AD HOC FINANCIAL AND OPERATIONAL ADVISORY COMMITTEE

The Financial and Operational Advisory Committee Meeting was held on January 30, 2014 at 4:01 p.m. with Chairman Holden presiding. Members present were Councilman Hutchison, and Dr. Newton. Mr. Larson and Mr. Smith were absent. Members of Council present were Mr. Dixon (arrived at 4:20 p.m.; departed at 5:24 p.m.) and Mr. Lynn (arrived at 4:46 p.m.).

AGENDA ADDITIONS/DELETIONS

By unanimous consent, the agenda was approved as presented (Mr. Larson and Mr. Smith absent).

Adoption of Minutes - Organizational Meeting of December 12, 2013

Mr. Hutchison moved for approval of the Minutes of the Organizational Ad Hoc Financial and Operational Advisory Committee Meeting of December 12, 2013, seconded by Dr. Newton and unanimously carried (Mr. Larson and Mr. Smith absent).

Establishment of Committee Priorities and Development of Committee Strategies

Prior to the meeting, Chairman Holden requested that each member prepare a short list of prioritized items for consideration in formulating the priorities of the Committee. Since Mr. Larson was unavailable to attend the meeting, members were provided with his email response to Mr. Holden's request, dated January 25, 2014 ***(Attachment #1)***.

During the meeting, Mr. Holden stated that there were some obvious priorities and that there should be a relatively natural order in which to address the items. He noted that the Committee would attempt to introduce some logic and rationale into the sequence in which they address items. Mr. Holden requested Mr. Hutchison to identify his suggested priorities; however, Mr. Hutchison asked that Mr. Scott Koenig, City Manager, and Mrs. Donna Mitchell, Controller/Treasurer, provide their thoughts on the topic first.

In regard to staff recommended priorities, Mr. Koenig stated that, over the past few years, staff had been struggling to address service levels and efficiencies, while trying to ensure that the City gets the best value for its money. He stated that there is a substantial amount of pressure regarding retirement and unfunded OPEB liabilities, which the City needs to address first in order to ensure that, as employees progress through their careers and retire, the City can guarantee the benefits that they exit with.

Mr. Koenig informed members that staff has worked over the years to develop a more cohesive and forward thinking capital plan and that a large amount of dollars is needed for that capital plan. Several Council members had expressed the desire to be able to put more money into the capital plan over the long run in order to take care of the City's infrastructure.

Additionally, Mr. Koenig stated that the City has reduced staff from approximately 380 to 347, but there is pressure to increase staff in a number of areas to address service levels. He explained that the City is trying to become as agile as possible with billing and payments to ensure that customers are paying their bills on time, taxes are not delinquent, and people are meeting their end of the financial bargain for the services that are being provided. He stated that there is a need for everyone to work together to address these problems. The City needs more interoffice, interagency

communication and cooperation so that, as time progresses, some staff positions can fluctuate and move between departments to meet needs. There is also pressure to increase staff to address regulatory requirements, such as storm water regulations. Several years ago, it was made very clear that many were not in favor of fee and tax increases because they thought that the City needed to "tighten our belts" from the staff side. Mr. Koenig stated that it is staff's opinion that the City has tightened its belt over the last couple years but in some areas, such as customer service, the City is not at the same level of customer service that it was two (2) years ago. This is partially due to the financial downturn and also because customers have more needs than they had previously and staff is trying to respond to those increased service demands.

In regard to revenues, Mr. Koenig stated that the City of Dover is very much driven by the development community. Several City revenues are tied to the transfer tax, building permits, and impact fees. Impact fees are intended to pay the debt service on the City's water and sewer infrastructure. The transfer tax has fluctuated significantly in the last five (5) to seven (7) years. The budget "gaps" that have been discussed during budget hearings the past three (3) years are the result of these changes in the transfer tax. The City is experiencing increased pressure with costs of labor and benefits increasing and a regression, in some cases, of revenues that were very strong in the mid 2000s. The financial regulations in the past 10 years have required the City to account for retirement benefits, which has put a lot of pressure on staff and Council to find ways to balance the budget, but there has not been any consensus from Council regarding the elimination of any services. In fact, in some cases, members of Council are requesting that service levels be expanded.

Mr. Koenig reiterated that staff has been managing with less for a number of years and doing a very good job of it in some areas but struggling with it in other areas, due to the difficulty in maintaining service levels and meeting expectations, especially when the rate of response is expected to be immediate due to email and electronic documents, etc.

Mrs. Donna Mitchell, Controller/Treasurer, stated that the Committee will need to review and prioritize staff's priorities, as described by Mr. Koenig, and explained that there is a balancing act between constituents, employees, Council, etc., as well as bondholders, creditors, and rating agencies to consider, and the City will not be able to make everyone happy. She stated that the City should be putting money aside to allow for the benefits which members of staff are told the City will provide when they retire.

Mrs. Mitchell explained that she understands how all of the pieces come together to feed the whole because she sees one (1) entity-wide set of financial statements, but not everyone sees the whole because each department only sees their own specific area. She expressed her opinion that an education process should be included with all of the other priorities, so everyone can understand why things are the way they are, how they all fit together, and how everyone can possibly help each other.

Mr. Hutchison explained that, 40 to 50 years ago, an employee who retired from the City at the age of 65, after a 25 to 30 year career, would receive a $6,000 per year income and life expectancy was 10 years; however, today, an employee may retire at the age of 50 with a life expectancy of 40 years. Although there are 347 current employees, there are more than 200 retirees drawing pensions, which is a tremendous financial commitment on the part of the City. He shared his appreciation of the

employees of the City of Dover for a job well done. However, he expressed concern regarding the City's current and future financial outlook in regard to the unfunded liability of the pension plan, the lack of income, and the loss of revenue.

Mr. Hutchison explained that the members of the Committee were selected based on their business backgrounds and financial knowledge, and should be able to examine the City financial situation and organization from a different perspective. He stated that, as the Committee approaches these issues, questions and concerns, it is critical for everyone to understand that this is an opportunity and a responsibility to work together. The City has an opportunity to make changes that will make the City better, secure the City's finances and, as a result, secure each employee's future. He stated that members of the Committee are open to suggestions from the employees.

Dr. Newton stated that her list of priorities for consideration by the Committee included some of the same items previously expressed, including the pension liability. She stated that ensuring the long term is key, and probably the biggest item to tackle. She also suggested that the Committee look at income/revenue possibilities that do not necessarily mean significant tax increases. One particular item that stood out to her during the previous Committee meeting was the overall City organizational structure, which she suggested the Committee should review to determine if things can be streamlined and adjusted to increase responsibility and accountability, with a particular focus on who reports to the City Manager versus who reports to the Mayor. She stated that the topic of service provision, efficiencies, and the option of outsourcing or privatizing some services was previously mentioned and may be an item for the Committee to consider, although she did not have anything in particular in mind. She informed members that Wesley College was examining similar options in order to streamline and provide better service, including 24 hour or less response turnaround. Her final suggestion was addressing infrastructure issues, which she stated the City obviously could not do without income.

Mr. Holden stated that throughout the country right now, there is an epidemic of jurisdictions running into financial difficulties, including Detroit, Michigan and Jefferson County, Alabama. Many of these cities and counties have filed for bankruptcy, reduced staffing levels by up to 30%, and/or cut retirements. He explained that he accepted his appointment to the Committee because he does not want the City of Dover to be added to this list of municipalities. He stated that doing nothing is not an option, as the City's financial forecast, for 2015, 2016, and 2017 in particular, shows that the City is going to be in a significant deficit position if it does nothing.

Mr. Holden stated that the City faces the task of taking action in the least intrusive way while, at the same time, assuring that there are policies in effect to prevent unnecessary spending. He suggested that the City adopt a policy to state that City Council would only consider a proposal for a new project, introduced by either staff or a citizen, if it was cost neutral or revenue positive. If the proposal would cost money, the requestor would be charged with the task of finding the revenue to support it. This policy would not allow for new projects which would reduce the funding available for the essential functions already established.

In regard to the reserves for the City's pension funds, Mr. Holden was pleased by the amount the City has set aside since the City is well ahead of many other municipalities. However, he stated that the reserve amounts could be better and that there should perhaps be a prioritization of excessive monies from elsewhere in the City budget (electric, water, or sewer) so that a certain percentage or dollar amount must go into the pension funds to get that deficit erased.

Mr. Holden stated that the Committee is as interested in the services that the City provides and the employees' welfare, as the employees themselves are. In some cases, the Committee's recommendations to City Council may be difficult, but the focal point is to put the City on solid financial footing so that it will be able to honor all of the commitments that it has made.

Mr. Holden shared his opinion that in lieu of a volunteer committee the City could hire a consulting corporation for $150k or $200k, which might provide a more detailed review of some aspects; however, he did not think it likely that they would come to conclusions significantly different than those that the Committee will come to.

In summation, Mr. Holden stated that the Committee would be reviewing the City's policies, procedures, organizational structure, and commitments of funds, and looking at other cities to see how they provide service. Mr. Holden stated that, as a group and with the help of staff, the Committee will have to meet with staff and try to sequence these priorities. It was his opinion that the policies should be one (1) of the first things addressed but the Committee members and staff may have different ideas. He indicated that the Committee would provide an update on priorities and strategies at the next meeting.

City Organizational Structures

Dr. Newton reviewed materials related to different forms of municipal governance, as well as statistics and organizational charts for several municipalities. She indicated that her preliminary research included other mid-Atlantic and northeastern cities with similar size and population as Dover. In reviewing the structures, she noticed and questioned the unique division between those employees who report to the Mayor versus the City Manager, particularly in regard to the Police and Fire Departments.

Dr. Newton also noted that there was a mix between cities that have a Mayor-Council structure and versus a Council-Mayor-Manager structure and, in some cases, the Mayor handles all of the political aspects and the Manager handles all of the administrative/financial aspects, depending on whether they have a strong or weak mayor. She stated that the Manager form of government became popular with mid-sized cities in the 20th century in an effort to be more efficient, get rid of corruption, and be more accountable, etc. It was her observation that, in most instances, the Fire and Police Departments report to the same individual.

Referring to Page 144 of the packet, Mr. Timothy Mullaney, Jr., President of the Dover Organization of Employees (DOE), noted that in the City of Dover the Fire Department does not report to the Mayor but to the City Manager. Responding, Dr. Newton thanked Mr. Mullaney for his clarification, and noted that in most places, except Dover, the fire and police departments report to the same position, either the Mayor or Manager. She requested more information on why the City of Dover is structured in the manner in which it is.

Dr. Newton inquired as to what other information members would like for her to gather in terms of structures, both theoretical and actual, and what the possibilities are regarding the Committee's recommendations. She stated that, although these few items stood out to her, she would like more background information and data in order to begin to make an assessment.

Mr. Holden referenced the Tammany Hall scandal in New York City and a related New York Times cartoon as a classic historical point for the importance of ensuring control and accountability within municipal government. He stated that an organizational chart needs to clearly define, for the citizens and employees, who is responsible for what. He stated that the City of Dover Council has chosen to have the City Manager, as well as some department heads, report directly to them, but that there are other department heads who report directly to the City Manager and, in the case of the Police Department, the Mayor. While this may be a wonderful system, he would like to ensure that there is accountability within the organizational structure of the City of Dover.

Mr. Koenig informed members that the City of Dover Charter identifies the City Manager as the Chief Administrative Officer, and that power, light, water, sewer, and streets were the traditional functions assigned to the City Manager under the Charter. As the City Manager, he is responsible for collecting the taxes and all bills owed to the City and then turning the money over to the Finance Department. He stated that the City has a hybrid government. The City Manager is required by the Charter to present the budget and is accountable for the budget, which is then divvied out to the departments. The City Manager has direct say over the budgets for the departments that report directly to him; however, for other departments, such as the Police Department, the question becomes what is the authority of the City Manager beyond the total budget number. While the City Manager has the authority to keep these departments within the total budget number adopted by City Council, he has very little authority regarding actual expenditures and mid-year adjustments and appropriations, as long as they are following financial policies and procedures.

Mr. Koenig expressed his understanding that some of the Council appointee set-up was driven by personalties in previous years. Some services were under the City Manager, but personality conflicts resulted in the distribution of services to other department heads. There was a decentralization of power to ensure that there was not just one (1) person "running the show."

Mr. Koenig explained that, in accordance with the Charter, the City's police officers are specifically accountable to the Mayor and the Fire Chief is specifically accountable to the City Council, not to the City Manager. The Controller/Treasurer, Tax Assessor, Director of Planning, and the City Clerk are directly accountable to the Council, and all of the other departments report to the City Manager. He explained that the Fire Department is an exception because the fire dispatchers are City employees but the Fire Chief is a volunteer, elected by the membership of the Robbins Hose Company, and although the fire dispatchers are accountable to the City Manager through the City's personnel rules, etc., they are under the guidance of the Fire Chief. There is an agreement between the City and Robbins Hose Company which identifies that relationship. Additionally, the Police Department has officer and civilian components. The Charter provides specific language regarding the Mayor's ability to hire the police officers; however, the civilian employees are either bargaining positions, which fall under labor agreements, or non-bargaining positions. He stated that there are

personnel rules that the City Manager enforces as the Chief Administrative Officer for the City that must be adhered to but there are also individual department policies at the police department that are specific to that department, approved by that department, and accountable in only that department.

Mr. Koenig explained that, in recent years, several department head positions had been eliminated, including the Central Services Manager, Senior City Administrator, and Director of Parks and Recreation. As a result, responsibilities for those divisions were divvied out to other department heads. He stated that although the City Manager is responsible for preparing the budget, the previous Senior City Administrator actually performed this task; however, during the past two and one-half years, that function has been performed by the Finance Department, with the City Manager and Controller/Treasurer working closely together to prepare the budget and the City Manager presenting the budget to City Council. In addition, he explained that responsibility for the City's warehouse and inventory was previously assigned to a City Manager department but is now under the Finance Department. Likewise, the Parks and Recreation Division was moved under the Planning and Community Development Department. He stated that, as the City Manager, he has direct supervision over several departments and must also foster cooperation among all of the other departments to meet the City's mission. The City does not have a "Christmas tree" hierarchical structure like a military organization; therefore, there are times when "finger pointing" occurs.

Mr. Holden stated his opinion that the City's organizational structure creates that problem, which would be eliminated if there was a well-defined chain of command.

Mr. Hutchison stated that when the decision was made to decentralize power, the City's budget and workforce were much smaller and policies and union contracts were less complex.

Mrs. Mitchell explained that the role of the Finance Director has changed and must now be part of the strategic process for projects to ensure bills can be paid in the end. She expressed that her concern with the Controller/Treasurer reporting to the City Manager would be a lack of checks and balances. In response, Mr. Holden stated that the checks and balances could be written in so that the Controller/Treasurer could go to Council if there was an ethical concern. He stated his opinion that the current City Manager and Controller/Treasurer are doing a great job, but the City needs complete and secure accountability.

Responding to Mr. Holden, Mrs. Mitchell stated that the budget for the Fire Department includes personnel, apparatus, and operational expenses which equate to between $800,000 and $1M. She confirmed that the amount includes capital expenses for the replacement of equipment as well. Mr. Holden expressed his opinion that, compared to other cities, the Fire Department is a great financial bargain for the City.

Mr. David Truax, Fire Marshal, shared concerns regarding the structure of the Fire Department. He explained that he is a paid employee appointed by City Council and reports to the Director of Planning and Community Development; however, during a fire alarm he reports to the Fire Chief, in accordance with State of Delaware regulations. He expressed his opinion that there are a lot of dynamics in dealing with a volunteer fire company and the City is currently running the fire service as it was in 1972. He stated that the Fire Marshal's Office would typically be a division of the Fire Department, explaining that 80% of the Fire Marshal's Office responsibility is to the Fire

Department and the other 20% is to code enforcement and building code. Mr. Truax indicated that it is very difficult to have the Fire Marshal's under a Fire Chief who is not a City employee. He suggested a complete review of the organizational structure, including the Fire Department and Emergency Management Services (EMS). He expressed concern with the Fire Department and Fire Marshal's Office having separate budgets. He stated that the current structure is working, but it needs to be more concise with clear organization. Theoretically, a Planning Director could choose to go in a different direction than the Fire Department.

Mr. Truax explained that fire service as a whole is changing and there are fewer fire runs than there used to be. He noted that in some jurisdictions fire engines are now running to EMS calls until the ambulance gets there. He felt that having a volunteer fire service is a financial advantage, but the structure should be more cohesive for efficiency. He stated that discussions regarding this issue must involve the current and past fire chiefs, the Fire Marshal, the Controller/Treasurer, Human Resources Director, etc., because there are many dynamics involved.

Mr. Holden questioned whether the 911 call center dispatched the Fire Department. Ms. Christina Kober, 911 Supervisor and American Federation of State, County and Municipal Employees (AFCME) President, stated that the City of Dover 911 Center dispatches police only; medical calls are transferred to the Kent County 911 Center and fire calls are transferred to the Dover Fire Department. She stated that the process could be done differently and more efficiently. She stated that there was not a duplication of efforts, but a delay in response time.

Responding to Dr. Newton, Ms. Kober explained that the delay time could be a few seconds, which could be critical. The dispatcher must remain on the call, which could result in another call not being answered promptly. A minimum of two (2) dispatchers are on duty at the City of Dover 911 Center and there are 10 telephone lines; therefore, if both dispatchers are on emergency calls, additional calls may not be answered promptly.

In response to Mr. Holden, Ms. Kober stated that calls made to 911 from a land line telephone are automatically directed to the appropriate center; however, cellular phone calls are triangulated and go to the nearest dispatch center.

Mr. Holden suggested that the Committee schedule a future meeting to discuss this issue with all of the entities involved. He indicated that he would like to determine whether the 911 calls are being addressed efficiently from a health and safety standpoint, and whether proposing a change would be cost effective.

Ms. Kober informed members that the fire and police dispatchers were almost combined last year.

Dr. Newton questioned whether recommendations made by the Committee would require Charter changes. Responding, Mr. Koenig explained that changes to the City's Charter, Code, or policies could be required, depending on the recommendation; some recommended changes may simply require Council directive.

Referring to Item 5 of the Debt Policy on Page 4 of the City's Financial Policies, provided to members during their meeting of December 13, 2013, Mr. Holden expressed concern with the wording "whenever possible." Responding, Mrs. Mitchell explained that debt is decided when staff prepares the capital forecast and determines what funding is available. She stated that if pay-as-you-go revenues are not sufficient, staff may recommend the use of either debt issue, capital outlay reserves, or both. She explained that previous water/sewer projects were partially funded with impact fee reserves, because they were growth related projects, and supplemented with State Revolving Loan Funds. She stated that the decisions are made when the Capital Investment Plan (CIP) is balanced; however, she did not object to strengthening the language.

Mr. Koenig stated that the City used to spend a lot of time projecting the carry forward balances, which is very difficult; therefore, for FY 15 staff is looking at the revenues and expenses, and any surplus carry forward from FY 14 would go where Council designates.

In response to Mr. Holden, Mr. Koenig stated that the City is required to maintain a balanced budget. Mrs. Mitchell explained that the Financial Policies state that the revenues must equal or exceed the expenditures; however, the beginning balance is considered a revenue item. Mr. Holden stated that if this was solely his decision for a business, he would require that the carry forward go against the greatest outstanding liability. Mrs. Mitchell confirmed that this has been happening because the policy was amended a couple of years ago to ensure that if the budget balance was higher than projected the difference would go to the unfunded liabilities. Mr. Holden suggested that the policy ensure that this happens every year until the deficit has been met, then the money can be free for Council to carry forward as revenue or pay off debt service, which would be good for the City's credit rating and borrowing rate.

Referring to Item 1 of the Budget Balance/Reserve Policy on Page 4 of the City's Financial Policies, Mr. Holden questioned whether the maximum 12% budget balance had been increased by the Government Finance Officers Association (GFOA). Responding, Mrs. Mitchell confirmed that it had been increased to 16%. Mr. Holden suggested that the policy indicate that the City will hold a reserve of at least 12% of the operating budget because in the current economic environment, 8% is not enough. In response to Mr. Holden, Mrs. Mitchell stated that the City is currently withholding 8%. Although she had been aware of the increase to 16%, she did not propose a balance of 16% to Council because the City is trying to fund so many other items and experiencing an economic downturn.

Mr. Holden stated that the economic numbers for the last quarter came out today and the economy grew 3.2% and that the projections were for 3% or less, indicating that, nationwide, the economy is creeping out of the downturn it has been experiencing the last few years. He felt that this presented a very opportune time to increase some of the reserves because the City's cash position should improve marginally over the next 12 months. Responding, Mrs. Mitchell stated that the City's transfer taxes are not meeting the FY 14 budget; however, the recent Delaware Economic and Financial Advisory Council (DEFAC) report indicated that they are increasing for the State. She plans to request more detailed information from the State to determine whether the increases are for specific counties or municipalities.

Mr. Holden stated that there needs to be a definitive policy regarding the carry forward balance to obligate Council.

In terms of the organizational structure, Dr. Newton stated that she would like to work further on the issues related to comments made by the Fire Marshal and schedule future meetings related to these concerns.

Councilman Sean Lynn expressed concern regarding Mr. Holden's suggestions that government should be run like a business and wanted to dispose of such a notion early on in the Committee. He stated that the major distinction between government and business is that not everything that is profitable has social value and vice versa. He explained that government cannot be run like a business; as George Washington stated, "Government is not reason; it is not eloquent; it is force. Like fire, it is a dangerous servant and a fearful master."

In response to Mr. Lynn, Mr. Holden stated that he was not referring to essential services but other "optional" types of projects, for example the new library building. He stated that Georgetown and Milford both built new libraries for $300 per square foot; however, it cost the City of Dover $500 per square foot. The City of Dover had the opportunity to partner with Kent County and/or Wesley College, and it was his opinion that the State of Delaware would have closed the Division of Libraries building in the Edgehill Shopping Center to partner in the construction of a County-wide regional library. He stated that all of the entities would have been able to split the electric bill. It was his opinion that this project could have been accomplished in a better way. He noted that Kent County pays the City of Dover a small fee for each County resident that uses the library, and questioned the percentage of non-City residents that utilize the library. He was his feeling that the City provides a lot of service to non-City residents which City taxpayers pay for. He suggested that the City consider selling half of the library to Kent County. Mr. Holden agreed with the statements of Mr. Lynn and George Washington that there are essential services which the City should provide; however, with regard to new projects, he believed proposals need to specify the funding source.

In regard to the building at Dover Park, Mr. Holden suggested that the City lease the building to the Boys and Girls Club for $1 per month and allow them to fix it, and they will offer a valuable service to the residents in east Dover. He stated that City Council needs to be more imaginative. He noted that in 2003, the Schwartz Center was $3,750,000 in the red and sold half to Delaware State University and half to Wesley College to get back on solid financial footing.

Mr. Holden stated that he does not want the City of Dover to be on the verge of bankruptcy, like many other cities nationwide, noting that this is avoidable, but not if the City Council continues to "spend, spend, spend."

Mr. Lynn agreed with Mr. Holden's statement that Council needs to be more imaginative; however, he disagreed with the notion that the City of Dover "spends, spends, spends." He stated that libraries and schools are not profitable. He informed members that the Dover Public Library was built predicated on a study performed by the Delaware Division of Libraries which indicated that the amount of library space in Kent County was not sufficient and recommended that there should be one (1) magnet library and two (2) satellite libraries at the end of the County, with Dover serving as

the facilitator for the large magnet library. He stated that the study also indicated that the nationwide accepted standard for library space was one (1) square foot of library space for every resident; however, the current Library building is undersized to serve just the residents of the City of Dover.

Mr. Holden stated that the differences in opinion stem from Council being on the spending side, while the taxpayers are on the paying side. He stated that the City will have to raise taxes, and he understands that the City needs to do that and he will not be one to complain; however, he reiterated that the Library project from the very beginning was abysmal.

Mr. Lynn shared his opinion that the Committee should examine the City's history of deferring necessary infrastructure improvements to artificially keep the tax rates low. He stated that the City is on the verge of major problems, not from spending but because the City has not been spending on necessary infrastructure improvements. He informed members that, during the Council meeting of January 27, 2014, City Council deferred more necessary infrastructure improvements in terms of the streets and inflow/infiltration (I & I) budgets to advance the construction of the Garrison Oak Technical Park and Calpine Plant. Responding, Dr. Newton stated that this matter was on all of the Committee members' lists for review.

In response to Mr. Holden, Mrs. Mitchell clarified that the City has $3M in inventory that is not being utilized because it was purchased for problems that may occur.

Mr. Lynn attributed the City's problems with inflow/infiltration in the downtown area, failing pump stations, the electric system being in disrepair, etc. to Council purposefully deferring necessary infrastructure improvements and not setting money aside to address these problems.

Mr. Holden stated that the Committee intends to review these matters.

Understanding Mr. Lynn's comments that the City is not for profit, Mr. Hutchison stated that there are departments within the City that are for profit, including both electric and water. It was his opinion that there are a lot of issues which must be considered from a business perspective to decide whether the City should continue performing certain functions.

Mr. Lynn agreed with Mr. Hutchison, stating that the Economic Development Office is probably the most profitable City department, which routinely turns in millions of dollars in profit; however, it is almost always on the "chopping block" when Council looks at budget cuts.

Mr. Ernie Roswell, Vice President of the Fraternal Order of Police (FOP) Lodge 15, questioned whether the Calpine Plant would be profitable for the City of Dover. Responding, Mr. Holden stated that, based on the numbers which he has reviewed, the Calpine Plaint will be incredibly profitable over the long term. Mr. Koenig stated that the projected revenue for water is approximately $2M, but that is not all profit. The development of the Garrison Oak Technical Park is expected to produce a net revenue on all sides (taxes, utilities, etc.) at some point, but it will take time to get there. The land is being developed specifically to expand business opportunity in the City and generate utility returns.

Mr. Timothy Mullaney, Jr. submitted correspondence to Mr. Holden *(as on file in the City Clerk's Office)*.

Mr. Holden stated that the Committee would like to meet with members of staff, sift though information, and formulate suggestions to Council and indicated that the Committee is looking for cost savings, more efficiency, and imagination. He stated that he was recently informed that the Mayor of the Town of Camden became a Justice of the Peace, noted that the Town has had ongoing problems with its water system and the retention of a mayor and members of council, and suggested that Dover make an inquiry regarding the annexation of Camden.

Mr. Dave Gist, President of the FOP 15, introduced himself to members of the Committee.

Mr. Holden thanked those in attendance for their input.

Discussion of Meeting Dates and Times
Members reviewed a calendar of proposed Committee meeting dates.

Ms. Christina Kober, 911 Supervisor, expressed concern with the 4:00 p.m. meeting time, stating that many employees were unable to attend without using leave. She suggested that the Committee schedule future meetings for 5:00 p.m.

Dr. Newton suggested that meetings could be scheduled to suit the participants.

By unanimous consent, the next meeting was scheduled for Thursday, February 13, 2014 at 5:00 p.m. in the City Hall Conference Room, 15 Loockerman Plaza, Dover, Delaware.

Mr. Hutchison moved for adjournment, seconded by Dr. Newton and unanimously carried (Mr. Larson and Mr. Smith absent).

Meeting adjourned at 5:33 p.m.

D. Wayne Holden
Chairman

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Attachment
Attachment #1 - Email Received from Mr. Russell Larson, dated January 25, 2014

Devine, Denise

From: Russell Larson <rlarson49@gmail.com>
Sent: Saturday, January 25, 2014 10:40 AM
To: Devine, Denise
Subject: Re: Request of Chairman Holden - January 30, 2014 Financial and Operational Advisory Committee Meeting

I'm assuming you got my message saying that I would be out of town on the 30th. Had I been at the meeting I would have asked if there was a breakdown of the various programs run by the city and the cost of each. Examples include the police department, garbage, yard waste pickup, electric, water, etc.

The idea is to ignore the total cost of personnel or supplies and other line item costs and instead get some idea of what it costs to provide each program in its totality. This can get even more precise if you break down the programs within a function such as the cost of a SWAT team within the police department or the cost of picking up yard waste versus garbage versus leaves.

This would give the committee and council something to look at when making decisions on whether or not the city can afford to continue offering a particular type of service. Obviously, price is only one consideration. The responsibility to provide certain services won't go away just because they're expensive but at least everyone would know what the price of the service is.

Russ

On Thu, Jan 23, 2014 at 1:28 PM, Devine, Denise <ddevine@dover.de.us> wrote:

Members of the Financial and Operational Advisory Committee Meeting,

Chairman Holden has requested that each member bring a short list of prioritized items for consideration in formulating the Strategies and Priorities of the Committee during the meeting of January 30, 2014.

Please do not hesitate to contact the City Clerk's Office if you have any questions.

Thank you,

Denise L. Devine
Assistant City Clerk
City of Dover
e-mail: ddevine@dover.de.us
(302) 736-7008 phone
(302) 736-5068 fax

This email was sent to members of the ad-hoc Financial and Operational Advisory Committee.