REGULAR COUNCIL MEETING

The Regular Council Meeting was held on January 13, 2014 at 7:30 p.m. with Council President Bonar presiding. Council members present were Mr. Dixon, Mr. Lynn, Mr. Perza, Mr. Slavin, Mr. Hare, and Mr. Hutchison. Mr. Anderson and Mrs. Williams were absent.

Council staff members present were Police Chief Hosfelt, Mrs. Mitchell, Mrs. Townshend, Fire Chief Carey, Mr. Koenig, City Solicitor Rodriguez, and Mrs. McDowell. Mayor Carey was also present.

OPEN FORUM

The Open Forum was held at 7:15 p.m., prior to commencement of the Official Council Meeting. Council President Bonar declared the Open Forum in session and reminded those present that Council was not in official session and could not take formal action.

There was no one present wishing to speak during the Open Forum.

The invocation was given by Reverend Theodore Henderson, followed by the Pledge of Allegiance.

AGENDA ADDITIONS/DELETIONS

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

Mr. Hare moved for approval of the Consent Agenda, seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

ADOPTION OF MINUTES - REGULAR COUNCIL MEETING OF DECEMBER 9, 2013

The Minutes of the Regular Council Meeting of December 9, 2013 were unanimously approved by motion of Mr. Hare, seconded by Mr. Slavin and bore the written approval of Mayor Carey (Anderson and Williams absent).

PRESENTATION - ASSOCIATED BUILDERS AND CONTRACTORS (ABC) DELAWARE 2013 EXCELLENCE IN CONSTRUCTION MERIT AWARD (DOVER PUBLIC LIBRARY PROJECT)

Ms. Margery Cyr, Library Director, advised members that, on November 21, 2013, she was invited to represent the City of Dover at the ABC Delaware 2013 Excellence in Construction Awards. She stated that EdiS was awarded the Excellence in Construction Merit Award for the building of the new Dover Public Library, as well as the Green Award, which recognizes contractors who completed a construction contract using green building practices. Ms. Cyr presented the awards to the City of Dover.

SPECIAL SAFETY ADVISORY AND TRANSPORTATION COMMITTEE REPORT - DECEMBER 9, 2013

The Safety Advisory and Transportation Committee met on December 9, 2013 with Chairman Hutchison presiding.

Requests for Waivers - Appendix A - Subdivisions, Article VI - Subdivision - General Requirements and Design Standards, Section A - Streets (The Meadow Subdivision): Waiver of Length of Dead-End Street (Cul-De-Sac) - Jefferson Terrace; and Waiver of Increased Percentage of Lots on Dead-End Street (Cul-De-Sac) - Jefferson Terrace

Members reviewed a petition to waive subdivision standards, submitted by Penntex, LLC, for The Meadow Subdivision at Jefferson Terrace. The waivers requested were as follows: 1) Appendix A - Subdivisions, Article VI, §A15 - Exceed the Maximum Street Length of a Dead-End Street, and 2) Appendix A - Subdivisions, Article VI, §A15 - Increased Percentage of Lots on Cul-de-sac. The Conceptual Subdivision Plan permits the subdivision of land totaling $4.23^{+/-}$ acres into five (5) parcels for single-family, detached dwellings, with residual land to be known as The Meadow. (The name of the subdivision is currently proposed as The Meadow; however, the name must be revised. Within the City of Dover, there is an existing residential subdivision known as The Meadows. A unique name must be utilized to avoid confusion in emergency response.) The parcel is zoned R-8 (One Family Residence Zone) and R-10 (One Family Residence Zone). This parcel is located west of Monroe Terrace and south of but not adjacent to Wyoming Avenue.

Mrs. Ann Marie Townshend, Director of Planning and Community Development, explained that the Subdivision Plan proposes an extension of Jefferson Terrace as a public street leading to the west from Monroe Terrace. The right-of-way would be 60 feet in width. The extension of Jefferson Terrace is required by the Planning Commission to be a 36-foot paved width before terminating in the cul-de-sac, which will allow for on-street parking on both sides of the street. Parking would be prohibited within the cul-de-sac.

Referring to the request for waiver of length of dead-end street (cul-de-sac) for Jefferson Terrace, Mrs. Townshend advised members that the Conceptual Subdivision Plan proposes a dead-end street that is approximately $390^{+/-}$ feet in length when measured from the center line of Monroe Terrace to the center of the proposed Jefferson Terrace cul-de-sac; however, the length of the proposed cul-de-sac is 440 feet when measured to the terminus of the street right-of-way. It appears that the proposed dead-end street (cul-de-sac) exceeds the permitted length of a dead-end street, as indicated in the limitation of a length of a dead-end street in accordance with Appendix A, Article VI, Subsection A15 of the Dover Code.

Staff recommended approval of the request to exceed the maximum length of a dead-end street. The construction of the proposed extension of Jefferson Terrace terminating in a cul-de-sac is the only access to proposed residential lots. This is due to the configuration of the existing tract of land, the existing natural features of woodlands, wetlands, and flood plain areas, and the surrounding residential development.

Referring to the request for waiver of increased percentage of lots on dead-end street (cul-de-sac) for Jefferson Terrace, Mrs. Townshend advised members that the Conceptual Subdivision Plan depicts three (3) proposed lots, or 60% of the proposed five (5) lots in the subdivision, to front on the turnaround section of the proposed Jefferson Terrace cul-de-sac. This proposed lot percentage exceeds the maximum of 20% of the lots in a development allowed to front on the turnaround section of a cul-de-sac, in accordance with Appendix A, Article VI, Subsection A15 of the Dover Code.

Staff recommended approval of the request to permit more than 20% of lots in a development to front on the turnaround section of a cul-de-sac. The configuration of the tract of land does not allow for the inter-connection of the proposed street to another existing street in order to avoid the cul-de-sac.

Mrs. Townshend stated that, during their meeting of November 18, 2013, the Planning Commission conducted a public hearing and took action to grant conditional approval for the Conceptual Subdivision Plan of The Meadow at Jefferson Terrace, including the condition that the paved width of Jefferson Terrace be set at 36 feet to allow for onstreet parking. The Planning Commission also recommended approval of the Subdivision Waiver requests to allow the project to exceed the maximum length of a dead-end street and increase the percentage of lots on the cul-de-sac.

Responding to Mr. Perza, Mrs. Townshend stated that, although the cul-de-sac would be a little longer than other cul-de-sacs in the vicinity, it was not out of character with the area. With reference to the map previously provided to members, she stated that the map depicted a street width of 24 feet; however, the map had not been revised to depict the street width change to 36 feet that was recommended by the Planning Commission. She explained that, in accordance with the subdivision plan process, if waivers are approved, a revised map will be submitted.

The Committee recommended approval of the Subdivision Waiver requests for The Meadow Subdivision at Jefferson Terrace to exceed the maximum length of a dead-end street and increase the percentage of lots on the cul-de-sac, as recommended by the Planning Commission.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

Request for Waiver - Appendix B - Zoning, Article 5 - Supplementary Regulations, Section 17 - Emergency Access Requirements - Waiver of Emergency Rear Access Requirement for Walker Woods/Walker Woods II Redevelopment

Members considered a petition to waive the emergency rear access requirements for Walker Woods/Walker Woods II Redevelopment as required by Appendix B - Zoning, Article 5 - Supplementary Regulations, Section 17 - Emergency Access Requirements of the Dover Code. The Site Development Plan Review permits the redevelopment of the site with the construction of 77 garden apartments in 12 buildings (currently, there are 72 townhouse units). The property is zoned RG-2 (General Residence Zone) and the owners of record are Walker Woods Properties, LLC and Milford Housing Development Corporation.

Mrs. Ann Marie Townshend, Director of Planning and Community Development, advised members that Appendix B, Article 5, Subsection17.5(a) of the Dover Code requires a 16-foot alley or an 18-foot secondary fire lane and an 18-foot sub-grade emergency access lane as emergency access to the rear building areas for two (2) and three (3) story apartment buildings. She stated that the applicant requested a waiver for the elimination of these requirements. She explained that the existing layout provided a 24-foot fire lane across the front side of each building, and the buildings would be equipped with sprinklers. Members were advised that the Fire Marshal's Office indicated no objections to the removal of the rear access requirement for apartments for this project, with the stipulation that the buildings would be fully sprinklered and would meet the access required by the State Fire Prevention Regulations.

Mrs. Townshend noted that this type of waiver is received quite frequently and that, after having discussions with the Fire Marshal, it was staff's intention to bring forward a Code amendment to eliminate the need for such waiver requests. She explained that the rear access requirement was instituted prior to current procedures that mandate sprinkler systems.

Mrs. Townshend advised members that the Planning Commission recommended approval of the waiver for the elimination of the emergency rear access.

The Committee recommended approval of the requested waiver, as recommended by the Planning Commission.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

Update - Dover High School Construction

Mrs. Ann Marie Townshend, Director of Planning and Community Development, indicated that the construction of the new Dover High School was moving forward and that monthly coordination meetings continued. She stated that the City would continue to ensure that the Leander Lakes Project is well coordinated with the Dover High School Project. She noted that an additional development project, Dover Christian Church, will be building on the corner property adjacent to Leander Lakes. In addition, she advised members that the City had been assured that the east entrance to the new School will be constructed and that the Planning Commission issued a parking reduction waiver; however, areas will be grassed and curbed to be made available for overflow parking for large events. She assured members that there were no issues or concerns to report at this point.

Responding to Mr. Davis, Mrs. Townshend stated that the Capital School District had requested the Delaware Department of Transportation (DelDOT) to construct some of the improvements to the east entrance in an attempt to help defray those construction costs. In addition, she noted that attempts were being made to work with local legislators to obtain community transportation funds.

Discussion - Changing of Meeting Day and Time

Mr. Hutchison noted that the Committee had been meeting on the Wednesday following the fourth Monday of each month at 5:00 p.m. and questioned the possibility of changing the meeting day to the fourth Monday of each month at 4:00 p.m.

The Committee recommended changing the meeting day and time to the fourth Monday of each month at 4:00 p.m.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

By consent agenda, Mr. Hare moved for acceptance of the Safety Advisory and Transportation Committee Report. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

UTILITY COMMITTEE REPORT - DECEMBER 9, 2013

The Utility Committee met on December 9, 2013 with Councilman Perza presiding in the absence of Chairwoman Williams.

Service Agreement for the Natural Gas Distribution System in the Garrison Oak Technical Park (GOTP) - Chesapeake Utility Corporation

Mr. Scott Koenig, City Manager, reminded members that the City of Dover has been acting as the developer of the Garrison Oak Technical Park (GOTP). As the developer, staff felt it would be advantageous to offer natural gas service to the various tenants in the industrial park; therefore, the City has requested that natural gas infrastructure be installed within the technical park so that it is available to potential purchasers and tenants. Members were provided a standard Service Agreement submitted by Chesapeake Utilities Corporation which outlines the respective responsibilities of the City as well as Chesapeake Utilities Corporation. He advised members that the proposed Agreement has been reviewed by the City Solicitor's Office and has been amended accordingly.

In accordance with the proposed Service Agreement, Mr. Koenig noted that all costs to install the required infrastructure will be the responsibility of Chesapeake Utilities Corporation; however, the Agreement includes a revenue shortfall calculation that the City of Dover would be responsible for should the revenues from the investment not be equal to or in excess of the initial capital investment within the first six (6) years after the effective date of the Agreement. He assured members that the maximum financial exposure to the City of Dover is estimated to be less than $130,000.

Mr. Koenig advised members that the proposed Agreement includes several exhibits, including a plot plan for the GOTP. Based on conversations with staff, he explained his understanding that the natural gas for tenants of the GOTP would be extended from White Oak Road through the horseshoe road network in the subdivision and back out to White Oak Road. At this time, he stated that it is not intended to be connected to the 16 inch lateral for the Calpine Project. He explained that the maximum financial exposure ($130,000) assumes that there are no tenants for the first six (6) years and that this amount would be less whatever gas Uzin Utz would be using as the first tenants to connect to the distribution system.

Staff recommended that the City Manager be authorized to execute the Service Agreement with Chesapeake Utilities Corporation for the Natural Gas Distribution System within the GOTP.

Responding to Mr. Snaman, Mr. Koenig stated that Uzin Utz has gone before the Planning Commission and are working their way through the permitting process. It is their hope to break ground in March 2014, with the facility opening a year later.

In response to Mr. Blakeman regarding the documents on file with the Public Service Commission and the six (6) times net revenue test, Mr. Koenig stated that he had not reviewed the documents but that staff could request the City Solicitor's Office to review them.

Responding to Mr. Perza regarding the six (6) times net revenue test, Mr. Koenig indicated his understanding that it is the standard formula used for this type of return on investment. He also indicated that the net revenue test will be conducted on the final sixth year and not done on an annual basis. He explained that the "true up" date will be six (6) years after the Agreement and noted that there is a revenue schedule provided as Exhibit B of the Agreement. Regarding the requirement for the developer to pay any shortfall amount within thirty (30) days from the time the Company gives

notice that a shortfall has occurred, Mr. Koenig stated that although a one-time payment would be required, he felt confident that there would be no issues if the City needed to establish a payment schedule. He assured members that staff would be budgeting any amount that may be required and making every attempt for no shortfall to occur by acquiring tenants.

The Committee recommended approval of staff's recommendation to authorize the City Manager to execute the Service Agreement with Chesapeake Utilities Corporation for the Natural Gas Distribution System within the Garrison Oak Technical Park (GOTP).

Council President Bonar advised members that he had a potential conflict of interest and would be abstaining from the vote.

Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Slavin and carried by a roll call vote of five (5) yes (Dixon, Perza, Slavin, Hare, and Hutchison, one (1) no (Lynn), and one (1) abstention (Bonar)(Anderson and Williams absent).

TEA/NAES Report (October)

The TEA/NAES Monthly Report for October 2013 was provided to members to enable them to monitor electric sales and revenues received, which will provide a better understanding of any fluctuations that occur and allow the opportunity to make improvements if deemed necessary.

Mr. Scott Koenig, City Manager, reaffirmed that the City's costs are coming in slightly higher than anticipated which has been a trend most of the budget year. He stated that staff has reviewed the budgets, expenses, etc. and that the City's budget is tight. He noted that page 12 of the report provided the year-to-date amounts and that, although most items are tracking as anticipated, there are concerns with the "PJM - ARR, Transmission and Fees," explaining that the fees are much higher than anticipated. As a result, staff has been talking with The Energy Authority for the past several months, as well as relaying the City's concerns to both the Delaware Municipal Electric Corporation (DEMEC) and Mr. Kirk Betts, Betts & Holt LLP, the City's Energy Attorney. Mr. Koenig stated that staff expects to submit a report to the committee in January to discuss the impact of the fees and the cause of the increases. He advised members that there has been an unanticipated reallocation of costs for two (2) entities that are purchasing power, and since the City of Dover is one (1) of the entities that purchases power off of the PJM grid, the City is subject to these fees.

Mr. Blakeman explained the complexity of the PJM billing invoice and questioned if there was some way of providing a breakdown. He noted that there are 72 items listed and that there are five (5) PJM related costs for the power supply and three (3) for the plant and requested that they be listed by budget item. Responding, Mrs. Donna Mitchell, Controller/Treasurer, stated that TEA currently provides the City with a breakdown of the charges by General Ledger accounts. She stated that she will request TEA to provide members a copy of the breakdown for a better understanding of the bill.

The Committee recommended acceptance of the TEA/NAES Monthly Report for October 2013.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

UPDATES

Members were provided the following updates:

Calpine Energy Center/Garrison Oak Technical Park Project

Mr. Scott Koenig, City Manager, advised members that the City continues to have weekly meetings and telephone conference calls with the Calpine Corporation regarding the Energy Center. Currently, the big items underway are the deliveries, finalization of easements, and alignment of the transmission lines from the Calpine/Garrison Energy Center back to the 230kV tie (Cartanza Substation). He stated that the City continues to work on their responsible components of the infrastructure. Pre-bid meetings were held last week for the water system, gravity sewer system, pump station force main, streets, and storm sewer associated with the project. It is anticipated that the bid package will be due during the early part of January 2014. There were approximately 20 contractors who attended the mandatory pre-bid meeting. In order to remain on schedule, he stated that staff should present the bids to City Council during the second Regular Meeting in January 2014.

Mr. Koenig reiterated that there are numerous large loads scheduled for delivery in December. He advised members that Calpine has made their Industrial Waste Permit Application to Kent County and that the City is analyzing the information to determine the best path forward for the wastewater from that facility. He stated that staff continues to work through normal construction issues and that the City has finalized the alignment of the 16 inch lateral through the City property and into the Calpine/Garrison Energy Center and will not be constructing immediately adjacent to or on top of the water line that was installed a few months ago. He believed that a certificate for construction was received for the natural gas lateral.

In regard to the Garrison Oak Technical Park, Mr. Koenig stated that the City is continuing to work through the final land agreement for lot #12 for the Uzin Utz facility and noted that the Planning Commission granted conditional approval. As a result, Uzin Utz is now making submissions to agencies in order to move forward with the project. Mr. Koenig reiterated the expectation that Uzin Utz will obtain a building permit in March 2014, and that construction will take approximately 12 months.

Mr. Koenig explained that the Calpine Energy Projects, the Uzin Utz Project, and the City's infrastructure project are all converging on an early 2015 completion.

Dover Sun Park

Mr. Scott Koenig, City Manager, noted that members were provided a spreadsheet - Electric Revenue Fund, FY14 - White Oak Solar Park Incremental Cost, based on previous requests and comments. He advised members that the incremental Sun Park cost, from July through October, was $162,360. He explained that the incremental Sun Park cost reflects the increased cost to the City as a result of using solar energy, compared to the amount that would have been paid if the City used regular fossil fuel. He stated that solar energy is necessary for the City to meet the demands under the regional portfolio standards. In addition, he explained the importance of understanding that the production of this 10+ megawatts of solar energy in the summertime reduces the City's peak demand in the PJM; therefore, while it is more expensive, it is beneficial to the City.

Mr. Hare moved for acceptance of the Utility Committee Report, seconded by Mr. Slavin and carried with Mr. Bonar abstaining (Anderson and Williams absent).

LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE REPORT - DECEMBER 9, 2013

The Legislative, Finance, and Administration Committee met on December 9, 2013 with Chairman Lynn presiding.

Request of Elizabeth W. Murphey School - Grant for Judo Mats

During their meeting of November 25, 2013, members considered a request of the Elizabeth W. Murphey School for the City to provide assistance in purchasing Judo mats (10-12 mats at a total cost of approximately $2,500). The committee tabled the matter so that more information could be obtained regarding where the money may come from.

Mr. Rushe moved to remove the matter from the table, seconded by Mr. Shevock and unanimously carried.

Mr. Slavin stated that he would recuse himself from discussion or voting on this issue due to his relationship with the Murphey School through his job with the State of Delaware.

Mr. Scott Koenig, City Manager, stated that his preference would be for the City not to become involved due to concerns of receiving additional, similar, requests. Therefore, he suggested that the school seek private funding. Should Council wish to grant the request, since there are no available funds in City Council's budget, he stated that a portion of the community relations and travel expense funds in the City Manager's budget for the current fiscal year could be appropriated to cover the costs for purchasing the mats. In accordance with City policy a cash donation could not be made, therefore, he stated that staff would need to review the policy and determine whether the City could purchase the mats directly and extend them to the Murphey School for either temporary or permanent use. Should members wish to move forward and approve the request to purchase mats through City funds, staff recommended that it be charged against the City Manager's budget for fiscal year 2014.

Responding to Mr. Shevock, Mr. Koenig explained that the City's current policy prohibits the City from making cash donations.

Mr. Rushe suggested the possibility of the City providing "matching funds."

In response to Mr. Hare, Mr. Koenig advised members that, in the past, the City has made contributions to the Fourth of July Committee, Kent County Tourism for Old Dover Days, and the African American Festival. Regarding the contribution to Kent County Tourism, he explained that it is considered a "management" fee since they handle advertising, scheduling events, etc. for Old Dover Days. In regard to the African American Festival, he stated that the City's contribution had previously been as high as $15,000, that an amount of $7,500 was budgeted for the current year, and that the funds were provided as a reimbursement for actual expenses. For several years, he stated that the City did not provide any funds for the Fourth of July Festival; however, to his recollection, there were times when the Festival was underfunded and the City provided a donation. For the current budget year, the Fourth of July Committee had indicated that there was no need for any donations. He reminded members that the Fourth of July Committee is a City appointed committee.

He noted that the only event that does not have direct City involvement is the African American Festival, which is a reimbursement. He advised members that for the fiscal year 2012 Budget, staff had recommended that the funding for the African American Festival be removed; however, these funds were added back into the Budget by City Council.

The Committee recommended denying the request to fund the Judo mats.

Council President Bonar noted that Mr. Slavin had a conflict of interest and would be abstaining from the vote.

Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Dixon and carried with Mr. Slavin abstaining.

Proposed Ordinance #2013-18 - Budget Amendments for Fiscal Year 2013/14

Members were provided proposed Ordinance #2013-18 - Budget Amendments for Fiscal Year 2013/14. Mrs. Donna Mitchell, Controller/Treasurer, advised members that the proposed budget ordinance represents the first amendments proposed and incorporates changes into the FY2013/14 Budget. She noted that the Committee Action Form indicated that the proposed amendments were reflected in red font; however, the copy of the proposed ordinance included in the packet was incorrect. As a result, staff provided members with a copy of the proposed ordinance reflecting the proposed amendments in red font *(City Clerk's Office Note: Subsequent to the meeting, the packet was revised to include the ordinance as presented)*.

Mrs. Mitchell briefly explained the proposed amendments, as follows: 1) amends the Beginning Budget Balances for all Funds; 2) transfers the favorability in the General Fund Beginning Budget Balance to the Civilian Pension Fund in accordance with policy; 3) amends the Electric Budget for an unfavorable Beginning Budget Balance by reducing the transfer to the Electric capital project fund (the capital project fund had a favorable budget balance and was able to accommodate the reduction in the transfer); 4) amends the Water/Wastewater transfer to the capital project fund for savings in Engineering wages in accordance with recent Council actions for project design work; 5) amends the Capital project funds to reflect the audited Beginning Balances and corresponding adjustments for those uncompleted projects with multi-year construction periods (a separate revised Capital Investment Plan was provided for review); and 6) amends Grant Funds to reflect programming changes in the Grants based on information received after the budget was approved.

Referring to the beginning balance amendment in the Governmental Capital Projects Fund (line 143), Mrs. Mitchell explained that this was the result of several incomplete projects, such as the Calpine Infrastructure Project and the Street Program from last fiscal year. She stated that line 147, Contractor's Contributions, was amended to reflect the $264,800 in escrow for the City to complete the Westover Subdivision Project. Mrs. Mitchell noted that specifics for the Capital Investment Plan Amendments have been provided to members. She advised members that the proceeds indicated in the Water/Wastewater Improvement and Extension Fund Cash Receipts/Revenue Budget (lines 345-351) were revised mainly due to project carry forwards and the new bond issue since the Calpine Project was just completed this year. Mrs. Mitchell stated that the revised beginning balance for the Electric Revenue Fund (line 421) was reduced; therefore, the transfer to the Improvement and Extension Budget (line 473) was reduced from $5.4M to $4.9 to make up the shortfall in order to keep the fund within the budget balance requirement of 8%.

Mrs. Mitchell reminded members that the City had put a substantial amount of money in the Electric Utility Rate Stabilization Reserve in fiscal year 2012 to assist the City during the next three (3) years. She explained that the revised amounts included in the Community Transportation Improvement Fund were due to projects that were not known earlier in the year. Similarly, she stated that the Library Grants and Police Grants Funds were revised to reflect grant monies that have been received that were not known of earlier in the year. Mrs. Mitchell indicated that the CDBG Fund was adjusted to reflect the Plan adopted by Council for CDBG which was accomplished after the City's Budget was approved. She stated that the After School Program - CJC Grants was also revised since the grant monies were received after the City's Budget was approved.

Mrs. Mitchell also reviewed the Capital Investment Plan Amendments and explained that these amendments were included in the budget amendments for fiscal year 2013/14.

Staff recommended adoption of Proposed Ordinance #2013-18 - Budget Amendments for Fiscal Year 2013/14, with the First Reading to be held on January 13, 2014.

Responding to Mr. Slavin's question regarding the source for the revised budget amount related to the carry forward balance for the General Fund, Mrs. Mitchell stated that the revenues came in at approximately $170,000 over budget, with the largest being $109,000 for permits and licenses. In addition, she stated that the expenses came in $500,000 under budget. She stated that most of the savings in expenses were the result of attrition. Mrs. Mitchell confirmed that this was a one time "blip" that occurred and will be filled back in once the vacant positions are filled.

The Committee recommended adoption of Proposed Ordinance #2013-18, as presented by staff.

By consent agenda, Mr. Hare moved for approval of the Committee's recommendation. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent). *(The First Reading of the ordinance will take place during the latter part of the meeting).*

Draft Comprehensive Annual Financial Report (CAFR)

Mrs. Donna Mitchell, Controller/Treasurer, reviewed a Presentation - Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013.

Responding to Mr. Slavin, Mrs. Mitchell explained that the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 will require the City to report the unfunded liability on the financial statements. For the funded portion, the City can use the actuarial assumption of 7.0% for the return on investment. However, the GASB requires the City to bifurcate the unfunded liability and GASB 67 and 68 will require the use of the municipal bond rate, which is approximately 4%. She explained that when a lesser return rate is used, the liability will be raised, as is required since the City is not fully funded. *(City Clerk's Office Note: Subsequent to the meeting, Mrs. Mitchell, Controller/Treasurer, advised that the actuarial assumption is 7.0%, not 7.5% as stated.)*

Mr. Slavin noted that the interpretation of the original GASB requirements regarding the unfunded liability was the result of some negligence on the part of City Council. He explained that the GASB 67 and 68 are more stringent standards being instituted and that the City will not know the content

of those standards until they are issued. Mr. Slavin stated the difficulty for the City to maintain very high quality finances when every few years the standards change and new guidelines are instituted, with the possibility of additional liabilities for the City. He urged staff to provide a briefing to members of the Committee and City Council on the new requirements of the GASB 67 and 68 prior to the implementation.

Mrs. Mitchell advised members that the GASB requires the City to recognize the expense and if the expense is not funded, a liability is created. She explained that the GASB does not force the City to fund the expense, but if the expense is not funded, the liability must be recognized.

Mr. Slavin noted that if the City were to choose not to fund the liability, it would likely affect the City's bond rating. In addition, Mrs. Mitchell stated that in the long-term, it would affect the City's ability to pay those benefits.

Mrs. Mitchell provided members with Supplemental Information - Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013 and explained that the information contained budget to actual reports, which shows the individual budget variances. Noting that the budget balance for the General Fund is $4.2M (page 3 of attachment #2) and that the unassigned amount for the General Fund is $3.3M (page 7 of attachment #1), she explained that the difference is those non-expendable accounts which are the inventory, pre-paids, and the fair value of investments. She stated that the amount is adjusted for those non-cash items and explained that the City actually shows the higher number as the budget balance ($4.2M rather than the $3.3M) and she wanted members to be aware of the reconciliation listed that provides those details.

Mr. Lynn moved for acceptance of the Legislative, Finance, and Administration Committee Report, seconded by Mr. Dixon and unanimously carried (Anderson and Williams absent).

MONTHLY REPORTS - NOVEMBER 2013

By motion of Mr. Hare, seconded by Mr. Slavin, the following monthly reports were accepted by consent agenda:

City Assessor's Report
City Manager's Report
City Planner's Report
Controller/Treasurer's Budget Report
Economic Development Office Report
Fire Chief's Report
Police Chief's Report

ENGAGEMENT LETTER - INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW) ARBITRATION

Members were provided a letter outlining and confirming the terms of the engagement of Baird, Mandalas, and Brockstedt in connection with the arbitration proceedings with the International Brotherhood of Electrical Workers Local 1238 (IBEW).

Mr. Lynn announced that he has joined the law firm of Baird, Mandalas, and Brockstedt and stated that he would disqualify himself from discussing and voting on this item.

Mr. Scott D. Koenig, City Manager, reviewed the terms of the engagement letter and recommended authorization to sign the letter engaging Baird, Mandalas, and Brockstedt to represent the City in arbitration proceedings related to contract negotiations with the International Brotherhood of Electrical Workers Local 1238 (IBEW) for a fee of $20,000. Mr. Koenig noted that the expense would be charged to the Electric Department's budget for contract negotiations.

Mr. Hare moved for approval of staff's recommendation, seconded by Mr. Slavin and carried by a unanimous roll call vote (Lynn disqualified)(Anderson and Williams absent).

EVALUATION OF BIDS - LIBRARY HEATING, VENTILATION, AND AIR CONDITIONING (HVAC) MAINTENANCE AND REPAIR CONTRACT

Mr. Scott Koenig, City Manager, advised members that the Department of Public Works maintains blanket contracts with contractors that are required to perform services for the City through the Department. These contracts are established in accordance with the purchasing policy. These contracts are often priced as a "time, materials and equipment" type contract and may exceed $25,000 annually. This contract will provide Heating, Ventilation, and Air Conditioning (HVAC) maintenance and repair to the new Library building and includes provisions for regular and emergency call-out services.

The Department of Public Works created bid documents and the bid package was advertised to the public as an Invitation to Bid in accordance with the City's purchasing policy by the City's Purchasing Agent under Bid #14-0021PW. The following three (3) contractors submitted bids for the proposed Library HVAC Maintenance and Repair Contract:

Bidder	Location	Anticipated 3 Year Cost
Summit Mechanical, Inc.	Bear, DE	$68,295
Modern Controls, Inc.	New Castle, DE	$59,190
Statewide Mechanical, Inc.	Port Penn, DE	$39,400

City staff reviewed the bid packages and found them free of math errors and/or discrepancies. The estimated costs for the proposed contract for FY-2014 (January 14, 2014 to June 30, 2014) is $6,450, which represents a spring servicing of the equipment and five (5) hours of each labor rate for possible emergency calls. The FY 2014 costs will be charged to 110-1500-523.30-31. It is likely that an internal budget amendment will be needed to cover these costs. The City Manager will work with the Library Director to complete the internal budget amendment after award of the contract.

Staff recommended awarding the Library HVAC Maintenance and Repair Contract to Statewide Mechanical Services, Inc. in the amount of $6,450 for the remainder of FY 2014, with a total three (3) year contract price of $39,400.

Mr. Slavin moved for approval of staff's recommendation. The motion was seconded by Mr. Perza and carried by a unanimous roll call vote (Anderson and Williams absent).

APPOINTMENT OF DELAWARE MUNICIPAL ELECTRIC CORPORATION (DEMEC) DIRECTOR AND ALTERNATE DIRECTOR (SCOTT D. KOENIG AND DONNA S. MITCHELL)

By consent agenda, Mr. Hare moved to appoint Mr. Scott Koenig and Mrs. Donna S. Mitchell to serve as Delaware Municipal Electric Corporation (DEMEC) Director and Alternate Director, respectively. The motion was seconded by Mr. Slavin and carried by a unanimous roll call vote (Anderson and Williams absent).

FIRST READING - PROPOSED ORDINANCE #2013-18

Council President Bonar reminded the public that copies of the proposed ordinance were available at the entrance of the Council Chambers or could be obtained from the City Clerk's Office. Final action by Council on the proposed ordinance will take place during the Council Meeting of January 27, 2014.

In accordance with Section 1-9 of the Dover Code, Council acknowledged the First Reading of the Ordinance Amendment as read by the City Clerk, by title only, as follows:

Proposed Ordinance #2013-18 - Budget Amendments for Fiscal Year 2013/14

COUNCIL MEMBERS' ANNOUNCEMENTS

Mr. Bonar and Mr. Hutchison congratulated Matt Carey on his election as Fire Chief.

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

Meeting adjourned at 7:45 p.m.

TRACI A. McDOWELL
CITY CLERK

All orders, ordinances, and resolutions adopted by City Council during their Regular Meeting of January 13, 2014, are hereby approved.

CARLETON E. CAREY, SR.
MAYOR

/TM
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