of Southwestern mysticism and anatomical precision that looked something like X-ray images as painted by Gustav Klimt. Then they bade her goodbye and hopped back into the car. They had reason to hurry. Preparing for a show that will inevitably be seen as a kind of heartland response to the Whitney Biennial,

Continued on Page 21

Economy and Crime Spur New Puerto Rican Exodus

High Taxes, Prices and Joblessness Driving Many in Middle Class to Mainland

By LIZETTE ALVAREZ

SAN JUAN, P.R. — Alexis Sotomayor has many reasons to stay in Puerto Rico: his two children; his mother and their gossip sessions over plates of fried rice; and the balm of salt and sun that leavens his life on the island.

But the artisanal soap business that Mr. Sotomayor built is barely hanging on amid rising costs and taxes, and sales that have sunk by 40 percent in five years. Crime is rampant; his girlfriend was nearly carjacked at gunpoint recently. So last month he boarded a flight to Orlando, Fla., to interview for a job at a rum distillery in the hope of joining the ever-growing Puerto Rican diaspora.

"I don't see it improving," said Mr. Sotomayor, a 47-year-old chemical engineer. "I see it getting worse. It's the uncertainty. What am I going to do — wait until it gets worse?"

Puerto Rico's slow-motion economic crisis skidded to a new low last week when both Standard & Poor's and Moody's downgraded its debt to junk status, brushing aside a series of austerity measures taken by the new governor, including increasing taxes and rebalancing pensions. But that is only the latest in a sharp decline leading to widespread fears about Puerto Rico's future. In the past eight years, Puerto Rico's ticker tape of woes has stretched unabated: $70 billion in debt, a 15.4 percent unemployment rate, a soaring cost of living, pervasive crime, crumbling schools and a worrisome exodus of professionals and middle-class Puerto Ricans who have moved to places like Florida and Texas.

The situation has grown so dire that this tropical island, known for its breathtaking beaches, salsero vibe and tax breaks, is now mentioned in the same breath as Detroit, with one significant difference. Puerto Rico, a United States territory of 3.6 million people that is treated in large part like a state, cannot declare bankruptcy.

From bottom to top, Puerto Ricans are watching it unfold with a mixture of disbelief and stoicism.

Alejandro García Padilla, who was elected Puerto Rico's governor by a sliver of a margin in 2012, said that after he began to wade deeply into the island's economic and social quagmire, his fight-or-flight instincts kicked into high gear.

"I thought about asking for a recount," Mr. García Padilla, 42, said with a grin during a recent interview in La Fortaleza, the 500-year-old government residence, recalling, among other things, the $2.2 billion deficit. "But now it's too late."

A sense of pessimism pervades on the island. Streets are lined with empty storefronts in San Juan and in smaller cities like Mayagüez; small businesses, hit hard by high electricity, water and tax bills and hurt by drops in sales, have closed and stayed closed.

Schools sit shuttered either because of disrepair or because of a dwindling number of students. In this typically convivial capital, communities have erected gates and bars to help thwart carjackers and home invaders. Illegal drugs, including high-level narcotrafficking, are one of the few growth industries.

Puerto Rico, about 1,000 miles from Miami, has long been poor. Its per capita income is around $15,200, half that of Mississippi,

Continued on Page 20

WHITE HOUSE MEMO

French Breakup Makes a Dinner Harder to Do

By PETER BAKER

WASHINGTON — When President Obama invited President François Hollande of France for a state dinner, the White House drew up a list of 300 guests to honor the visiting leader and his partner, Valérie Trierweiler. Engraved invitations, with the presidential seal in gold at the top, were printed and set to be mailed.

But there was an unexpected development. Mr. Hollande's relationship with Ms. Trierweiler blew up in the midst of revelations of an affair with a French actress he had secretly been visiting by motor scooter. Suddenly, Ms. Trierweiler was no longer France's unofficial first lady and no longer coming to the White House for Tuesday's dinner. The thick ivory invitations with the words "The President and Mrs. Obama request the pleasure of" each guest's company had to be destroyed and new ones printed without Ms. Trierweiler's name.

Mr. Hollande has proved to be a dangerous liaison for the tradition-bound White House. Although it is not unprecedented, not many foreign leaders arrive at the executive mansion stag for the most formal and coveted gala in Washington, and even fewer split from their partners just weeks before the festivities.

For a few days, at least, the White House social office was left to wonder whether the other woman — identified by the weekly tabloid Closer as a 41-year-old French actress — would come in place of Ms. Trierweiler. (She will not.)

All of which has posed challenges for a White House staff already nervous about holding the

Continued on Page 25

ielding Whip and a Hard New Law, Nigeria Tries to 'Sanitize' Itself of Gays

By ADAM NOSSITER

UCHI, Nigeria — The young cried out as he was being ped on the courtroom bench. ailiff's leather whip struck 0 times, and when it was the man's side and back covered with bruises.

l, the large crowd outside disappointed, the judge re- r: The penalty for gay sex , local Islamic law is death oning.

e is supposed to be killed," udge, Nuhu Idris Mohamsaid, praising his own fe- on judgment day last h at the Shariah court here. bailiff demonstrated the ique he used: whip at shoul- vel, then forcefully down. mood is unforgiving in this Nigeria metropolis, where others accused of being gay e Islamic police are behind entral prison's high walls.

Stones and bottles rained down on them outside the court two weeks ago, residents and officials said; some in the mob even wanted to set the courtroom ablaze, witnesses said.

Since Nigeria's president, Goodluck Jonathan, signed a harsh law criminalizing homosexuality throughout the country last month, arrests of gay people have multiplied, advocates have been forced to go underground, some people fearful of the law have sought asylum overseas and news media demands for a crackdown have flourished.

Gay sex has been illegal in Nigeria since British colonial rule, but convictions were rare in the south and only occasional in the mostly Muslim north. The new law bans same-sex marriage and goes significantly further, prescribing 10 years in prison for those who "directly or indirectly" make a "public show" of same-

Continued on Page 14



A judge in Bauchi, Nigeria, re-enacted the lashing of a man convicted of homosexuality.

RNATIONAL 5-16
s Wars, Off the Board
le-crosses and allegations of stolen t documents and self-dealing are g a campaign to head the World Federation. PAGE 5

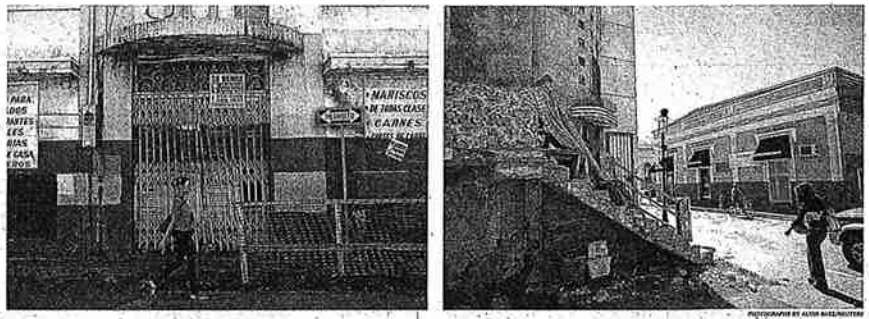
NATIONAL 19-25
More Rights for Gay Spouses
The Obama administration will extend federal privileges covering bankruptcy, court testimony and prison visits to married same-sex couples. PAGE 25

De Blasio Names Housing Team
Mayor Bill de Blasio filled four positions that he said would help meet his goal of expanding New York City's stock of affordable housing. PAGE 24

SUNDAY BUSINESS
Republicans Woo the Wired
The G.O.P. is trying to improve its technological savvy — and its outreach to voters — but finding like-minded recruits in Silicon Valley isn't easy. PAGE 1

SUNDAY REVIEW
Nicholas Kristof PAGE 1





PHOTOGRAPHS BY ALVIN BAEZ/REUTERS

SIGNS OF STRUGGLE At left, a woman walking past a closed restaurant in Ponce, on Puerto Rico's southern coast. Right, the makeshift shelter of a homeless person in the city's downtown.

Economy and Crime Spur a New Exodus From Puerto Rico

From Page 1

the poorest state. Thirty-seven percent of all households receive food stamps; in Mississippi, the total is 23 percent.

But the extended recession has hit the middle-class hardest of all, economists said. Jobs are still scarce, pension benefits for some are shrinking and budgets continue to tighten. Even many people with paychecks have chosen simply to parlay their United States citizenship into a new life on the mainland.

Puerto Rico's drop in population has far outpaced that of American states. In 2011 and 2012, the population fell by nearly 1 percent, according to census figures. From July 2012 to July 2013, it declined again by 1 percent, or about 36,000 people. That is more than seven times the drop in West Virginia, the state with the steepest population losses.

A Lack of Hope

Coupled with a falling birthrate, the decline is raising worries about how Puerto Rico will thrive with a rapidly aging population and such a large share of jobless residents. Of the island's 3.67 million people, only one million work in the formal economy. The island has one of the lowest labor participation rates in the world, with only 41.3 percent of working-age Puerto Ricans in jobs; one in four works for the government.

"Today, Puerto Ricans with jobs are moving to the U.S.," said Orlando Sotomayor, an economist at the University of Puerto Rico and the brother of Alexis. "Even people in their 40s and 50s, college professors with complete job security, are doing so. Some are starting all over. The phenomenon is highly uncommon and underscores the lack of hope that the ship can or will be righted."

The current exodus rivals the one in the 1950s, when job shortages on the island forced farmers and rural residents to find factory work in cities like New York and Boston. Today, it is doctors, teachers, engineers, nurses, professors who are leaving Puerto Rico behind.

Just about everyone in Puerto Rico has a relative who left recently for Florida, New York, Texas or Virginia, among others. But the decision is never easy. Fathers leave behind children. Houses must be rented or sold at a loss in a glutted market. Businesses must be shut. And English must be polished, or in some cases learned, in a hurry.

Alexis Sotomayor said that on his January flight to Orlando, two acquaintances sitting nearby were also headed there hoping to find work. "Going out there in the morning and returning in the evening, after an interview," he said.

After Coca-Cola laid him off in 2001, Mr. Sotomayor started experimenting with distilling plant extracts. He found he could make natural soaps and decided to go into business for himself, a move that would allow him more time to spend with his children.

Business boomed for years. So much so that he moved his homespun facility out of his house in 2009 and into a small building he bought in San Juan. He found that he was earning more money making soap than working as a chemical engineer.

Then in 2006, the recession pounded at his door. For five years, he has tried to lift his business; he went to fairs around the island, set up booths in shopping malls, promoted bit flower-infused soaps, candles and lotions on television. He divvied up his store last year and decided to rent out half the building. He let go two of his four employees.

But his expenses mounted, including $600 a month in power bills, more than double what consumers pay on the mainland. The sky-high cost is a consequence of Puerto Rico's inefficient government-run monopoly on electricity and its 67 percent dependency on petroleum for electric power. Other utilities are exorbitant, too. Last year, water rates rose 50 percent in a bid to help cut the state-run water company's debt.

The cost of private tuition for his children, a total of $2,000 a month, is one nonnegotiable expense for him. Like most middle- and upper-class Puerto Ricans, he long ago lost faith in the island's troubled public schools. Public school enrollment has plummeted in recent years, in part because of declining birthrates but also because of the schools' poor quality.

"Many parents, even lower-middle-class parents, put all their money into their children's private school, even if sometimes they have to live in rented houses," said Nilsa Velazquez, an economics professor at the University of Puerto Rico who plans to move to Virginia with her family this summer.

For many, the high rate of violent crime has been the capper. There were 1,136 murders in 2011, a record and far higher than the mainland's rate. It fell to 853 homicides last year, a point of pride for the governor.

But the damage had been done. Life here has always been full of trade-offs, including a high cost of living. Now, though, there is little left to trade.



PHOTOGRAPH BY DENNIS ROMA FOR THE NEW YORK TIMES

'I don't see it improving. I see it getting worse. It's the uncertainty. What am I going to do — wait until it gets worse?'
ALEXIS SOTOMAYOR, 47, a chemical engineer turned artisanal soap maker who is looking for work on the United States mainland



STAYING AFLOAT Mr. Sotomayor set up his natural soap business in San Juan after Coca-Cola laid him off in 2001. His factory thrived for years, but now rising expenses are driving him out of business.

'Live Here Just to Survive?'

"Between making less money and not knowing when someone will jump you, that pushed the quality of life very low," Alexis Sotomayor said. "To live here just to survive? No, thanks."

For Ms. Velazquez, the tenured professor who lives in Mayagüez, and her husband, who works for the Air Force Reserve, the mental calculations were similar. She is 50, she said. The last thing she wanted to do was give up her job as an economics professor, move her two teenage children and uproot her 75-year-old mother, who speaks no English and has never left the island.

But she has grown so disillusioned with the University of Puerto Rico Mayagüez — one of the crown jewels of the island's higher-education system, where she has worked for nearly three decades — that she no longer views it as a viable option for her children. In the face of continuing economic stress, the University of Puerto Rico has suffered the loss of a steady stream of valued professors and funding for important research projects. Even tenured professors have left, Ms. Velazquez said.

"The most important thing for me is my children's education, and the second is my quality of life," she said. "You see all of these fees and taxes going up, but the streets are terrible."

This summer she will try to rent out her house rather than selling it and take a loss, and will move to Fairfax County, Va., where her husband will work for the federal government and her children will attend a top public high school. As an economist with a law degree, she is hoping to find some kind of job.

"I thought I could do anything in Puerto Rico," she said. "Now that is gone."

The frustrations of Mr. Sotomayor and Ms. Velazquez speak to the depth of the island's economic problems.

The origins of the crisis, though, stretch back more than a decade. Tax incentives have long been a draw for corporations seeking to do business in Puerto Rico, and the island in turn has benefited from its ability to offer such breaks, in large part structuring its economy around them.

Tax laws were once abundantly generous, which fueled the spread of factories that made textiles and pharmaceuticals, among other things. That came to a crash in 2006, after the 10-year phaseout of a subsidy that provided American firms operating in Puerto Rico with tax-free income. Changes to the global economy and the worldwide recession exacerbated the situation. Since 1996, factory jobs on the island spiraled from 160,000 to 73,000.

Little was done to try to revamp the island's economic framework. Instead, deficits climbed and pensions spun out of control. In 2006, the government shut down for two weeks because it lacked the cash to meet expenses. The governor moved to raise taxes. In 2010, the next governor reduced taxes and laid off 23,000 government workers. But Puerto Rico's governors began borrowing even more heavily to get out of the economic logjam.

"It was cheap and easy to borrow," said Mike Soto, the president of the Puerto Rican Center for a New Economy. "It got to the point where we tapped out what we can borrow."



UNDER PRESSURE Gov. Alejandro García Padilla has taken steps to fix the ailing economy, like rebalancing pensions and raising taxes.

Painful Corrections

Last year, Mr. García Padilla, the first governor from the countryside, took over. With the island's economy a shambles, and credit agencies threatening a downgrade to junk status, he had no choice but to take swift action.

Economists have given him credit for acting to remedy problems that have festered for decades. In one year, he moved to overhaul three major pensions, including for teachers, that were on a pace to run out of money soon. Two of them are still pending final court approval. He reduced the deficit by 70 percent. And he is holding the four main debt-laden government-run companies more accountable and insisting on more transparency.

Vowing not to lay off any more workers, he raised taxes sharply to provide much-needed revenue and then got the legislature to approve incentives to entice wealthy investors, like the hedge fund billionaire John Paulson, who has invested in an exclusive beach resort and condo complex. A number of businesses have left the island, scared away by the groaning economy and the high cost of electricity. But others have arrived or expanded, like Eli Lilly, Seaborne Airlines and Cooper Vision.

Four days before the junk status decision, Mr. García Padilla announced that he would present a balanced budget for next year, one year ahead of his own schedule. But his job just got harder. Analysts said the credit downgrades would make it harder to improve the economy. The governor ordered agencies to cut budgets by 3 percent.

"I've done everything I can to avoid a downgrade," Mr. García Padilla said in an interview, calling the move "unjust." "Maybe I can't detain the winds right now, but I can build the windmills. I am an incurable optimist."

But not everyone is applauding. His tax increases have hit some businesses hard, which could pose a further drag on the economy. Among the many taxes he initiated, the governor raised the corporate tax rate to a maximum of 39 percent. Last year, the economy continued on a slide. "The new administration has a bookkeeping mentality as opposed to an economic development mentality," said Pedro Pierluisi, Puerto Rico's nonvoting representative in Congress and a political opponent of the governor. "Here you find Puerto Rico with an underlying economic problem charging its corporations — its job creators — 39 percent. Hello!"

Perhaps the most maligned is the new lucrative gross receipts tax, which some owners of small- and medium-size businesses say threatens to put them out of business. Because of the way the tax is structured, it affects companies with less than a 5 percent net profit margin. This means that many food-related companies, like supermarkets, and new businesses, are hit hardest. The smaller the margin, the higher the tax.

Some stores are paying an effective tax rate of 120 percent, said Manuel Reyes Alfonso, the vice president of a trade association that represents the food industry. If the tax is not revised, some will be forced to shut down and others will have to raise prices, he said.

"It is absurd," said Mr. Reyes Alfonso. "It's like selling the car to buy gas."

In response, the governor is forming a committee to take a second look at the new taxes and the island's complicated tax code. Waivers to the tax are available, but Mr. Reyes Alfonso said they were difficult to obtain.

As he sipped coffee in the bakery section of one of his stores, José Heveritz, the president of SuperMax grocery stores in Puerto Rico, said he managed to expand during the recession. But now, with the gross receipts and corporate tax cutting into his business, he is holding back on capital investments, raises and bonuses. He said he wanted reassurance that the tax hikes would be temporary.

"I can understand doing this on a short-term basis," he said. "But there needs to be a plan."

Not many are confident that a long-term plan exists to lift the island from such a sustained crash. But it cannot get much worse, they say.

"Sometimes you have to hit rock bottom to restore yourself," said Mr. Soto of the Center for a New Economy. "I'm hoping that's what's happening."

Puerto Rico's Second Cut To Junk Debt

By MARY WILLIAMS WALSH

Moody's Investors Service downgraded Puerto Rico's general-obligation debt to junk status on Friday, intensifying a cash squeeze on the island and prompting some residents to blame hard-nosed creditors for their mounting troubles.

It was Puerto Rico's second downgrade to junk this week after Standard & Poor's took the same step on Tuesday. Though not unexpected, the new downgrade was expected to further narrow the island's room for tight financial maneuvering and has reportedly given rise to discussions with lenders about short-term relief on certain payments.

"Many times, the creditors will show flexibility because they don't want to bring the issuer to its knees," said Robert Donahue of Municipal Market Advisors.

A number of Puerto Rico's outstanding financial commitments contain promises to make big cash payments quickly if two of the three main ratings agencies cut its credit to junk, which has now taken place.

The payments, estimated at as much as $940 million, are supposed to secure the outstanding commitments, but if they soak up all of Puerto Rico's available cash, they would destabilize the island's shaky finances, possibly sending it into a self-feeding downward spiral. Market participants said they were closely watching the Puerto Rican government's response to the downgrades.

"They need to articulate a plan," said Laurence Gottlieb, chairman of Fundamental Advisors, a firm that invests in distressed government debt.

Puerto Rico's treasury secretary, Melba Acosta Febo, and the chairman of its Government Development Bank, David H. Chafey Jr., issued a joint statement on Friday, saying: "We strongly disagree with Moody's decision, and we will not relent in our plans to strengthen our fiscal situation. We remain confident that we have the liquidity on hand to satisfy all liquidity needs until the end of the fiscal year, includ-

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Police Salaries and Pensions Push California City to Brink

By RICK LYMAN and MARY WILLIAMS WALSH

DESERT HOT SPRINGS, Calif. — Emerging from Los Angeles's vast eastern sprawl, the freeway glides over a narrow pass and slips gently into the scrubby, palm-flecked Coachella Valley.

Turn south, and you head into Palm Springs with its megaresorts, golf courses and bustling shops. Turn north, and you make your way up an arid stretch of road to a battered city where empty storefronts outnumber shops, the Fire Department has been closed, City Hall is on a four-day week and the dwindling coffers may be empty by spring.

The city, Desert Hot Springs, population 27,000, is slowly edging toward bankruptcy, largely because of police salaries and skyrocketing pension costs, but also because of years of spending and unrealistic revenue estimates. It is mostly the police, though, who have found themselves in the cross hairs recently.

"I would not venture to say they are overpaid," said Robert Adams, the acting city manager since August. "What I would say is that we can't pay them."

Though few elected officials in America want to say it, police officers and other public-safety workers keep turning up at the center of the municipal bankruptcies and budget dramas plaguing many American cities — largely because their pensions tend to be

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In California, Police Salaries and Pensions Push a City to the Brink

From Page A1

significantly more costly than those of other city workers.

Central Falls, R.I., went bankrupt in 2011 because its police and firefighters' pension fund ran out of money. Vallejo, Calif., went bankrupt after more than 20 police officers suddenly retired from its force of 145, fearing that if they waited they would lose their contractual right to cash out their unused sick leave and vacation time; the payouts totaled several million dollars, and Vallejo did not have the money. Miami weathered such a run in September 2010, when 154 police and firefighters retired en masse after city commissioners voted to make it harder to retire before age 50, use intensive overtime to boost pensions, and earn cash payouts.

Here, under the budget enacted last spring, about $7 million of the city's $10.6 million annual payroll went to the 39-member police force. The situation was so dire that an audit, compiled weeks before municipal elections in November but not made public until later, showed that Desert Hot Springs was $4 million short for the year and would run out of money as early as April 2014.

So at a tense meeting last week, the new City Council voted unanimously to slash all city salaries, including those of the police, by at least 22 percent, as well as to cap incentive pay and reduce paid holidays and vacation days. For some officers who took advantage of overtime and the other extra payments, the cut could be as much as 40 percent, the union says. Management had already taken a hit: the former police chief and one of two top commanders retired this month, not to be replaced.

Rick Lyman reported from Desert Hot Springs, and Mary Williams Walsh from New York.

Wendell Phillips, a lawyer for the Desert Hot Springs Police Officers Association, quickly filed a fact-finding request with the state's Public Employment Relations Board, calling the cuts illegal and vowing to go to court if they were not overturned.

"All they are going to end up doing is driving away their best, experienced officers and creating a police force made up of people who couldn't get a job on another force," Mr. Phillips said.

Even those trims, draconian as they were, will not be enough to close the budget gap, Mr. Adams said. More than $2 million more needs to be found before the end of the fiscal year in June, promising months more of bitter wrangling and cuts.

"My idea is that we put up a thermometer outside City Hall, showing how much progress we are making as we close the budget gap," said Russell Betts, a city councilman and a supporter of the newly elected mayor, Adam Sanchez, who came into office promising to deal with the chronic budget problems once and for all.

"I think we're going to turn this crisis into a positive," Mayor Sanchez said. "We are not going to go into bankruptcy. That is not an option. We stumbled, but we're going to get back up again."

Cities have run into fiscal difficulties for many reasons, and few are as all-encompassing as the decades of economic decline and official mismanagement that made Detroit the nation's largest city ever to enter bankruptcy. California cities have had particular trouble with public-safety pensions, which are among the richest in the nation.

Calpers, the huge and politically powerful state-run pension system that covers Desert Hot Springs' workers, has steadfastly maintained during California's recent spate of municipal bankruptcies — Vallejo in 2008, San Bernardino and Stockton in 2012 — that under state law, cities cannot reduce the pensions of public employees. San Jose, the state's third-largest city, passed a ballot initiative in 2012 that authorized it to lower city workers' pensions, but a state judge ruled on Monday that this path, too, is illegal.

Police officers here, as in many California cities, can retire as young as 50 with 30 years of service and receive 90 percent of their final salary every year — drawing those pensions for decades. Police unions say the fault lies with state and local politicians who failed to adequately fund the pension system over the years, and inflated benefits during boom years. Others wonder whether such salaries and pensions were ever affordable, particularly in cities as small and struggling as this. In Desert Hot Springs, for example, for every dollar that the city pays its police officers, another 36 cents must be sent to Calpers to fund their pensions.

The average pay and benefits package for a police officer here had been worth $177,203 per year,

Public-safety workers keep turning up at the center of fiscal dramas nationwide.

in a city where the median household income was $31,356 in 2011, according to the Census Bureau. All of this had gone largely unnoticed until becoming the center of debate during the recent municipal election.

"I was in shock, like everybody else was," said Regina Robinson of the day she learned how much some city workers were earning. She owns Just Gina's hair salon, one of the few businesses on the downtown stretch of Palm Drive, the main street.

Mr. Adams said that California's rich police pensions were first offered to prison guards by former Gov. Gray Davis more than a decade ago. The move set off a chain reaction, with the California Highway Patrol soon clamoring for the deal, and then city police officers all over the state.

This is not Desert Hot Springs' first experience with fiscal problems. In 2001, it went bankrupt after losing a $10 million lawsuit brought by a developer who complained that the city was thwarting his efforts to build affordable housing. The city had to borrow to pay the judgment and is still paying off that debt — a struggle for a working-class town.

A sharp increase in gang and drug crimes in the 1980s led the city to disband its police force and contract with the Riverside County Sheriff for law enforcement, but that proved highly unpopular and, in 1997, the city reestablished its force.

A sweep by the local police and the county sheriff in 2009 led to dozens of arrests and was credited with easing what had been a growing gang crime problem. This was followed by the hiring of a dozen more officers onto the small force and the overwhelming passage of a new utilities use tax and a public safety tax, both dedicated to the police and other public safety departments.

Now residents are wondering whether the city will be forced to disband its police force a second time.

"Nobody wants to get rid of the police force," Mr. Betts said. "People just don't think the county would do as good a job."

Mr. Phillips, the police union lawyer, said the current crisis had been driven by the new majority on the City Council — including Mayor Sanchez and Mr. Betts — that was philosophically opposed to tax increases. The union's own proposal to address the budget shortfall — by cutting the size of the force and filling in with overtime work for which the officers would defer payment for 17 months, as well as raising the local sales tax — was rejected by city officials, who said it would only delay the reckoning.

What makes Desert Hot Springs' troubles so heartbreaking is that a potential solution lies beneath the hard-baked ground. The resort sits atop one of the world's finest sources of mineral water: piping hot, unusually clear and free of the sulfurous odor that many springs produce.

Small spas have been a part of the landscape here for decades, and there are still 22 of them, though many are struggling and in poor repair.

One of them, however, Two Bunch Palms, became a hot destination for Hollywood celebrities and global wellness tourists until it went into foreclosure in 2010 and briefly closed. Now, a new team of Southern California investors has bought the property with hopes to revive and expand it.

Mayor Sanchez hopes that the revitalized Two Bunch Palms will help spur the growth of other businesses in the city.

"We must get back to marketing and promotion," he said. "We've got to return a sense of pride to Desert Hot Springs."

Detroit Unveils Its Debt Plan

By Matthew Dolan

DETROIT—This city submitted its financial restructuring plan to federal court Friday, a move likely to set off a new round of jockeying among creditors asked to take a haircut in the nation's largest municipal bankruptcy.

The plan seeks to restructure an estimated $18 billion in long-term obligations by paying secured creditors in full, paying pension funds a reduced amount, and giving other unsecured creditors just a fraction—about 20 cents on the dollar—of the debt outstanding the city owes.

With the savings and additional financing, city officials would spend $1.5 billion over 10 years for capital improvements, blight removal and equipment and technology upgrades to make the city safer, cleaner and more efficient. As much as $500 million of that will be dedicated to blight removal in the next five years, officials said.

The plan "puts the city on a strong footing so that it can move forward in a sustainable fashion," shedding years of neglect and disinvestment caused by population loss and a smaller tax base, said Kevyn Orr, Detroit's emergency manager.

Now, the city will have to try to convince more than 100,000 creditors that its so-called plan of adjustment and accompanying disclosure statement are fair and reasonable solutions to decades of decline in the 18th-largest U.S. city.

The details of the plan show Detroit still faces enormous headwinds, including largely flat population and tax-revenue growth in the next decade.

Some unions quickly called the plan unfair and unacceptable. One pension fund raised questions about the timing of the city's 120-page plan and 440-page disclosure.

"We think the filing of a Plan of Adjustment at this time is premature, potentially impedes the mediation process, increases litigation and other costs to all parties and delays resolution of the bankruptcy case," said a spokesman for the city's public-safety workers' pension fund.

An official committee of city retirees called the plan "nonconfirmable," saying in a statement that many of the city's 23,500 retirees will see pensions reduced between 40% and 50%, despite "the relatively strong funding levels in the pension plans."

At the same time, other creditors challenged the idea of treating city pension funds better than other forms of debt.

"While we understand that favoring pensioners and discriminating against bondholders and other creditors might be politically popular, we believe this is contrary to bankruptcy law and will result in costly litigation that will hamper the city's emergence from bankruptcy," said Steve Spencer, financial adviser to Financial Guaranty Insurance Co., the city's largest single unsecured creditor.

Creditors can challenge whether the city's documents fully disclose the necessary financial data for them to evaluate the plan. They can also object to the plan if they feel it doesn't serve the best interest of the city's unions, pension holders, retired workers and bondholders.

But even if a majority of creditors fail to endorse the plan, the judge, who has said he is interested in moving the case through the court quickly, still has the power to "cram down" the plan on reluctant creditors.

Key to the plan is roughly $820 million in proceeds from the proposed sale of the city's art collection to a new nonprofit in order to help cover pension obligations. Under the city's calculations, public-safety workers could receive more than 90% of what they are owed in pensions, while other city retirees could see in excess of 70%. The projections rely on freezing the current pension plans and cuts to future cost-of-living adjustments.

When severe cuts to retiree health care are included, former city workers are likely to recover no more than about 30% of what the city says they are owed. The city proposed paying less than one-third of its retiree health-care liabilities to a newly created trust fund over 20 years.

"They raise my health-care costs, and they're cutting my pension, too," said Donald Smith, a 69-year-old city retiree from Highland Park, Mich., who said he was often forced to decide between buying food and the medicine he needs.



Anadolu Agency/Getty Images

Detroit plans to spend up to $500 million over five years on blight removal, including abandoned buildings.

Divvying Up the Pie

Detroit's creditors, the size of their claim and their estimated recovery under the city's revamping plan

Creditor	Claim Size	Estimated Recovery
Water and Sewerage Department bonds	$5.8 billion	100%
Secured general obligation bonds	$485 million	100%
General employee pension and retiree health-care obligation	$3.79 billion	up to 33%
Public-safety employee pension and retiree health-care obligation	$3.28 billion	up to 30%
Unlimited tax general obligation bonds	$375 million	20%

Source: Source: City of Detroit plan of adjustment



sury Bonds 2.73 – 0.01

out Republican support, President Obama unveiled blueprints of his 2015 budget, which calls for higher spending on education and job training. Obama also plans to propose stiffer taxes on U.S. companies with overseas operations. The GOP has already voiced opposition to the budget, which included no entitlement reform. The full budget will be released next month.

Closing the Wage Gap

In the same week the Congressional Budget Office reported that a federal minimum-wage hike to $10.10 an hour would lift 900,000 people out of poverty, but cut 500,000 jobs, trendy retailer Gap said it will raise its hourly minimum wage to $10 by next year.

New Lines for Amazon

The Wall Street Journal reported last week that online-retailing giant **Amazon.com** is in talks with about 10 retailers, including **Abercrombie & Fitch**, **Ralph Lauren**, and **Neiman Marcus**, to list their products on Amazon's Website. The deal would generate online traffic for the retailers and boost Amazon's Prime business.

Motor City's Exit Plan

Detroit took a big step to exit from bankruptcy, filing a proposal with the federal court to reduce its $18 billion debt load. Among other things, the city wants to cut pensions for retired city workers, such as police and firefighters. Detroit filed the biggest-ever U.S. municipal bankruptcy last summer.

Still Strong

Under Armour and U.S. speed skaters have evidently kissed and made up. Days after rebutting criticism from skaters at the Sochi Olympics that its suits were slowing them down, Under Armour Friday announced an eight-year deal with the U.S. speed-skating team, sending its stock to an all-time high.

How Veterans Groups Quashed Pension Cut

By John D. McKinnon And Siobhan Hughes

A cut to military pensions that was part of a broader budget deal took just two months for powerful veterans groups to dismantle, raising doubts about efforts to pare soaring military-benefit costs.

The pension cut, which came in the form of a reduction to future cost-of-living increases for working-age military retirees, was contained in a bipartisan two-year budget deal that Congress approved in mid-December.

The provision set off an immediate, intense lobbying effort by veterans' organizations seeking to defeat it. They included the vast majority of the 33 veterans and military groups that are organized as the Military Coalition, and claim more than five million members. The American Legion, with 2.5 million members, also joined in.

As a result, congressional support for the provision started to crumble even before the final Senate vote on Dec. 18 that sent the measure to the White House for President Barack Obama's approval. The House approved it earlier.

Gordon Adams, a professor at American University and former budget official in the Clinton administration, said this past week's votes to repeal the COLA likely spell the end of any serious efforts to alter military pay and benefits, despite a military commission that is examining ways to rein in compensation costs.

man said.

Also on Dec. 17, at a Capitol Hill news conference to urge the pension cut's defeat, Sen. Lindsey Graham (R., S.C.) said veterans would probably lose in the short run. Congress was in too much of a rush to embrace the bipartisan budget deal, which promised to end months of fiscal bickering, he said.

"But I promise everybody here we're going to win over time," Mr. Graham added. "Not only are we going to right this wrong, we're going to remind people who you are. And any politician who wants to do this again is going to get the hell kicked out of them."

And that is exactly what happened.

Even before Mr. Graham spoke, veterans groups had begun blanketing congressional offices with hand-delivered letters and fact sheets, outlining the potential impacts on working-age retirees. The Military Officers Association of America estimated that the average lifetime loss for a master sergeant retiring this year would be $83,000, and for a lieutenant colonel, about $124,000.

Veterans groups cranked up grass-roots lobbying, urging members to call, email and write to their representatives.

An omnibus spending agreement in mid-January took the first step backward, excluding disabled veterans from the COLA cut.

Lawmakers worried that hundreds of thousands of veterans

Treading a Fine Line in Detroit

Federal Judge Seeks to Persuade City, Creditors to Reach a Debt-Cutting Deal

By Matthew Dolan And Emily Glazer

DETROIT—Racing to hammer out the first major settlement between the bankrupt city of Detroit and its creditors by Christmas, Gerald Rosen, the chief mediator in the case, was convinced he had gotten the best possible deal—and just in time.

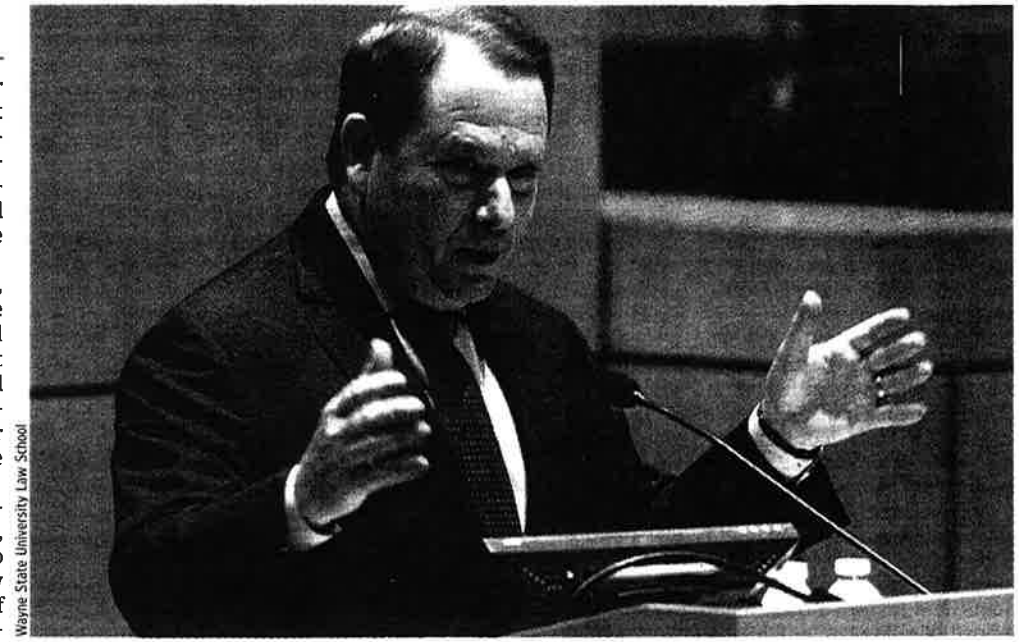
On Christmas Eve, Mr. Rosen, who is a federal judge, called the parties together to put the deal on the record before a court hearing on the issue scheduled for after the holiday week, a person familiar with the matter said. Releases announcing the deal went out that afternoon.

But weeks later, U.S. Bankruptcy Judge Steven Rhodes, who appointed Judge Rosen to the role, surprised everyone by rejecting the deal with Bank of America Corp. and UBS AG, calling it too favorable to the banks.

"I've settled a lot of cases as a judge. But as a mediator it's different," Judge Rosen said in a speech at Wayne State University Law School in Detroit on Feb. 4. "You don't have a gavel."

The 62-year-old U.S. District Court judge is finding he can make quite a stir even without a gavel. As lead mediator in the Detroit case, he has been praised by some for an innovative approach and lambasted by others for what they see as inappropriate advocacy.

The chief judge for the Eastern District of Michigan and his team have been the main go-betweens trying to persuade Detroit and its creditors to com-



Wayne State University Law School

U.S. District Court Judge Gerald Rosen is chief mediator in the Detroit bankruptcy case.

tiree groups have so far failed to sign on, arguing future pension payments are protected by the state Constitution from any cuts.

Negotiating markdowns of debt that was guaranteed by a once-prosperous city is no easy task, said Randall Newsome, a retired U.S. bankruptcy judge who mediated a municipal case in California. "You are challenging the rights of people to get paid...who never thought you could challenge their rights to get paid," Mr. Newsome said.

Who Gets What

Detroit's emergency manager is set to file his debt-cutting plan for the bankrupt city next week after months of mediation. Here's a summary of what some creditors could receive under a draft version of the plan:

Creditor	Recovery rate	Claim (in billions)
Retiree health care	13%	$3.19
General retiree pension fund	45*	2.30
Public safety pension fund	50*	1.59
Pension-related certificates of participation	20	1.43
Unlimited tax general obligation bonds	46	0.37
Other unsecured items	20	0.17
Limited tax general obligation bonds	28	0.16
Other notes and loans payable	20	0.03

*The city's plan also includes adjusted figures that could reduce the recovery rate to about 41%

Pension Overhaul Is Softened

Rhode Island Officials, Union Agree to Roll Back Retirement Age, Other Changes

' JENNIFER LEVITZ
ND JON KAMP

PROVIDENCE, R.I.—State offi-ıls and unions here announced tentative agreement Friday to ıter down a sweeping 2011 ınsion-overhaul law that ored up one of the nation's ost underfunded public-retire-ent systems and was seen as a ıdmark shift in a solidly Demo-atic state.

After months of court-ordered ediation, the two sides said ey had reached a settlement in egal challenge brought by pub-sector unions more than a ar ago. The proposed agree-ent favors veteran employees: would roll back the retirement e for many current workers to from 67, increase the fre-ıency of cost-of-living adjust-ents, and restore a traditional fined-benefit plan for workers th 20 years or more on the b.

The deal still must be ap-oved by rank-and-file mem-rs, a judge and the state Legis-ture, where leaders have pressed concern about reopen-g a fierce debate over changes at brought a measure of finan-al stability to a state with the untry's highest unemployment te. Its jobless rate was 9.1% in ecember.

Efforts to rein in public-pen-on costs have drawn dozens of gal challenges, from Illinois to uisiana to San Jose, Calif. The bate in Rhode Island has been watched closely because it was one of only a few states that cut benefits for both current employees and retirees, raising a thorny question about whether pension benefits are contractual promises that states can't break.

Courts have been divided over the issue. Rhode Island officials saw the agreement as a way to avoid the chance that a court could toss out the entire law after costly litigation. Unions saw a chance to win back benefits.

"Nothing's perfect," said Rhode Island Treasurer Gina Raimondo, a Democratic gubernatorial candidate who had been lauded nationally by conservatives for pushing the overhaul. "It is a practical solution to a serious problem."

A spokeswoman for Ms. Raimondo said the deal would preserve most of a projected $4 billion savings over the next two decades.

Some overhaul advocates were disappointed. "We were told that unless the [2011] bill they proposed was enacted that there would be dire consequences, and all of the sudden there are not dire consequences?" said Gary Sasse, the former director of the Department of Administration under Republican former Gov. Donald Carcieri and now founding director of the Hassenfeld Institute for Public Leadership at Bryant University.

The wrangling shows it is often "extraordinarily hard" to change future benefits for current employees, Alicia Munnell, the director of the Center for Retirement Research at Boston College, said before the announcement. Rhode Island's law took effect in 2012.

Public pension funds struggled during two recent recessions, though many are starting to recover. Critics say some funds paid overly generous benefits to unionized workers for years, but other people cite accounting assumptions that made plans appear healthier than they were.

Rhode Island's 2011 law affected 66,000 active and retired public workers and immediately cut the state's unfunded pension liability from about $7 billion to about $4 billion.

It raised retirement ages for many employees to a high of 67 and shifted workers from a defined-benefit plan into a hybrid pension-401 (k)-style plan. It also suspended automatic annual cost-of-living adjustments. Workers were set to receive increases every five years until the pension system was at least 80% funded—estimated to take 14 years or more. COLAs were linked to the performance of the fund.

The proposed deal would give employees a 2% COLA after the legislation is passed and then one every four years until the system is 80% funded. The increases would be pegged to a mix of fund performance and the Consumer Price Index.

Retirement age was restored to 65 for workers employed as of June 30, 2012, after 30 years of service.

Before the law passed, 58% of retired teachers and 48% of retired state employees—among those age 65 and over with 30 years of service—were earning as much or more from pension benefits than they had earned while working, according to the state, which said COLAs accounted for 45% of the unfunded liability.

A coalition of retired and active union members sued in state Superior Court in July 2012, arguing that the law violated the contract clause of the state Constitution. The state tried to dismiss the suit, but a judge sided with the unions that pensions could be considered contracts.

Roger P. Boudreau, president of the Rhode Island branch of the American Federation of Teachers' retirees chapter and a member of the state's pension board, said the settlement "protects the system and treats retirees more fairly than the legislation presently in effect."

A similar fight is playing out in Illinois, which has an estimated $100 billion unfunded liability for its public-employee retirement system. In December, Democratic Gov. Pat Quinn signed into law an overhaul designed to fully fund the system in 30 years. The Illinois plan would reduce annual cost-of-living increases for retirees and gradually raise the retirement age for current workers, among a number of changes.

Last month, several unions including the American Federation of State, County and Municipal Employees, the nation's biggest public-employee union, sued in state court to overturn the law, arguing that it violates the state constitution.

—Kris Maher contributed to this article.



Associated Press

Protesters attack pension changes in Providence, R.I., statehouse in 2011.