SPECIAL COUNCIL MEETING
BUDGET REVIEW

A Special Council Meeting was held on May 29, 2013 at 6:05 p.m. with Council President Bonar presiding. Council members present were Mr. Dixon, Mr. Lynn, Mr. Perza (departed at 7:07 p.m. and returned at 7:14 p.m.), Mr. Slavin, Mrs. Williams (departed at 7:43 p.m. and returned at 7:48 p.m.), Mr. Hare, and Mr. Hutchison. Mr. Anderson was absent.

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

AGENDA ADDITIONS/DELETIONS

By unanimous consent, the agenda was adopted as presented.

INTRODUCTION AND PRESENTATION

Mr. Scott Koenig, City Manager, thanked those in attendance for coming to take advantage of the budget presentation outlining the proposed FY14 spending plan and how staff plans to finance the plan. He stated that over the past several months, Mrs. Donna Mitchell, Controller/Treasurer; Ms. Tracey Lisiecki, Financial Accounting and Reporting Manager (Finance Department), and all department heads have worked very diligently to prepare a spending plan which meets the needs of the City for preparing and executing basic municipal services. He stated his opinion that there are not extravagant items in the plan; it addresses the basic level of services that have been provided over the years in the City of Dover and infrastructure needs for the future.

Mr. Koenig reminded members that, earlier this year, staff was anticipating a budget deficit in the General Fund of approximately $720,000 and tonight staff will map out how the budget has progressed since that time.

Mr. Koenig advised members that the proposed spending plan for FY 14 is approximately $132M and reviewed a presentation entitled "City of Dover Fiscal Year 2014 Proposed Budget: Highlights of Overall Budget, May 2013" (Pages 10-19 of the meeting packet), which included information on Revenue Changes, Financial Policies, items that were Applicable to All Funds, the General Fund, Property Taxes, a Computation of the Legal Debt Margin, the Water/Wastewater Fund, and the Electric Fund.

In regard to the Electric Fund, Mr. Koenig stated that staff proposed an overall rate reduction of 11%, primarily driven by the cost to purchase power and the continued decline of buying power off the PJM grid. The City is currently in a position to reduce electric rates for both residential and commercial customers, which he hoped will lead to changes in the local economy in the long-term.

Mr. Koenig informed members that staff would be bringing forward proposed changes to the City's fiber leasing policies to emulate the current market rate.

With regard to Financial Policies, Mr. Koenig stated that all budgets were balanced, with current revenues equal to or greater than the current expenses as per the policy, with the exception of the General Fund. He reminded members that in January of this year, staff anticipated a $700,000 gap in the General Fund and signaled the possible necessity for a property tax increase. However, since that time, staff reviewed the FY14 draft budget, "combed through" the FY13 budget, and

recommended moving savings in the FY13 General Fund Budget in the amount of $632,000 from various department and fund expenses to help balance the FY14 General Fund Budget. He explained that the savings have primarily resulted from the number of outgoing employees being greater than the number of new hires during the past year.

Regarding items that were applicable to all funds, Mr. Koenig stated that staff budgeted in accordance with the contracts for both the Fraternal Order of Police (FOP) and Dover Organization of Employees (DOE), and that the FY14 Budget does not address contracts for the International Brotherhood of Electrical Workers (IBEW) or American Federation of State, County, and Municipal Employees (AFSCME) because those contracts have not been signed. He informed members that the IBEW negotiations had not concluded and that the first negotiation session for AFSCME had not yet started.

In response to Mr. Lynn, Mr. Koenig clarified that the proposed 3% increase for non-bargaining employees did not include those positions included in the AFSCME petition because any wage adjustment would be considered during the contractual negotiations.

Mr. Koenig clarified that the $70,000 amount represented the proposed 3% increase for non-bargaining employees.

Mr. Koenig stated that the IBEW was the only group of employees not included in the 15% cost sharing for health care and that the IBEW contract was currently being negotiated.

In response to Mr. Lynn, Mr. Koenig confirmed that all non-bargaining employees were included in the proposed 3% increase, with the exception of the City Manager, regardless of whether they were provided an increase during the past 12 months. Mr. Koenig stated that increases that were granted were based on positioning as it existed at the time and that the 3% is the "look forward" into FY14.

Mr. Koenig explained that in an effort to better manage the budget, vacation sell-back, retirement payouts, and education assistance expenses were removed from Department/Division budgets by transferring the estimated cost to a fund expense. He stated that in previous years, these expenses were over-budgeted for and that this change resulted in a reduction of $110,000 in the General Fund.

In regard to the expectation for the continuation of low revenue growth in the General Fund, Mr. Koenig reminded members that the City's revenues are tied to the construction market. When the construction economy is slow, the City experiences slow revenues related to realty transfer taxes, as well as for permits, such as building and plumbing, which are the revenues that make the difference between the City having a balanced budget versus a budget gap.

Mr. Koenig explained that the proposed increase of $150,000 to address the issue of credit card fees was due to the City regressing back to taking individual credit card payments directly instead of utilizing a third-party payer because staff believes it will help with revenue collection and keeping people timely with payments, which has been a concern during the last few months.

In regard to the Water/Wastewater Fund, Mr. Koenig explained that revenues were projected lower as a result of a reduction in sales. He stated that these revenues are projected to remain relatively flat over the long run, until the Calpine project is realized and staff can fully assess the amount of water and sewer the Calpine project will purchase from the City.

Mr. Koenig stated that the Kent County treatment fees were projected to decrease by 2% due to the expectation that the flow to Kent County will go down by approximately 2% as a result of improvements related to the City's Inflow and Infiltration (I & I) Program as well as the changes in the use profile of sales.

Mr. Koenig informed members that the largest change in revenues and expenses was in the Electric Fund, with a projected overall revenue decrease of 11.3% and expense decrease of 10.8% to coincide with cost of service changes.

In response to Mr. Slavin's question regarding the absence of changes in the budget for Electric Department personnel, Mr. Koenig stated that at the managerial level there were currently three (3) vacant positions: Director, Engineer II, and Line Crew Superintendent; however, these position were budgeted to be filled in FY13 and that the proposed FY14 budget includes salary and benefits for all three (3) positions. In addition, Mrs. Mitchell stated that the savings from the positions in FY13 will carry into FY14 but will not create a problem with FY15 because funds from the Rate Stabilization Reserve would be pulled back into the Electric Fund to cover the reduction in rates; therefore, the savings from FY13 will actually help cover the rate reductions and less could be taken from the Reserve.

In response to Mrs. Williams, Mrs. Mitchell confirmed that the .5% difference between the 11.3% revenue decrease and the 10.8% expense decrease would be handled by the Rate Stabilization Reserve.

Responding to Mr. Hare, Mrs. Mitchell confirmed that the revenue increase offsets the increase in expenses for Police Extra Duty.

In response to Mr. Hare, Mr. Koenig stated that the Code requires the property tax assessment to be performed every three (3) years and the next full assessment will be completed in FY15.

Mr. Koenig reviewed the "City of Dover Rate & Fee Trends (Updated 5/21/13)" (packet Page 19) and emphasized that although the City had not changed the tax rate for several years, there were defacto tax increases in the FY05/06 and FY10/11 budgets related to the reassessments. He reminded members that reassessments are required to be revenue neutral through a "roll back." He stated his understanding that during these fiscal years, the City did not do roll backs; therefore, while the rate stayed the same, there was an increase in overall taxation based on changes in the assessments.

Mr. Slavin questioned the transfers from the Electric Utility and the change in the Water/Wastewater Utility from a percentage to a flat rate in FY13. In response, Mr. Koenig stated that originally 8% of total revenue was being transferred and that one (1) year the amount was approximately $8.8M; so, last year, staff proposed a flat rate of $8M across the board over a five (5) year modeling period

to stabilize the amount of revenue coming into the General Fund. This was accomplished to help staff better project the cash flow into the General Fund. Additionally, the total electric revenues have been decreasing steadily because the cost of purchased power has decreased. Mr. Koenig explained that while the percentage is fluctuating now, the decision to change to a flat transfer was a good financial move because it helped the City's financial policy and assisted in meeting some of the goals of the Governor's Office. Elaborating, Mr. Koenig explained that, in talking with the Governor's Office and the State regarding local rates, one (1) of the things they wanted to see was consistency, so tagging it at a flat $8M over the five (5) year model helped convey to them that the City would consistently transfer that amount of money. The State did not seem as concerned about the percentage of fluctuation as they were in knowing how much the City would transfer to other services to offset tax rates.

In response to Mr. Slavin's question regarding the equivalent percentage amounts for the transfers from the Electric Utility and the Water/Wastewater Utility in FY14, Mrs. Mitchell stated that this would equate to 9.6% for Electric and 3.6% for Water/Wastewater. She noted that prior to last year, the policy percentages were 8% for Electric and 4.5% for Water/Wastewater. Mr. Slavin expressed his opinion that it would also be important to keep the number as a percentage in order to track the amount that the City is profiting from the Electric Utility to offset General Fund expenses. Mrs. Mitchell also advised members that during the Financial Forecast presentation, scheduled for the latter part of the meeting, she would discuss the Water/Wastewater because the numbers for the Calpine project still need to be worked up; however, she anticipated that this would add some revenue to the Water/Wastewater Fund. She stated that she had discussed with Mr. Koenig the possibility of increasing the transfer from this fund and plans to present a revised forecast to Council in approximately three (3) months.

Referring to Page 15 of the meeting packet regarding pay in lieu of taxes (PILOT), Mrs. Williams questioned the disparity between the amounts paid by the State Housing Authority and the Dover Housing Authority as well as various other organizations. Responding, Mr. Koenig stated that the PILOT paid by St. Andrew's Episcopal Church and Luther Towers is voluntary and that he would research how the amounts for the housing authorities were determined and provide that information to members.

In response to Mr. Slavin, Mr. Koenig confirmed that current salary and benefit amounts are included in the proposed budget for IBEW and AFSCME positions.

Mr. Lynn expressed his opinion that it seemed fundamentally unfair to budget 3% for non-unionized supervisory staff, who are prohibited from unionizing pursuant to regulations of the Public Employment Relations Board (PERB), but not consider the AFSCME union employees, who have not had a pay increase for three (3) years. He questioned how much a 3% increase would cost and where the funds would come from if a 3% increase were negotiated for these employees.

Responding to Mr. Lynn, Mr. Koenig stated that the cost is yet to be determined because it has not been negotiated and that he would develop a plan before a contract would be brought forward for Council's consideration. He stated that the money would come from the General Fund and the Water/Wastewater Fund.

In response, Mr. Hare stated that those employees in the AFSCME union made the decision to unionize to conduct negotiations and indicated that they may not negotiate 3%. He expressed his opinion that the AFSCME negotiations should not affect the non-bargaining employees at all.

Responding, Mr. Lynn stated that experience reveals that the City has not been successful in litigating these matters at PERB and the City should expect some kind of pay increase, whether it is given voluntarily through negotiations or won through PERB litigation, similar to what has happened previously.

Referring to the "City of Dover Rate & Fee Trends (Updated 5/21/13)" (packet Page 19), Mrs. Mitchell advised members that after the City first came off the Duke Energy contract in FY07 there was a 35.3% cumulative increase in customers' electric rate and the rate went as high as a 53.5% increase in FY10. However, with the latest round of Power Cost Adjustment (PCA) credits and the last two (2) rate reductions, the rate is at 35.5%, which is nearly back to same level in effect following the end of the Duke Energy contract, which she expressed as very good news for the customers.

SUMMARIES OF FUND REVENUE AND EXPENSES

Mrs. Donna Mitchell, Controller/Treasurer reviewed a presentation entitled "City of Dover FY 2014 Draft Budget: Total Budget & Fund Summaries" ***(Exhibit #1)***. She explained that this information was included in the packet beginning on Page 21; however, the presentation included line numbering.

Mrs. Mitchell explained that Page 2 of the presentation included the revenues and transfers in and expenses and transfers out by fund, the beginning and ending budget balances for each fund, the Reserves, and the Other Funds (Lines 28-32) which are considered non-major funds. She stated that the Interfund Transfers on Line 25 are the transfers between funds, which include the transfer from the utilities to the General Fund, as well as the Operating Fund transfers made to the Capital Project Funds to fund the projects.

In response to Mr. Slavin, Mrs. Mitchell explained that the General Fund Operating Fund (Line 2) reflected a higher beginning than ending balance, confirmed that this did indicate that there is overspending in the General Fund by approximately $500,000, and reminded members that the City Manager explained in his previous presentation that all of the budgets balanced, with current revenues equal to or greater than the current expenses as per the policy, except the General Fund.

General Fund

Referring to the Cash Receipt Summary (Page 3), Mrs. Mitchell indicated that the Police Extra Duty (Line 9) was running higher that expected for FY13, was increased from $494,400 to $636,100 in the revised FY13, and was budgeted at $650,000 for FY14. She stated that these increases were based on the actual receipt of $478,000 as of April 30, 2013.

Mrs. Mitchell also noted that the cash receipt budget for Property Taxes (Line 10) was increased in the revised FY13 budget and that this trend was continued in the FY14 budget, stating that the as of April 30, 2013 the actual receipt of $11,051,000 exceeded the original budget.

In regard to the Rent Revenue cash receipt budget (Line 15), Mrs. Mitchell stated that the revised FY13 and FY14 budgets reflect an increased amount because the Calpine lease for the Garrison Farm was inadvertently omitted from the original FY13 budget.

Mrs. Mitchell explained that the increase in budgeted cash receipts for Court of Chancery Fees (Line 16) was based on the FY13 trend as of April 30, 2013.

Mrs. Mitchell stated her concern regarding the Transfer Tax, explaining that the revised FY13 budget was kept at $1,370,000 based on fairly high one-time receipts; however, the actual receipt, as of May 24, 2013, was $1,043,000.

Mrs. Mitchell also expressed concern in regard to the Civil Traffic Penalties (Line 34) cash receipt for FY13 which was budgeted at $750,000, revised to $350,000 because some cameras were down but brought back for FY14 because the cameras were now functioning, but as of March 31, 2013 the actual receipt was $223,000. She stated that these receipts run behind and expressed her hope that they improve.

Responding to Mrs. Williams, Mrs. Mitchell stated that there are no impact fees in the General Fund; the impact fees are in the Water/Wastewater Fund.

In response to Mr. Slavin's question regarding the 29.6% change in the carry forward balance in the General Fund, Mrs. Mitchell explained that the fiscal policy for the carry forward balance states that the budget balance should be a minimum of 8% and a maximum of 12% and confirmed that when the balance exceed policy, funds are diverted to cover one-time expenses.

Mrs. Mitchell reviewed the Expense Summary on Page 4 of the presentation. Referring to Other Expenditures, Lines 29-42, she stated that the Debt Service was one (1) of the savings previously highlighted by the City Manager. She reminded members that the FY 2013 Budget included $2M to be financed for the Garrison Park infrastructure; however, since the budget was adopted, she submitted a recommendation to Council to use the Future Capacity Reserve for the Calpine project, which resulted in a change to the debt service figures. In addition, she stated that the FY 2013 Budget included an amount for debt service based on the assumption that the City would be paying the library loan all year; however, this was an interest only loan until it locked in during the week of May 20, 2013. Since the City did not have to bear the full brunt of the debt service, this was reduced, which provided savings in FY 13 as well as FY 14 due to funding the Garrison infrastructure for the Calpine project with Future Capacity Reserves.

In response to Mrs. Williams, Mrs. Mitchell stated that she would provide members with information regarding the rate for the library loan and indicate whether it was lower than projected.

Referring to the Contribution to Downtown Dover Partnership (DDP) (Line 31), Mrs. Mitchell stated that the proposed budget for FY14 provided for a contribution in the estimated amount of the BID tax at $49,500 and that the BID Tax would be $49,800.

Mrs. Mitchell explained that insurance rates were on the rise nationwide as a result of all of the natural disasters and that the increase in the City's insurance costs was attributed to that as well.

In response to Mr. Slavin, Mrs. Mitchell stated that the increases in the General Pension Unfunded Liability (Line 36) and Police Pension Unfunded Liability (Line 38) for FY13 came from the excess carry forward balances and that this was not policy but based on a Council action. The FY14 budget for these liabilities is based only on the actuarial analysis; however, following the FY13 audit, any excess carry forward would be included in a budget revision.

Mrs. Mitchell advised members that the increase in the Transfer to Capital Fund - Projects (Line 45) was the result of not deferring any of the projects for FY14 and fully funding the CIP.

Mrs. Mitchell stated that the Governmental Capital Projects Fund Summary on Page 5 of the presentation showed the CIP financing sources. She informed members that the library project was expected to be complete by June 30, 2013. She explained that the $2M Transfer from Future Capacity Reserve (Line 12) for the Calpine project and the $2M Proposed Bond/Bank Proceeds - Street (Line 4) would likely carry over into FY14 and that a budget revision to that effect would be brought forward later in the year. She stated that the street project was going to be part of the library bonding and that a $4.7M loan was authorized, with $1.2M to be paid back on the loan when the library was sold. However, the loan was locked at $3.5M and the library used $2.7M, with the other $800,000 going toward the street program. Rather than bond the differential and take out more debt service for the street program, she and the City Manager proposed that the funds from the sale of the library be used to pay for the street program when that project is ready to move forward, and the loan would remain at $3.5M.

Mr. Koenig reviewed a presentation entitled "Budget Review: Fiscal Year 2013 - 2014" (beginning on packet Page 180), which provided information regarding the budgets for each department in the General Fund and detailed the 2.4% change between the FY13 budget and the FY14 proposed budget indicated in the Expense Summary on Line 28, Page 4, of the "City of Dover FY 2014 Draft Budget: Total Budget & Fund Summaries" presentation.

In response to Mrs. Williams, Mr. Koenig explained that the Administrative Expenditures are the 30 series line items in each budget and that the details for each line item were located under each departmental section in the budget.

Mr. Koenig explained that a majority of the 10% increase for the Parks and Recreation budget was related to the Capital Outlay for adding air conditioning to the Pitts Center as well as additional planning and engineering associated with laying the ground work to convert the property donated to the City by Stover Homes to playing fields in the future. In addition, he stated that, in previous years, the Parks and Recreation budget typically included a donation for support to the Fourth of July Committee; however, the Committee President, Mr. Gary Patterson, had indicated that the City's support would not be requested for FY14. Mr. Patterson had shared appreciation for the City's previous support and promised to notify the City should future support become necessary.

Referring to the proposed budget for the Police Department, Mr. Koenig stated that the 4% increase in overall operating expenses was mostly due to employee-related expenses, including step progression in FOP, contractual obligations for DOE, and changes to the non-bargaining positions.

In response to Mr. Bonar, Chief Hosfelt indicated that the estimated total cost for a fully equipped police car was $35,000 and that he would confirm the total cost for a fully equipped police motorcycle and inform members.

Responding to Mr. Hare, Mr. Koenig stated that the gasoline budgeted for the Tax Assessor's Office was for the department's vehicles and that the contractual services were for assessment software. He explained that the vehicle was utilized by the residential technician to perform assessments for construction-related activities and surveying conducted in the field for the purpose of assessment. Mr. Koenig stated that staff could evaluate the vehicle policy in the future to determine whether it would be cost efficient to reimburse for mileage and fuel rather than paying insurance on two (2) vehicles.

Mr. Koenig informed members that the proposed budget for the Economic Development Office included a $15,000 contribution to Kent County Tourism which was requested as the fee for managing Old Dover Days for the City, and shared his opinion that this service was well worth the fee.

In response to Mrs. Williams, Mr. Koenig explained that the 39% overall decrease proposed for the Public Works - Facilities Management budget was due to several retirements and staff's election to convert one (1) of these positions to a contractual services agreement for cleaning and not to include one (1) of the positions in the FY14 budget.

Without objection, the meeting recessed at 7:21 p.m. and reconvened at 7:31 p.m.

Water/Wastewater Fund

Mrs. Mitchell continued the review of the "City of Dover FY 2014 Draft Budget: Total Budget & Fund Summaries" presentation with the Water/Wastewater Fund Summary on Page 6 and highlighted that the revenues for Water Services, Wastewater Services, and Wastewater Treatment Services (Lines 6-8) remained flat for FY14 with not much increase. As a result of a decrease in usage, the amount for Wastewater Services and Wastewater Treatment Services was decreased slightly.

Referring to the Debt Service for water and wastewater (Lines 26-27), Mrs. Mitchell indicated that the revised FY13 budget as well as the FY14 budget amounts were decreased because some of the projects planned for financing in FY13, particularly the Garrison Farm project, did not begin as anticipated. She stated that the debt service for these projects was moved to the out-years and expressed her hope that they would be completed within the next 12 to 18 months. She indicated that staff was currently working on the bond issue.

In reference to Mr. Slavin's earlier question regarding the carry forward balance, Mrs. Mitchell explained that, similar to the General Fund, the Pension Unfunded Liability (Line 31) in the Water/Wastewater Fund was increased in the revised FY13 budget to include the excess carry forward amount. However, the amount budgeted for FY14 was based on the actuarial analysis.

Mrs. Mitchell explained that the amount of the transfer to the Water Improvement and Extension Fund (Line 40) for water projects was decreased for FY14 because the forecast model projected a negative cash flow amount.

Mrs. Mitchell stated that the Water/Wastewater Fund was balanced with $747,600 in excess of the 8% minimum requirement but remained within the 12% maximum.

Mrs. Mitchell reviewed the Water/Wastewater Improvement & Extension Fund Summary on Page 6, and highlighted that in regard to the Bond Proceeds (Lines 5-6) staff was currently "gearing up" the bond issue and that the bonds were scheduled to sell on July 31, 2013, which will roll over into FY14 and the project expenses (Lines 18-23) would also roll over into FY14 as carry forward projects.

Mr. Koenig reviewed a presentation entitled "Water/Wastewater Fund Budget Review: Fiscal Year 2013 - 2014" (beginning on packet Page 271).

In response to Mrs. Williams, Mr. Koenig stated that the Impact Fees for the Water/Wastewater Fund were listed on Lines 11-12 on Page 6 of the "City of Dover FY 2014 Draft Budget: Total Budget & Fund Summaries" presentation, and that the amounts were down from previous years because the impact fees are related to construction items for new houses or new commercial entities. He noted that when the Calpine project comes online they will be required to pay impact fees and anticipated that those fees would probably "hit the budget" in late FY15 or early FY16. He stated that he thought that Calpine was capped at 100 Equivalent Dwelling Units (EDUs) and the current rate was $2,100 for water and $1,900 for sewer, but indicated that he would provide members with the total projection for the Calpine impact fees.

Electric Fund

Mrs. Mitchell continued the review of the "City of Dover FY 2014 Draft Budget: Total Budget & Fund Summaries" presentation with the Electric Revenue Fund Summary on Page 8, noting that the Purchase Power Adjustment (Line 4) showed a $9,428,700 reduction in revenue with the revised electric rates, and the Direct Sales to Customer (Line 3) were projected to be $644,000 more than the original FY13 budget but less than the revised FY13 budget due to a decline in consumption. She stated that the Transfer from Rate Stabilization Reserve (Line 10) helped to balance this budget.

Referring to Other Expenses (Lines 37-52), Mrs. Mitchell highlighted the Contractual Services - Requests for Proposals (RFPs), stating that the $190,000 budgeted for FY13 helped pay some of the fees for the Utility Attorney, Mr. Kirk Betts, for renegotiating the NAES contract, as well as other contracts, and paid for the GAI Study. She explained that the $100,000 budgeted for FY14 would be used to pay Mr. Betts for contract negotiations, including concluding the NAES contract renegotiation, as well as legal expenses incurred regarding the Ward Transformer Site and IBEW contract negotiations.

In response to Mr. Bonar, Mrs. Mitchell confirmed that the Contractual Services - RFPs budget accounts for the expenses the City has incurred for Mr. Betts that will be reimbursed by Calpine and elaborated that the Electric Director also has legal expenses in the electric administration budget which are used for legal fees for the review of bids or project contracts that require scrutiny.

Responding to Mr. Lynn's inquiry in regard to performing a cost analysis on legal expenditures to determine if it would be more cost effective to hire an in-house staff attorney to handle some of these matters rather than outsourcing them, Mrs. Mitchell indicated that she and the City Manager have discussed this possibility and that she could pull the numbers for legal costs from the ledger

for a report to Council. She did express the opinion, and Mr. Lynn agreed, that with the specialized nature of the services provided for the electric department by Mr. Betts, these legal services would need to continue to be outsourced.

Referring to Mr. Slavin's earlier question regarding the carry forward balance, Mrs. Mitchell explained that, similar to the General and Water/Wastewater Funds, the Transfer to Pension Unfunded Liability (Line 43) in the Electric Fund was increased from $1,074,200 to $7,274,200 in the revised FY13 budget to include the excess carry forward amount from FY12. However, the amount budgeted for FY14 was based on the actuarial analysis and any excess carry forward from FY13 will be transferred to the Electric Rate Stabilization Reserve. She explained that the Pension Unfunded Liability Fund is a trust that holds the assets for all the funds, so when the percentages are calculated for the unfunded liability and the next transfer, the increase in those assets will help all three (3) funds.

In reference to the Transfer to Worker's Compensation (Line 49), she reminded members that there was a large claim of approximately $1M and that, as a result, the City had to pay the $500,000 deductible, so she replenished the Worker's Compensation Fund out of the Electric Fund since it was an electric claim.

In regard to the transfers to the Electric Revenue Fund, Mrs. Mitchell stated that the $2.1M in the revised FY13 Transfer to Future Capacity Reserve (Line 56) was to replenish what was transferred to the General Fund for the infrastructure at the Garrison Tract and that the $12,400,000 transfer to the Rate Stabilization Reserve in the revised FY13 reflects the amount staff projects for the FY13 savings to go back to the customers.

Mrs. Mitchell stated that the Electric Fund budget balance of $1,834,000 exceeds the minimum requirement attributed this to her anticipation of a $5.4M transfer from the Rate Stabilization Reserve prior to recently receiving the results of the rate study. However, only $4M came in from the Rate Stabilization Reserve, so did not expect the additional $1.4M.

Mrs. Mitchell reviewed the Electric Improvement & Extension Fund Summary on Page 9 of the presentation and stated that the $5,298,600 Transfer from Electric (Line 3) would fully fund all of the projects for FY14. She also noted that the $440,000 for General Service Billing (Line 7) was a change from prior practice, explaining that the City bills some customers for capital improvements that are made to their services. In prior years that money went to the Operating Fund, but staff will now be putting that money back into the Capital Fund to reimburse those project costs to help support the projects.

Mr. Koenig reviewed a presentation entitled "Electric Fund Budget Review: Fiscal Year 2013-2014" (beginning on packet Page 284).

In reference to the Electric T&D budget, Mr. Koenig explained that a lot of the increase in Capital Outlay expenses was for new development and that this was good news in that when a lot of development is occurring, the City pre-purchases electric, transformers, and wire to extend services to the new customers and some of these costs are billed back to the customer, so there is revenue associated with this. While portions of some of these projects are not reimbursed by the customer, in general increased expenses associated with either new residential or commercial development are

a good indicator that the economy is slowly improving and the City's system is slowly expanding, which would create additional revenues in the future.

PERSONNEL INFORMATION

Mr. Scott Koenig, City Manager, reviewed the "City of Dover Fiscal Year 2014 Proposed Budget Personnel Table" located on Page 41 of the meeting packet, noting that although there were some fluctuations in positions from moves within departments like Planning and Inspections and Public Works, the total number of positions was down to 347 from 362 in FY12 and 350 in FY13. He explained that a few new positions were added, including two (2) employees in the Police Department, one (1) of which will be shared with Information Technology (IT), one (1) part-time employee for Customer Service, and one (1) part-time employee for the Library. Further, he stated that the goal was to become more efficient, that staff was looking at contracting out certain services, where appropriate, yet not proposing radical changes to the workforce.

Mr. Koenig reviewed the "City of Dover Personnel Budget Fiscal Year 2014: Total City by Fund" located on Page 42 of the meeting packet and noted that approximately $30M was budgeted for employee salaries and benefits for a workforce of employees to provide the basic municipal services that have been identified for next year's budget.

Mr. Koenig explained that Page 43 of the packet provided an overview of personnel changes proposed for FY14.

OVERTIME

Mr. Scott Koenig, City Manager, reviewed the "City of Dover Overtime Comparison Fiscal Year 2011 through 2014," Pages 44-45 of the meeting packet. He explained that there was a push over the last year to identify compensatory time and overtime costs and develop strategies to reduce these costs while continuing to provide at least the same level of service. He stated his opinion that he does not expect the City to get to a point where there is no overtime and that the questions become: 1) what is manageable overtime, and 2) at what point do the costs for overtime indicate that another person should be hired, either on a full- or part-time basis, so that the City is not frivolously offering overtime or wearing out the workforce. He noted that in places like the Library, it seemed appropriate to use part-time help because there are a lot of individuals seeking part-time work and the Library schedule is beyond a normal work week; however, part-time work does not work in every division.

FINANCIAL FORECAST BY FUND

Mrs. Donna Mitchell, Controller/Treasurer stated that the financial forecasts were a work in progress and conveyed her hope that, once the budget was adopted, she would be able to work further on the forecasts to develop a financial plan for all three (3) funds addressing the long-term needs of the City for Council to review at later date.

General Fund

Mrs. Mitchell reviewed a presentation entitled "City of Dover General Fund Financial Projections 2014 - 2018" ***(Exhibit #2)***, including Key Assumptions; Revenues, Expenditures, and Fund Balance; the Funding Sources and Use of Funds for Capital Projects; Projected Debt Service; and Revenue and Expenditure Trends.

Mrs. Mitchell noted that there was one (1) fixed cost item in FY15 included for the $100,000 cost of the reassessment consultant.

Referring to Page 3 of the presentation, Mrs. Mitchell highlighted that the growth increases in revenues were minimum compared to the growth increases in expenses, especially for salaries and wages, healthcare insurance, and retiree healthcare. She noted that the decrease in the lump sum pension amount was a result of the allocation change. She stated that for the Other Post-Employment Benefits (OPEB) amount, she included the 2% increase for the phase in plan. Mrs. Mitchell indicated that the Fund Expense was for grant-related expenses, police pension expenses, and the police grant which passes through the General Fund to the Police Pension Fund. She explained that the Transfer to the CIP was an expense driver because she forecasted to fully fund the transfer which fluctuates from year to year. She noted that the Surplus/(Deficit) indicated that spending would increase each year over and above the revenues. In reference to the Additional Funds Needed at the bottom of the page, she stated that there was a slight difference between her estimated figures and the projection in this model as a result of the difference in rounding used in the model.

In response to Mr. Slavin, Mrs. Mitchell confirmed that if Council adopts budgets that reflect the forecasted numbers for the out-years, the City will develop a structural deficit of $7.5M in a short time. She also stated that the expense numbers were very conservative, noting that she did not know that the salaries and wages would come in at 2%.

Responding to Mrs. Williams, Mrs. Mitchell stated that the revenue from water for Calpine was not included in this forecast which maintains the $500,000 transfer from the Water/Wastewater Fund. The Calpine revenue was one of the items that she would like to revisit after the adoption of the FY14 budget.

Mrs. Mitchell stated that the General Fund debt service was very low and in order to do any type of building, infrastructure, or anything that would require debt, it would be necessary to increase taxes or take other measures to cover that debt.

In regard to Revenue Trends, Mrs. Mitchell explained that some of the increases were related to rate increases in previous years rather than growth increases. The forecast model does not "flush out" one-time receivables, so some of the trends are not actual trends, for example the number for the Grants Received was driven up by the State library grants for FY11, FY12, and FY13.

Mrs. Mitchell reminded members of the budget constraints in FY11 which were reflected in the Transfer from the Electric Fund of $8.8M, which Council approved in excess of the policy limit to help the General Fund. Additionally, the Water/Wastewater Fund Transfer was reduced for several years and no funds were transferred in FY11 due to struggles with the infrastructure, water quality projects, and the I & I issue, which resulted in the necessity to transfer more from the Electric Fund to maintain a stable revenue in the General Fund.

In reference to the Electronic Red Light Safety Program (ERLSP), Mrs. Mitchell informed members that these monies are included as transfers because they must remain segregated since State monies cannot be co-mingled and must be transferred over from another fund. She stated that the fluctuations in these transfers were associated with non-operational cameras which were now fixed.

Mrs. Mitchell stated that the peak for the Realty Transfer Taxes was in FY08 at $3.5M and that the projection for FY14 was $1.3M, which was a $2.2M swing.

Referring to the expenditure trends for salaries and wages, Mrs. Mitchell reiterated that her 2% assumption for FY15 was very conservative compared to the percentages for FY08 and FY09. She reminded members that the percentages below 2% in FY10 - FY13 were the result of furloughs and no raises.

Mrs. Mitchell reviewed the Municast General Fund Statistics, 2003 - 2012 ***(Exhibit #3)***. She reiterated that the model does not "flush out" one-time items, as exemplified by the 201.1% three (3) year average for the Transfers from the Library Reserve to help build the library. She highlighted the three (3) year averages as well as the historical (10-year) averages for several of the "normal" revenue items that did not have those types of dips, including property taxes; licenses and permits; and sanitation fees and rebates. She noted that the three (3) year average for sanitation fees reflected the trash fee increases of the past few years.

Mrs. Mitchell also highlighted the averages for the salaries and wages, health insurance, retiree healthcare, lump sum pension, and OPEB expenses, reminding members that the Governmental Accounting Standards Board (GASB) was implemented in FY09, and explained these were items which the City has not been able to control. She stated that these were costs that the City had been absorbing and that the City will not be able to continue to do so.

Mrs. Williams suggested that years of overspending were reflected in the historical averages. Responding, Mrs. Mitchell stated that there were other differences to take into account, such as the currently lowered head count, and that the model used did not allow these adjustments to be made. She noted that in the past the City had larger budgets than the current budget and carry forward balances were used to help fund the next year's budget; therefore, more funds were spent than were brought in.

Water/Wastewater Fund

Mrs. Mitchell reviewed a presentation entitled "City of Dover Water and Wastewater Fund Financial Projections 2014 - 2018" ***(Exhibit #4)***, including Key Assumptions; Net Margins for Combined Water and Wastewater; Net Margins for Water; Net Margins for Wastewater, Improvement and Extension Fund; Capital Improvement Plan; Water/Wastewater Fund Project Debt Service; and Reserve Account Projections.

Mrs. Mitchell explained that wages and benefits were reflected at 3% because the Municast model separates each General Fund ledger line item; however, for the Water/Wastewater and Electric Funds it is just a division expense total; therefore, she used a division expense increase of 3% across the board to cover all of the increases.

Mrs. Mitchell stated that the Net Margins for Combined Water and Wastewater was a Generally Accepted Accounting Principles (GAAP) statement rather than a budgetary statement, which was done on an accrual basis as opposed to a cash, budgetary-type basis, and was different from what was included in the budget.

Mrs. Mitchell explained the importance of reviewing: 1) margins available for debt service to measure the debt ratio to ensure it covers the requirements of the bond covenant; 2) the cash from operations, which is the amount available to transfer to the CIP Fund for projects to pay for the principle on the debt since they do not run through the income statement; 3) the necessary reserve transfers; and 4) the net positive/(negative) cash. She noted that the net cash was at $401,300 for FY14; therefore, the transfer to the Improvement and Extension (I & E) Fund was reduced by $500,000 for water. She stated that the out-years show negative cash balances; however, the debt service ratio is covered. She explained that the debt service ratio was1.2% for this fund and that she tries to keep it around 2%. Although it was higher for the out-years, the transfers were less, in an attempt to obtain positive cash balances.

In reference to the negative cash balances projected for water in the out-years, Mrs. Mitchell reiterated that the forecast does not yet include Calpine.

In response to Mr. Bonar, Mrs. Mitchell explained that the Water/Wastewater model was used to develop the rates based on cost of service, just as for electric. She stated that she still needed to calculate the adjusted rates to determine what rate increases would be necessary for the future; however, she was waiting to include Calpine to ensure the numbers were "firmed up" before bringing forward recommendations to Council.

Mrs. Mitchell reviewed the I & E Fund model which showed the source funds for the CIP projects and noted that for FY17 and FY18 the transfers to this fund would have to be increased to cover the level of the projects or the projects would need to be reduced. She explained that Ms. Sharon Duca, Public Works Director, indicates what portions of the projects are growth related so that these portions can be funded using the impact fee reserve.

In regard to the projected debt service for the Water/Wastewater Fund, Mrs. Mitchell advised members that a lot of debt service was layered on to fund the Calpine projects. She noted that the City finished a series of State revolving loans in FY09, FY10, and FY11 and that the final related project was completed last week. She stated that staff was currently working on the bond issue for Calpine and that the Series 2003 bonds would be refinanced at that time to take advantage of the currently lower interest rates.

With regard to the reserve account projections, Mrs. Mitchell stated that most of amounts were interest earnings and that some of the reserves were a little over the policy limit; however, at this point, she had not pulled any of that information out. She noted the transfer from the Impact Fee Reserve for water in the amount of $390,000 to fund a project in FY14. Likewise, she indicated that the City would be transferring $1,315,600 from the wastewater Impact Fee Reserve in FY15 to fund projects and additional funds would be transferred in the out-years as well.

Mrs. Mitchell reviewed the "Water/Wastewater Fund - Reconciliation" ***(Exhibit #5)*** and explained that prior to providing members with the budget report, she reconciles both the Water/Wastewater and Electric Fund forecast models against the budget to ensure that the information ties together. She also noted that while the model combines the I & E and Operating Funds, the budget separates them.

Electric Fund - Results of Electric Cost of Service Study and Rate Analysis

Mrs. Mitchell reviewed a presentation entitled "City of Dover Electric Revenue Fund Financial Projections, 2014 - 2018" ***(Exhibit #6)***, including Key Assumptions; Cost of Service Review - Update to FY13 Rates; Power Supply Cost - FY12 and FY13; Net Margins; Projected Debt Service Coverage; Projected Cash Flow Position; Cost of Service Summary by Class; Proposed Customer Rates; Rate Stabilization Reserve; Projected Energy and Supply Requirements; Projected Purchased Power Expense and History; Improvement and Extension Fund; Capital Investment Plan 2013 - 2017; Electric Fund Projected Debt Service; Reserve Accounts; and Net Generation Forecast.

Mrs. Mitchell explained that the cash from operations for the FY12 Actual and FY13 Revised budgets showed a favorable swing of approximately $13.2M, which accounted for the $12.4M transfer from the Electric Fund to the Rate Stabilization Reserve in FY14.

In reviewing the Net Margins, Mrs. Mitchell reminded members that the margins available for debt service measure the debt ratio to ensure the requirements of the bond covenant are met and explained that the rate consultant attempted to keep the net margins below $4M to "smooth out" the transfers in from the reserve.

In reference to the projected cash flow position, Mrs. Mitchell stated that the model does not include the beginning cash; therefore, the $13,472,600 negative cash flow indicated for the revised FY13 budget does not account for the $13.2M cash from operations which is currently in the bank account.

Mrs. Mitchell reviewed the Cost of Service Summary by Class, which detailed the average percentage difference each customer could expect. She noted that there was an overall 11% systemwide difference which makes up the $9.4M.

Mrs. Mitchell stated that the Rate Stabilization Reserve was forecasted to exceed the policy; however, she reminded members that the consultant only projected through FY16 and wanted to keep the numbers up until the City sees where the future market goes.

Responding to Mr. Slavin's questions regarding where the proposed new large commercial and residential rates would put the City in relation to other electric providers in Delaware, Mr. Koenig indicated that the City's current summertime residential rate was the third lowest in the State, behind the Lewes Board of Public Works and the Delaware Electric Cooperative, and stated his belief that the proposed rate reduction would possibly give the City the second lowest residential rate in the State. In regard to the large commercial rate, he stated that the numbers are not easy to derive; however, staff would conduct an analysis and provide members with an estimate.

Mrs. Mitchell reminded members that if Council so desired, more funds could be taken out of the Rate Stabilization Reserve until the City was ready to implement another rate increase, and a PCA adjustment and credit could be done, as in the past.

Mrs. Mitchell explained that she included the history as well as the projections for purchased power expenses to illustrate the large drop in the power supply cost. She stated that between FY07 and FY10 the rates went up as high as $89.97 per MWh but that the FY14 cost of $59.58 per MWh was almost back to the FY06 level when the City was under the fixed price contract with Duke.

In regard to the Capital Investment Plan, 2014 - 2017, Mrs. Mitchell stated that the highlighted rows for the Units 1 and 2 projects indicate projected spending in FY18 but that these amounts were moved out to FY18 pending a decision to either refurbish or mothball the units.

Mrs. Mitchell stated that the 2010 Series bonds will roll off at the end of FY16, causing a drop in the debt service, which will coincide with the power supply for the PJM market, and this will be the time to make a decision on Units 1 and 2 (when they are no longer bidding the market), to build power generation, or finance something.

Referring to the Reserve Accounts, Mrs. Mitchell noted that they were projected to remain under the $10M policy limit until FY18 and would go above the limit at that time if not used by then.

Electric Fund - Forecasted Net Generation Credit/Cost for the Electric Fund

Mrs. Mitchell reviewed Page 17 of the "City of Dover Electric Revenue Fund Financial Projections, 2014 - 2018" presentation, in regard to the Net Generation Forecast, which was prepared to answer the question of whether the plant pays for itself and showed whether the City maintained a net credit for maintaining the plant and funding the capital projects. She stated that the forecast projected a credit of $4.8M for FY17 and $1.369M for FY18. She informed members that the PJM auction was recently held and that the capacity credit came in about $80 per MW less than projected; therefore, the capacity credit forecast for FY17 would decrease from $12,718,600 to $7,609,000 which would result in a net expense. She stated that this may determine whether the City will be able to move forward with the Units 1 and 2 projects budgeted for FY17 and FY18.

Mrs. Mitchell provided members with samples exhibiting the effect of the energy rate change for 10 major customer accounts ***(Exhibit #7)***. She noted that some of the changes were quite significant, especially for those customers that had a demand effect.

REVIEW OF CAPITAL INVESTMENT PLAN (CIP)

Mr. Scott Koenig, City Manager, provided a summary overview of the Capital Investment Plan (CIP) projects included in the draft budget (packet Page 84). He stated that many of the projects were carried over from FY13 to the FY14 budget, so there was not much change other than slight repositioning of a few projects. He informed members that all of the CIP projects were imported into the forecast model to show how they will affect the financial forecasting.

In summary, Mr. Koenig stated that under the General Fund, there would be renewals and replacements of vehicles, improvements to the John W. Pitts Center, and the contribution to the Robbins Hose Company would be maintained. For water quality, funding was scheduled for line replacement, emergency generators, and continuation with the removal of I & I, and he reminded members of the previously discussed electric distribution system improvements. He stated that there were also a number of police, water and sewer, and electric vehicles included in the FY14 CIP.

In response to Mr. Lynn, Mr. Koenig explained that a building assessment was performed on the Dover Park Recreation Center by the City's environmental contractor and that bringing it up to the regular standards of an operating building would cost approximately $100,000 which, in staff's opinion, exceeds the value of the building. He stated that staff would bring forth a recommendation to Council in July regarding this matter.

Responding to Mr. Slavin, Mr. Koenig confirmed that no funds were budgeted in FY14 for the street and alley program; however, he reminded members that $800,000 was pending expenditure in the FY13 budget. Regarding the historical budget for the street and alley program, Mrs. Mitchell stated that it was being funded at $350,000 per year and in FY13 budgeting was based on the previously discussed $2M bond issue, so the $800,000 will be used from that loan and when the library is sold, a portion will be used to make up the $1.2M difference. She explained that, due to staffing issues, there is a backlog of projects, cash in the bank, as well as municipal street aid money earmarked for capital projects that has not been spent for two (2) years; therefore, she and the City Manager discussed changing the financing strategy. Mr. Koenig stated that the $1.3M contract for the street program is set to "kick-off" at the end of FY13 and continue through FY14 using the $800,000 from the loan, two (2) years of municipal street aid allocation for capital projects, and community transportation funds.

In response to Mr. Hutchison, Mr. Koenig informed members that the State expressed interest in renting the old library building; however, in his opinion, it was not currently up to modern standards, so terms were not discussed. He stated that there have also been discussions with private investors who may be interested in submitting proposals to purchase the library. He anticipated continuing discussions with investors and bringing the matter forward to Council in the near future to determine the best procedure for disposing of this excess property.

Responding to Mrs. Williams, Mr. Koenig reminded members that Council had authorized $6M for the Garrison projects and design for several of the Garrison-related projects was being finished. As bids for construction costs begin to come in, he would know what the fixed numbers would be. However, if the numbers came back in excess of $6M, three (3) options could be explored: 1) scale back the projects; 2) request infrastructure money from the State; and 3) request funding from Calpine. He also stated that Calpine had expressed interest in the City negotiating a purchased power agreement and it was his opinion that Calpine would be open to business-related negotiations. Mr. Koenig stated that Calpine will be selling power and he felt that if the City presented an agreement to meet Calpine's bottom line, Calpine would probably negotiate whatever the City wanted. However, he also confirmed that no potential agreements had been discussed with Calpine to date.

QUESTIONS AND ANSWERS

In summary, Mr. Scott Koenig, City Manager, stated staff had put forward a balanced but very tight budget with revenues of approximately $132.6M, and approximately $41,000 in the General Fund and $747,600 in the Water/Wastewater Fund was not currently earmarked for spending. There continued to be many needs in the Water/Wastewater Fund for I & I and water quality projects, and the Electric Fund summary had $1.8M exceeding the requirements of the budget policies. Mrs. Mitchell clarified that the policy specified a carry forward balance between 8% and 12%; therefore, the Electric Fund was over the maximum by 1%. Mr. Koenig stated that the way the spending plan was laid out, Capital Project and manpower needs were met, as well as all of the requests that Council discussed during the Financial Retreat. He explained that the only caveat for the budget to be considered balanced was for Council to embrace the idea of moving money from FY13 to FY14, since the plan proposes the expenditure of more money from the General Fund than will be raised in revenue during FY14. He reiterated his opinion that this was the prudent way to move forward for this year of the budget.

Mr. Slavin expressed concern regarding the assumption that the FY13 revenue projections will hold true and the possibility of a shortage in the carry forward, especially with respect to the transfer tax. In response, Mr. Koenig confirmed that there was risk involved with the proposed plan but he was reasonably confident that the FY13 projections would be met since some of the other revenue sources had met and/or exceeded the total revenue projected. He stated that staff shared his concern and would continue to carefully monitor both the revenues and expenses for the remainder of FY13.

Mr. Hutchison stated that although the proposed budgeted contribution to the Downtown Dover Partnership (DDP) was $49,500, the DDP had requested $210,000. He reminded members that over the past few years the DDP had secured a $3M grant for the improvements to North Street and Loockerman Way Plaza and was on the verge of an agreement with the State to rent a facility for EZ Pass, which would provide a source of income. He strongly urged Council and staff to support the DDP's full request of $210,000, noting his opinion that it would be an outstanding investment based upon what the DDP had done for the City of Dover and downtown.

Mr. Koenig confirmed that the proposed budget included the BID Tax of $49,500, but could not confirm whether the $210,000 request was based on the debt service of the old loan.

Mr. Louis Colón, DDP Executive Director, stated that the budget that the DDP drafted, which was the basis for the letter of support, included:

Insurance	$ 30,000
Property Management	$ 12,000
Telecom Mobile Phone	$ 3,600
Dues and Subscriptions	$ 2,000
Electric (including the Loockerman Way and North Street parking lots)	$ 3,500
HVAC for real estate owned	$ 400
Water, Sewer, and Trash for real estate owned	$ 2,380
Training, Travel, and Meals	$ 4,000
Consulting	$ 3,000
Contracted Services	$ 5,000
Committees that support the Main Street endeavor:	
Organization	$ 4,000
Marketing and Promotion	$ 30,000
Economic Restructuring Committee	$ 20,000
Design (provides funding for facade improvements)	$ 30,000
Parking	$ 10,000
Program and Materials (printing, supplies, and annual reports)	$ 10,000
IT (Data Obsessions provides webpage)	$ 560
PC and Software	$ 3,000
Postage	$ 250
Bank Fees	$ 300
Supplies and Rentals	$ 2,500
Office Rent	$ 10,358
Debt Service for 22-24 Loockerman Street (which would do the fit-out for the EZ Pass tenant)	$ 39,650
Debt Service for the Acme Loan (principle and interest) (budgeted in the event that the requested guarantee doesn't come through)	$ 88,720

Millig/Kent County Community Action Agency improvements at Acme building (DDP receives a rent payment but there is a also loan being paid back for some improvements)	$ 10,657
Salaries ($60,000 for Executive Director; $50,000 to continue the Administrative Assistant beyond January 1, 2014 and for the Main Street Coordinator)	$110,000
Payroll Taxes	$ 7,700
Taxes for Properties	$ 35,000
Total	$478,575

He stated that with EZ Pass rent coming in and including all other parking lot rentals and rents that are received on real estate, the budget was $478,000, total income was $316,000, with a deficit of $162,360 with EZ Pass; however, if EZ Pass did not come in, the deficit would be $302,360.16. He thanked Council for their support.

Mr. Slavin agreed with Mr. Hutchison's comments and added that the Delaware Department of Transportation (DelDOT) had announced an additional grant in the amount of $1M to extend the North Street project another block; however, the City would have to match the funds. He stated that it would not take much analysis to show a return on the investment for this kind of group acting on the City's behalf in this particular area.

Mr. Bonar stated that he had been involved with the DDP for several years, prior to his election to Council and after, and that there were structural issues with the way that funds are budgeted and spent. In many cases, the Board had counted on an item before it should have and that the issue of spending money prior to actually receiving it needed to be addressed. He acknowledged that the three (3) to four (4) month delay regarding EZ Pass had put the DDP in a bind and stated that he supported the Partnership but not at a level of $210,000.

Mrs. Williams expressed her opinion that Council would need to make a choice between the Economic Development Office (EDO) and the DDP because funding both would put the City in jeopardy of overspending. She also felt that depending on reserves and carry-overs was bad fiscal policy.

Mr. Bonar agreed with Mrs. Williams' concerns regarding overspending; however, he noted that the City's EDO and the DDP were two (2) completely separate entities, with the partnership aimed primarily at the downtown Dover area and the historic district. He felt that although the funding the DDP derived from the State during the last several years has been "amazing," as a result of shortfalls, a cultural change needed to be made in the way the City and DDP related and that the City needed to show fiscal restraint.

Mr. Hare questioned at what point the DDP would be able to function without City funding and suggested the alternative possibility of loaning money to the organization. He relayed his concerns regarding the amount of resources invested in economic development within the City of Dover compared with other municipalities in Delaware.

Mr. Slavin stated that the DDP was improving the downtown area. He felt that the concerns regarding the overall function of economic development being split across two (2) entities were important and should be discussed by Council, either as part of the budget process or separately. He suggested that Council request the DDP to reexamine the operating costs and work with the City to determine what amount could be supported. He stated that the DDP should address whether to be a real estate flipping business or a rental agency, noting that without a subsidy from the City for basic operations, the partnership would be forced into a rental operation. It was his opinion that it was more beneficial for the City for the DDP to be in the business of buying, improving, and selling properties in order to get them back on the tax rolls.

Mrs. Williams agreed with many of Mr. Slavin's comments and reiterated her opinion that the City was spending more on economic development than could be afforded and that Council needed to make the unpleasant choice of whether to fund the City's Economic Development Office or the DDP in order to remain fiscal responsible to the taxpayers.

Mr. Hare expressed his frustration with the City funding the DDP to flip properties for profit without having to pay any money back.

Mr. Hutchison recommended that the DDP President, Mr. Gregory Moore, be extended an invitation to provide members of Council an update and the plan for FY14.

Mr. Lynn stated his disagreement with Mrs. Williams' statement that the City had been overspending for the past 10 years.

Mr. Lynn moved to increase the funding for the Downtown Dover Partnership (DDP) to $162,400, including the BID Tax, seconded by Mr. Slavin.

Mr. Hare recommended that the DDP present Council with a five (5) year plan, expressing his concern with the organization's lack of accountability in the past.

On a call for the question, the motion to increase the funding for the Downtown Dover Partnership (DDP) to $162,400, including the BID tax, carried by a roll call vote of five (5) yes (Dixon, Lynn, Slavin, Hutchison, and Bonar), three (3) no (Perza, Williams, and Hare), and one (1) absent (Anderson).

Mr. Koenig stated that staff would amend the budget to include the increased expense for the DDP.

In response to Mr. Hare, Mrs. Mitchell explained that the easiest solution for funding the increased expense was to reduce the $166,000 transfer to the Capital Project Fund carry forward balance.

Responding to Mr. Bonar, Mrs. Mitchell stated that the DDP loan guarantee request, to be considered by Council on June 10, 2013, would save the partnership approximately $31,000.

In response to Mr. Lynn, Mrs. Mitchell explained that the total amount for the 3% increases for non-bargaining was $70,000 but that she did not have the amount for only the top 10 highest paid employees in this category.

In response to Mr. Slavin, Mr. Koenig stated that the budget includes a $15,000 payment to Kent County Tourism for Dover Days and a payment to the African American Festival of $15,000.

Responding to Mr. Slavin's question in regard to the deferred maintenance of infrastructure, Mr. Koenig stated that the electric system was in the best shape, it had received a very good outside rating for the valuation study, and the renewals and replacements are apparent. For wastewater, he stated that there was an I & I replacement schedule as well as a lot of pump station work planned, and that as long as the schedule identified in the capital plan was adhered to, progress would be made on backlogged maintenance. In regard to the water system, he expressed his opinion that the City had come a long way on the issue of water quality; however, the City would continue to spend approximately$1M per year on pipe and $1M per year for I & I replacement. He indicated that the largest gap not addressed in the long-term funding was the streets network. The assessment completed approximately 10 years ago indicated spending roughly $1.5M per year to remain "ahead of the curve" on the roads. He anticipated presenting an updated spending plan for the 15-20 year replacements to Council within the next year. In the long run, he anticipated a cost of between approximately $750,000 and $1M per year to catch up and maintain the level of service. As in years past, the possibility of offsetting costs with Community Transportation Fund money is likely, since there is still interest from legislators. Mr. Koenig stated that there was a long-term structural problem in the General Fund which needs to be resolved, and adding a comprehensive street program will exacerbate the problem. However, he explained that the road program was being addressed in the correct way by allowing for pipe replacement first and then repaving the roads.

In response to Mr. Slavin, Mr. Koenig stated that the City's Charter allowed for an assessment for sidewalk and street repairs. He recalled a special sidewalk assessment program during the 1990s which was administratively burdensome because it allowed property owners to chose between replacing the sidewalk on their own or having the City do it and then charging an assessment. It created animosity between the City and citizens and was wildly unpopular.

In response to Mr. Hutchison, Mr. Koenig stated that he would research and provide members information regarding the City-wide travel budget, with specifics pertaining to out-of-state travel expenses.

Mayor Carey expressed concern regarding ambulance service in the City of Dover and questioned whether there was an increase in funding included in the FY14 budget. Responding, Mr. Koenig explained that there was no proposed change to the ambulance contract but that he intended to meet with the local volunteer companies for discussions. He did not think it frugal to add another shift at $110,000 and that it would be more efficient to cooperate with other volunteer agencies and ambulance services in the area. He felt that it may be necessary to expand the ambulance contract in the long run, but staff did not think that point had been reached.

In response to Mr. Hare, Mr. Koenig stated that the City does not have rates in the ambulance contract and was not at all involved in the billing.

Councilwoman Williams moved to recess and reconvene on Wednesday, June 5, 2013 at 6:00 p.m., seconded by Mr. Perza and unanimously carried.

Meeting recessed at 9:25 p.m.

WEDNESDAY, JUNE 5, 2013 - 6:00 p.m.

The Special Council Meeting reconvened on Wednesday, June 5, 2013 at 6:03 p.m. with Council President Bonar presiding. Council members present were Mr. Dixon, Mr. Lynn, Mr. Perza, Mr. Hare, and Mr. Hutchison. Mr. Anderson, Mr. Slavin, and Mrs. Williams were absent.

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

AGENDA ADDITIONS/DELETIONS

Mr. Hutchison moved to adopt the agenda as presented, seconded by Mr. Dixon and unanimously carried.

RESPONSES TO COUNCIL MEMBERS' QUESTIONS AND INQUIRIES

Mr. Scott Koenig, City Manager, reviewed the list of "Dover Police Department FY14 Police Vehicle, Equipment & Installation Costs" ***(Exhibit #8)***, noting the total costs for a patrol vehicle ($43,142), staff/CI vehicle ($24,500), and police motorcycle ($29,850). He also reviewed the "City of Dover Donations Trend: Actual Donations from FY 2005 to 2012 and Budgeted FY 2013 & 2014" ***(Exhibit #9),*** indicating that for FY14, there were donations to the African American Festival and Kent County Tourism in the amount of $15,000 each and no money was budgeted for the 4th of July Celebration Committee.

Mr. Koenig reviewed the "City of Dover Budget Meeting - June 5, 2013 Analysis of Legal Fees" ***(Exhibit #10)***, explained that the other legal fees were for costs associated with alley abandonments, and reminded members that some negotiation and mediation costs were budgeted under labor negotiations for FY10 and FY11.

Mr. Lynn suggested that staff begin the process of succession planning in preparation for the eventually retirement of Mr. Nicholas Rodriguez, City Solicitor. He stated that although an in-house staff attorney, paralegal, and research assistant budget would most likely exceed the current annual for legal fees, staff would benefit by receiving more immediate answers and opinions.

Mr. Koenig stated that staff was not prepared to make a recommendation regarding the hiring of in-house legal counsel versus contracting legal services for the FY14 budget but that they would research this matter further in preparation for the FY15 budget. As recommended by Mr. Hutchison, staff would also consult with Mr. Rodriguez, to obtain his valuable historic perspective and future outlook on the City in regard to this matter.

Mr. Koenig reviewed an amendment to the FY 2014 Draft Capital Investment Plan (CIP) for an Advanced Metering Infrastructure Project (EE1415) ***(Exhibit #11)***, stating that this electric capital plan project in the amount of $150,000 would convert some of the City's larger industrial customers to more modern, electronic meter reading.

In response to Mr. Bonar, Mr. Koenig indicated that he not have an estimate of the cost to equip all users with smart meters at this time; however, to implement this program, the City has to develop the computer platform to convert the system, so this would be the starting point for implementing the smart meter program. He stated that a general plan for the future would involve first upgrading meters as they need replacing or when new meters are put into the system, followed by developing a plan to upgrade the entire system, which would be a multi-year project.

As requested by Mr. Hutchison during the Special Council Meeting - Budget Review of May 29, 2013, Mr. Koenig reviewed the "City of Dover Budgeted Training/Conference/Food/Travel Fiscal Year 2014 Draft Budget" ***(Exhibit #12)***, noting the total cost in the General Fund of $67,600, the Water/Wastewater Fund of $13,300, and the Electric Revenue Fund of $65,700. He stated that a majority of the cost in the Electric Revenue Fund was for Plant Management to meet the PJM grade requirements. The training budgets allow staff to retain certifications and enhance skills. In some cases directors budget for attendance of annual conferences, for example the International Capital Market Association (ICMA) conference attended by the City Manager, or to permit some of the support staff to attend a conference or training session.

Mr. Hutchison questioned the possibility of reducing the Training, Conference, Food, and Travel budgets for City Council and the Mayor. Responding, Mayor Carey stated that he would be happy to review the line items; however, he mentioned that he has paid for some of his City-related travel expenses in prior years.

Mr. Hare noted the historical trends for these budgets and questioned the increase in costs.

In response to Mr. Lynn, Mr. Bonar confirmed that this budget did include morale building items, such as birthday cakes for members of Council, and estimated that for him to attend the National League of Cities (NLC) annual conference in Seattle, Washington in November would cost approximately $1,100 to $1,200.

Mr. Lynn moved to amend the draft budget to reduce the City Council Training, Conference, and Travel budget from $8,500 to $2,000, seconded by Mr. Hutchison, and carried by a unanimous roll call vote (Anderson, Slavin, and Williams absent).

Mr. Lynn moved to amend the draft budget to reduce the Mayor Training, Conference, and Travel budget from $6,000 to $3,000, seconded by Mr. Hare.

Mayor Carey requested clarification on the number of functions Council expected him to attend with a budget of $3,000, noting that he belonged to the NLC Safety Advisory Committee but only attended one (1) of two (2) NLC meetings in FY13, that he personally paid some of the cost to attend the US Conference of Mayors and that the remainder was paid for by the host, and that he serves as a representative of the Delaware League of Local Governments (DLLG). He stated that he supports the decision of Council to save money; however, he does not want to receive criticism for not attending functions.

Mr. Lynn moved to amend the motion to amend the draft budget to reduce the Mayor Training, Conference, and Travel budget from $6,000 to $4,000, seconded by Mr. Hare.

Mr. Perza recommended that members be provided with a breakdown of the proposed plan for the Mayor's travel budget prior to making a final decision on this matter.

Mr. Koenig reminded members that the First Reading of the Budget Ordinance was scheduled for the Regular Council Meeting of June 10, 2013. Mr. Bonar noted that a budget amendment could be made during the First Reading of the Ordinance.

Mr. Dixon stated the importance of the Mayor attending meetings on behalf of the City and that the cost of each item needed to be determined prior to making a decision regarding reducing the budget.

Mr. Hare noted that many departments severely increased the training budget since last year and expressed his opinion that staff should provide a report on what they learn after attending education training, etc.

Mr. Hutchison stated that education and training was extremely critical for employees, especially since there were new people in new positions.

In response to Mr. Hutchison, Mr. Koenig stated that travel requests are ultimately approved by the City Manager and Controller/Treasurer and that he had made it clear to staff that he expects them to follow through and utilize all of the funds budgeted for training, conference, food, and travel and share the knowledge learned with the rest of staff upon return.

Mr. Bonar reminded members that there are hundreds of municipalities that have shared experiences and each have unique ways of approaching similar situations, and that staff and Council can learn a lot through attending training and conferences.

On a call for the question, the motion to amend the draft budget to reduce the Mayor Training, Conference, and Travel budget from $6,000 to $4,000 was withdrawn.

Mr. Koenig stated that he and Mrs. Mitchell met with members of the Downtown Dover Partnership (DDP) to discuss the Council action of May 29, 2013 to increase the funding for the DDP to $162,400, including the BID Tax, and that both parties are going to make that amount work.

In response to the concerns expressed by Mayor Carey in regard to the ambulance service, Mr. Koenig reviewed a presentation entitled "Ambulance Service for Robbins Hose Fire District" ***(Exhibit #13)***, noting that staff had been working for several months on concerns related to the provision of ambulance service in the City and the impact on some of the surrounding districts. He stated that the presentation was prepared by Ms. Kay Dietz-Sass, Public Affairs Officer/Emergency Management Coordinator, to identify the issues and describe the proposed plan for FY14. Mr. Koenig noted the steady increase in service calls between 2002 and 2012 and stated that earlier this year a gentleman from the Camden-Wyoming ambulance service advised him that the need to respond to calls from within the City of Dover was impacting their ability to deliver service. Mr. Koenig stated that the two (2) jurisdictions most affected by Dover calls were Camden and Cheswold. He stated that it would cost an additional $100,000 to have a 24-hour ambulance service and this would reduce the number of calls responded to by neighboring jurisdictions, but the analysis revealed that it would not even reduce it by half because the service demand is constant for all jurisdictions. Alternatively, staff proposed a donation of $8,125 to the Camden-Wyoming ambulance service and $9,125 to Cheswold. These amounts were either specifically budgeted or could be afforded in the portion of the City's budget that is reserved for the ambulance contract. Staff felt that this would be a prudent use of funds since volunteer services with limited funding need donations in order to continue service. He noted that members of the services seemed very appreciative of possible donations and would be willing to continue to deliver service until the City's needs exceed their ability to deliver service or the City's contract is renegotiated in 2015. He indicated that at the end of calendar year 2015, a review would be conducted to determine the City's

impact on local ambulance providers and a recommendation would be made in the next budget. He stated that he received a favorable response from the Camden-Wyoming and Cheswold ambulance providers but that final approval must be obtained from their respective Boards.

In response to Mr. Lynn, Mr. Koenig stated that the response times for neighboring ambulance services within the City are within an acceptable range of the other jurisdictions because in most cases they are responding from within the City due to being at the hospital or en route to or from. There were no complaints from citizens regarding response times, the concern was the impact on the other jurisdictions.

Responding to Mr. Dixon, Mr. Koenig stated that each ambulance service sets their own run rates and determines the amount billed to the insurance company or patient but that the rates are not stipulated in the City's ambulance contract.

In response to Mr. Hare, Mr. Koenig confirmed that the City incurs a charge for the second ambulance and that the first ambulance was not necessarily free but was in the baseline contract. The ambulance service providers bill the patient/insurance company for each run.

Mr. Hutchison thanked the Mr. Koenig and Ms. Dietz-Sass for the time and effort put forth to examine this issue.

Responding to Mr. Lynn, Mr. Koenig stated that all of the ambulance providers make money but that it would be a very expensive endeavor to get into, with startup costs in excess of $1M plus staff. Although he would not object to exploring the possibility in the future, he expressed his opinion that the current services the City provides through the contractor and the surrounding municipalities were reasonable.

Mr. Lynn moved to request the Safety Advisory and Transportation Committee to complete an in-depth analysis to determine the feasibility for the City to have an ambulance corps to service the needs of the City, to include the startup costs, the pros and cons, and whether it could generate any revenue, seconded by Mr. Dixon, and carried by a roll call vote of five (5) yes (Dixon, Lynn, Hare, Hutchison, and Bonar), one (1) no (Perza) and three (3) absent (Anderson, Slavin, and Williams).

Mr. Lynn moved to approve the FY14 budgeted contributions to neighboring ambulance providers, seconded by Mr. Hare.

Mayor Carey stated that the response times for ambulance services are governed by State law and expressed concern regarding the impact on the City as well as the citizens if response times do not meet requirements.

Mr. Perza questioned the need for the motion since this item was already included in the budget, and the motion was withdrawn.

REVISED FINANCIAL FORECAST

Mrs. Donna Mitchell, Controller/Treasurer, reviewed a presentation entitled "General Fund Budget & Forecast, Water/Wastewater Fund Budget & Forecast dated June 5, 2013" ***(Exhibit #14)***.

Property Tax Increase

In regard to the General Fund, she explained that scenario options, including the contribution to the DDP and tax increases, were added to the Municast Model base scenario as presented on May 29, 2013. Then two (2) scenarios were run with different options selected to determine the impact each would have on revenues and expenditures as well as the unreserved fund balance.

Responding to Mr. Lynn, Mrs. Mitchell stated that the Municast Model does not take inflation into account, it only accounts for the growth rates that she inputs, such as those for salary increases and property taxes.

Mr. Lynn thanked Mrs. Mitchell for the time and effort she expended in putting this model together. He also expressed his opinion that Council cannot pass on $5M to $7M deficits and that they must be proactive now to preclude the deficits in the future.

In response to Mr. Hutchison, Mrs. Mitchell confirmed that the proposed $0.03 tax increase would balance the budget each year and stated that the funds could be used to increase the street program, which would be new projects that were not previously budgeted.

Mr. Bonar expressed his support for a $0.03 tax increase to prevent a $7M budget deficit and stated that this would not be a new revenue to fund pay increases.

Mrs. Mitchell reviewed the "City of Dover Sample Customer Analysis of $.03 Tax Increase & Electric Rate Decrease" ***(Exhibit #15)***, which provided samples of how much the electric energy rate decrease would save the customer and what the property tax increase would cost the customer.

Mr. Koenig explained that the infrastructure issue was a national problem and that the American Society of Civil Engineers' National Report Card for infrastructure is poor. He stated that failing to repair the infrastructure would lead to catastrophic failures which, in the end, would cost more money than a capital maintenance plan. When examining the budget, staff first looks at reductions in operating costs, then cutbacks on vehicles, and lastly the street programs and other projects. Although it is difficult to request a tax increase, it is visually beneficial because citizens are able to see that their money is going to the renewal of vehicles and improvements in the streets. Staff has indicated for years that there was a structural problem in the General Fund that can be addressed through the development of new revenue sources or enhancement of current revenue sources and an increase in the property tax can affect the budget quickly, since $0.01 would raise approximately $316,000.

Referring to the residential samples on the "City of Dover Sample Customer Analysis of $.03 Tax Increase & Electric Rate Decrease," Mr. Koenig stated that with a $0.03 tax increase, the average customer would experience an annual increase between $16 and $96 while simultaneously experiencing a corresponding reduction in their energy costs, equating to a net reduction of costs for each customer.

Mr. Lynn noted that property owners would be able to write off the property tax increase on their income taxes which they could not do if the City were to raise electric rates.

Responding to Mr. Hutchison, Mrs. Mitchell stated that the last increase in property taxes occurred in 2011 when, following the reassessment, the rate was not rolled back.

In response to Mr. Hare, Mrs. Mitchell indicated that trash fees were raised in FY13.

Calpine Revenues

Referring to the "General Fund Budget & Forecast, Water/Wastewater Fund Budget & Forecast" presentation, Mrs. Mitchell reviewed the Water/Wastewater Fund. She indicated that, as presented, the model showed the water and wastewater separated and only represented the increases in revenues, but that the expenses would be added in. She attributed the difference between the projected water fees for FY15 and FY16 to the Calpine project. She reminded members that she projected an increase in the transfer to the General Fund in FY16 to $500,000 but that the Fund was still in pretty good shape at that point. She stated that, in regard to the wastewater side, most of the revenues would probably be offset by expenses, predicting that the Kent County treatment fees would increase. For FY16, she projected an 8% rate increase but also increased the transfer to the General Fund to $500,000 and maintained a positive net cash amount. The 8% increase would equate to $0.21 per thousand gallons for in-City customers and $0.32 per thousand gallons for out-of-city customers, so the average customer using 5,000 gallons would experience an increase of $1.05 per month in their bill for in-city and $1.60 per month for out-of-city.

In response to Mr. Hare, Mrs. Mitchell stated that according to the current forecast model, it would be necessary to increase taxes in FY14, FY15 and FY17 to get the City through the next five (5) years, unless Council wanted to consider discontinuing some services. Expenses were deferred in the prior years and it was now affecting the citizens and the health of the City.

Mr. Lynn stated that the problem was that the City had kept tax rates artificially low by consistently deferring necessary infrastructure improvements. He suggested other alternatives that may not be very palatable, including getting rid of services or laying off employees and privatizing services.

Mr. Hare commented that the problem began in the 1970s and 1980s when the City began "living off" the revenue from the power plants and tax rates were kept low; however, now the State wants to ensure lower electric rates. He suggested that the City needed to determine why money is being lost every year. Responding, Mr. Hutchison reminded members that the revenue losses were related to the decline in economic development, particularly in the construction industry.

Mr. Bonar expressed that the main goal of the City was to provide services, that the cost to provide services continues to increase, and the City must adjust by increasing property taxes because electric rates cannot continue to increase. It was his opinion that it was most sensible to increase property taxes, which the property owner could write off, and provide a corresponding or greater reduction in the electricity rate.

In addressing the concerns raised by Mr. Hare, Mr. Koenig stated that the financial forecast is a static, five (5) year snapshot that signals that staff and Council cannot be complacent and must find ways to better manage the utilities, develop new techniques to manage money, find new revenue sources, and reduce expenses to improve the forecast. It was his hope that the forecast would improve, understanding that no one wants to recommend tax and rate increases year after year; however, there are baseline costs that must be incurred to keep the infrastructure up. The five (5) year model must be continuously analyzed as issues change.

Mr. Hare and Mr. Bonar stated that there was funding available at the State level and expressed the importance of coordinating with the legislative contingent in Dover to ensure answers are obtained in a timely fashion so that the City does not miss any opportunities for funding.

Meeting recessed at 7:30 p.m. and reconvened at 7:47 p.m.

QUESTIONS, ANSWERS, AND OPEN DISCUSSION

Responding to Mr. Hutchison, Mr. Koenig stated that there are three (3) part-time and 36 full-time non-bargaining positions and the total cost of providing a 3% salary increase for all of these positions would be $72,800. In the past year, adjustments were made related to the Interim Managerial Plan for four (4) positions: Water/Wastewater Maintenance Supervisor, Financial Reporting and Accounting Manager, Director of Planning & Community Development, and Information Technology Director. There were also four (4) people who were promoted internally, as well as one (1) non-bargaining employee that was hired within the current budget year. Mr. Koenig stated that during the discussions in regard to the adjustments for the four (4) previously mentioned positions, he spent a lot of time examining where they were relative to their peers within the City, their experience, and the duties they took on, and three (3) of the four (4) adjustments were related to additional duties that the staff members took on as a result of other positions being cut from the budget. There was a large cut in the budget in staff and benefits which basically paid for the adjustments that were proposed earlier this year.

Mr. Koenig explained that it was his job, as the City Manager, to advocate for this group of employees who were not otherwise represented and reaffirmed his position that the group as a whole was deserving of the 3% proposal without fracturing off the four (4) positions that were previously granted a raise or the employees who were promoted earlier this year. He assured members that he understood that they do not want multiple raises in a year because it creates consternation and would not be back for mid-year adjustments. He stated his belief that the 3% across the board was the right thing to do, and that if he were paying out of his pocket his recommendation would still be to provide the 3% increase to the entire group.

Mr. Hutchison expressed his respect for Mr. Koenig's comments and stated that he would support the 3% increase for the non-bargaining employees except for anyone who received an increase or bonus this year.

Mr. Perza questioned if Mr. Hutchison would support the 3% increase for all non-bargaining employees if it were based on the July 1, 2012 base salaries. Responding, Mr. Hutchison stated that he thought it only fair to defer increases for those individuals who received an increase or bonus this year until July of next year.

In response to Mr. Hare, Mr. Koenig stated that, in hindsight, the compensation for these employees should have been adjusted beginning the day that they took on additional duties but that was not in his realm of authorization as the City Manager. In some instances, he would have come before Council in July 2012 if he had made requests when the additional duties were first assigned. Mr. Koenig took full responsibility for the poor timing of the requests and reiterated that these employees performed additional duties for months without compensation and, unfortunately, the requests were brought forward for consideration only a few months ago, otherwise, this would not be a matter for discussion at this time.

In response to Mr. Lynn, Mr. Koenig stated that he strongly advocated for the 3% increase for all non-bargaining employees across the board; however, if he were given no other option, he could live with a 3% increase for all non-bargaining employees, based on the July 1, 2012 base salaries, as proposed by Mr. Perza.

Mr. Hutchison moved to amend the draft budget to exclude those employees whose salaries were adjusted for any reason, during FY13, from the 3% increase for non-bargaining employees, seconded by Mr. Hare.

In response to Mr. Perza, Mr. Koenig clarified that the 3% increase would be based on the base salary level, therefore, no bonus amount would be considered in the increase.

Responding to Mr. Hare, Mr. Koenig confirmed that the bonuses will stop in FY14 but would continue until the Electric Director position and a position in the Public Works Department were filled.

On a call for the question, the motion to exclude those employees whose salaries were adjusted for any reason during FY13 from the 3% increase for non-bargaining employees failed by a roll call vote of four (4) yes (Dixon, Hare, Hutchison, and Bonar), two (2) no (Lynn and Perza) and three (3) absent (Anderson, Slavin, and Williams) for lack of a majority vote of members.

Mr. Lynn moved to amend the draft budget to stipulate that the 3% increase for non-bargaining employees be based on the base salary levels as of July 1, 2012, seconded by Mr. Hare.

In response to Mr. Hare, Mr. Koenig confirmed that the non-bargaining employees had not received a pay raise for two (2) years; therefore, the salaries for July 1, 2012 and July 1, 2011 were the same.

On a call for the question, the motion to amend the draft budget to stipulate that the 3% increase for non-bargaining employees be based on the base salary levels as of July 1, 2012 was carried by a unanimous roll call vote (Anderson, Slavin, and Williams absent).

Responding to Mr. Hutchison, Mr. Koenig stated that the Police Chief withdrew his request for the hiring of an Accreditation Manager from consideration in the FY14 budget. James Hosfelt, Police Chief, stated that he asked the City Manager to consider the future possibility of hiring retired police officers as civilian employees to fill the two (2) sex offender and one (1) accreditation positions, which would allow for the use of the officer positions in other duties; the total number of uniformed officers would not decrease. Staff has requested the Deputy City Solicitor, William Pepper, to provide an opinion as to whether the City would be able to hire retired City of Dover Police Officers to fill civilian positions. Mr. Koenig stated that the Chief's original position request was prioritized for a LAN Analyst, Communications Operator, Accreditation Manager, and Officers for the Sex Offender Unit and that the proposed FY14 budget included a LAN Analyst position to be shared with the IT Department, as well as six (6) month funding for a Communications Operator, to increase the 911 Communications Center staff from 11 to 12.

Mr. Lynn questioned the viability of this option in light of the previous opinion regarding the Crime Analyst position and potential violations of IRS regulations. Concurring with Mr. Hare, Mr. Lynn stated that hiring these retired officers as independent contractors could be an alternative approach to avoid problems with IRS regulations.

Mr. Lynn moved to amend the draft budget to include a $0.03 tax increase, seconded by Mr. Dixon. By a roll call vote of four (4) yes (Dixon, Lynn, Hutchison, and Bonar), two (2) no (Perza and Hare) and three (3) absent (Anderson, Slavin, and Williams), the motion failed for lack of a majority vote of members.

In response to Mr. Lynn, Mrs. Mitchell explained that not enacting a $0.03 tax increase for FY14 would result in non-compliance with the City policies for revenues to meet or exceed expenditures, and to maintain an 8% carry forward budget balance. She stated that for the out-years, the projected Calpine revenue of $70,000 would not have much effect on the multi-million dollar deficits projected for the General Fund. In order to address these issues without being proactive now, Council would need to make revenue or program adjustments.

Mr. Perza suggested that members take time to explore the options related to a mixture of tax increases and spending adjustments and not react immediately to five (5) year projections.

Mr. Lynn expressed his opinion that deferring the issue would only cause it to become exponentially more expensive to address.

In response to Mr. Perza and Mr. Hare, Mrs. Mitchell stated that the projections for the out-years are only "snapshots" and that the amounts could change; however, for FY14 there was a problem and the savings from FY13 had to be carried forward in order to balance the budget without proposing a tax increase.

Responding to Mr. Lynn, Mr. Koenig stated that to address the gap in the FY14 budget would require only a $0.02 tax increase. Throughout FY13, staff signaled to Council that a tax increase would likely be necessary and the proposed carry forward of $621,000 from FY13 only became an option due to savings realized by not having a full level of employment. Although staff was recruiting and filling positions throughout the year, the savings were the result of employees leaving their positions at the City for various reasons, including retirements. Looking at the out-years, OPEB liability funding will increase, Delaware Solid Waste Authority fees will increase every year under the current contract, and the Police Department has legitimate requests for staff increases which will increase the budget. The Police Department budget of $12M is a big driver of the overall General Fund budget of $35M. Staff contracted the budget as much as possible, so there will be no way to further cut away a $7M, five (5) year shortfall without reducing services, and he has received the impression that Council desires to reduce service. Staff did everything possible to present a balanced budget, but to accept it, policies must be disregarded for convenience. If Council approves a tax increase, the $621,000 carry forward would go toward the staggering unfunded liability of more than $80M.

Mr. Hare suggested the possibility of a $0.005 tax increase to cover the FY14 funding for the DDP.

Mr. Hutchison expressed his concerns that raising taxes $0.03 for the next three (3) years would only balance the budget but the City would not be making money. Although he supported the employees, union representatives and the employees must begin to understand that the City cannot continue to give more every year. There are real concerns and staff and Council need to discuss ways to reduce spending.

In response to Mr. Perza's comments, Mr. Koenig stated that a tax increase could not legally be earmarked for a specific project but reminded members that a $0.03 tax increase, approximately $1M, would create a revenue stream to fund the Capital Plan, because it is typically the last item that receives budget consideration. Since Council has not been in favor of making staff cuts, the Capital Plan budget has been cut, so additional funds raised would essentially go toward funding these projects.

Mr. Bonar stated that, historically, Council was loath to increase taxes and chose instead to rely on the electric utility to balance the budget each year. This trend cannot continue and officials at the State believe the City's utility rates are a barrier to economic development; therefore, unless new revenues are developed, Council will need to set realistic tax rates.

Mr. Lynn moved to amend the draft budget to include a $0.025 tax increase, seconded by Mr. Hutchison. By a roll call vote of four (4) yes (Dixon, Lynn, Hutchison, and Bonar), two (2) no (Perza and Hare) and three (3) absent (Anderson, Slavin, and Williams) the motion failed for lack of a majority vote of members.

Mr. Lynn moved for adjournment, seconded by Mr. Hutchison. By a roll call vote of two (2) yes (Lynn and Hutchison), four (4) no (Dixon, Perza, Hare, and Bonar) and three (3) absent (Anderson, Slavin, and Williams) the motion failed for lack of a majority vote of members.

Mr. Hare moved to amend the draft budget to include a $0.005 tax increase. The motion failed for lack of a second.

Responding to Mr. Perza, Mr. Koenig proposed "Plan C" as a $0.02 tax increase and a transfer from the Electric Fund to cover the differential for funding the DDP.

Mr. Lynn moved to amend the draft budget to include a $0.02 tax increase and a transfer from the Electric Fund to cover the differential for funding the DDP, as proposed by staff, seconded by Mr. Dixon. By a roll call vote of three (3) yes (Dixon, Lynn, and Bonar), three (3) no (Perza, Hare, and Hutchison) and three (3) absent (Anderson, Slavin, and Williams) the motion failed for lack of a majority vote of members.

Mr. Hare moved for adoption of the draft budget, as presented by staff and amended by Council, with a First Reading to be held on June 10, 2013 and a Final Reading on June 24, 2013, seconded by Mr. Dixon and carried by a roll call vote of five (5) yes (Dixon, Perza, Hare, Hutchison, and Bonar), one (1) no (Lynn), and three (3) absent (Anderson, Slavin, and Williams).

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

Meeting adjourned at 9:00 p.m.

TRACI A. McDOWELL
CITY CLERK

All orders, ordinances, and resolutions adopted by City Council during their Special Meeting of May 29, and June 5, 2013, are hereby approved.

CARLETON E. CAREY, SR.
MAYOR

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Exhibits
Exhibit #1 - Presentation - City of Dover FY 2014 Draft Budget: Total Budget & Fund Summaries
Exhibit #2 - Presentation - City of Dover General Fund Financial Projections 2014 - 2018
Exhibit #3 - Municast General Fund Statistics, 2003 - 2012
Exhibit #4 - Presentation - City of Dover Water and Wastewater Fund Financial Projections 2014 - 2018
Exhibit #5 - Water/Wastewater Fund - Reconciliation
Exhibit #6 - Presentation - City of Dover Electric Revenue Fund Financial Projections 2014 - 2018
Exhibit #7 - Energy Rate Change Customer Samples
Exhibit #8 - Dover Police Department FY14 Police Vehicle, Equipment & Installation Costs
Exhibit #9 - City of Dover Donations Trend: Actual Donations from FY 2005 to 2012 and Budgeted FY 2013 & 2014
Exhibit #10 - City of Dover Budget Meeting - June 5, 2013 Analysis of Legal Fees
Exhibit #11 - Amendment to the FY 2014 Draft Capital Investment Plan (CIP) - Advanced Metering Infrastructure Project (EE1415)
Exhibit #12 - City of Dover Budgeted Training/Conference/Food/Travel Fiscal Year 2014 Draft Budget
Exhibit #13 - Ambulance Service for Robbins Hose Fire District
Exhibit #14 - General Fund Budget & Forecast, Water/Wastewater Fund Budget & Forecast, dated June 5, 2013
Exhibit #15 - City of Dover Sample Customer Analysis of $.03 Tax Increase & Electric Rate Decrease

City of Dover
FY 2014 Draft Budget

Total Budget
&
Fund Summaries

City of Dover
All Funds Summary
Fiscal 2014 Budget

	Fund or Reserve Account	Beginning Balances	Revenues/ Transfers In	Expenses/ Transfers Out	Ending Balances
1	General Fund				
2	Operating Fund	$ 3,455,200	$ 36,262,600	$ (36,776,700)	$ 2,941,100
3	Contingency Account	732,100	12,500	-	744,600
4	Capital Project Fund	166,500	1,404,300	(1,404,300)	166,500
5	Capital Asset Reserve	504,000	8,000	-	512,000
6	Parkland Reserve	202,500	4,500	-	207,000
7	Total General Fund	5,060,300	37,691,900	(38,181,000)	4,571,200
8	Water/Wastewater Fund				
9	Operating Fund	1,325,000	13,797,200	(13,270,900)	1,851,300
10	Contingency Account	292,100	5,000	-	297,100
11	I & E Fund	1,643,700	2,945,000	(2,817,800)	1,770,900
12	Capital Asset Reserve	504,400	8,600	-	513,000
13	Impact Fee Reserve	3,734,400	63,500	(390,000)	3,407,900
14	Total Water Fund	7,499,600	16,819,300	(16,478,700)	7,840,200
15	Electric Fund				
16	Operating Fund	7,152,400	82,985,600	(81,030,200)	9,107,800
17	Contingency Account	814,300	12,200	-	826,500
18	Insurance Reserve	728,000	11,000	-	739,000
19	Rate Stabilization Reserve	17,383,600	260,400	(4,000,000)	13,644,000
20	I & E Fund	3,091,000	5,763,800	(5,473,600)	3,381,200
21	Depreciation Reserve	9,829,700	167,400	-	9,997,100
22	Future Capacity Reserve	9,989,800	141,600	-	10,131,400
23	Total Electric Fund	48,988,800	89,342,000	(90,503,800)	47,827,000
24	Less:				
25	Interfund Transfers		(17,652,900)	17,652,900	
26	Interfund Allocations		4,656,900	(4,656,900)	
27	Subtotal Major Operating Funds	61,548,700	130,857,200	(132,167,500)	60,238,400
28	Workers Compensation	1,200,600	505,900	(621,100)	1,085,400
29	Community Transportation Fund	-	500,500	(500,000)	500
30	Police Grants	98,000	315,000	(413,000)	-
31	Library Grants	-	272,800	(270,100)	2,700
32	CDBG	-	223,600	(223,600)	-
33	Total All Funds & Reserves	$ 62,847,300	$ 132,675,000	$ (134,195,300)	$ 61,327,000

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

GENERAL FUND
CASH RECEIPT SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 BUDGET	% CHG FY14 VS FY13
	RECEIPTS							
1	BEGINNING BALANCE	3,561,837	2,666,600	3,752,200	2,872,100	3,455,200	788,600	29.6%
2	FINES AND POLICE REVENUE	681,952	668,000	668,000	666,000	666,000	(2,000)	-0.3%
3	INVESTMENT INCOME	53,175	75,000	75,000	75,000	75,000	-	0.0%
4	LIBRARY REVENUES	53,101	66,200	66,200	66,600	66,600	400	0.6%
5	KENT COUNTY BOOK REIMBURSEMENT	422,721	405,900	405,900	400,000	400,000	(5,900)	-1.5%
6	BUSINESS LICENSES	1,470,097	1,455,000	1,455,000	1,460,000	1,460,000	5,000	0.3%
7	PERMITS AND OTHER FEES	1,346,769	1,053,300	1,053,300	1,073,800	1,167,500	114,200	10.8%
8	MISCELLANEOUS CHARGES	103,027	55,500	70,900	61,500	63,300	7,800	14.1%
9	POLICE EXTRA DUTY	600,310	494,400	636,100	650,000	650,000	155,600	31.5%
10	PROPERTY TAXES	11,037,920	10,997,400	11,039,200	11,120,000	11,120,000	122,600	1.1%
11	BID REVENUE	51,509	51,600	51,600	51,500	49,500	(2,100)	-4.1%
12	RECREATION REVENUE	112,480	130,000	130,000	133,000	133,000	3,000	2.3%
13	FRANCHISE FEE	568,240	550,000	600,000	606,200	606,200	56,200	10.2%
14	SANITATION FEES	1,903,623	2,690,200	2,676,500	2,676,500	2,676,500	(13,700)	-0.5%
15	RENT REVENUE - GARRISON FARM	92,878	62,000	117,200	118,500	118,500	56,500	91.1%
16	COURT OF CHANCERY FEES	863,220	753,800	807,200	863,200	863,200	109,400	14.5%
17	**RECEIPTS SUBTOTAL**	**19,361,022**	**19,508,300**	**19,852,100**	**20,021,800**	**20,115,300**	**607,000**	**3.1%**
18	**INTERFUND SERVICE RECEIPTS**							
19	INTRAFUND SERVICE RECEIPTS W/WW	894,186	1,104,600	1,045,800	1,111,400	1,136,400	31,800	2.9%
20	INTRAFUND SERVICE RECEIPTS ELECTRIC	3,105,015	3,224,500	3,177,100	3,261,700	3,323,500	99,000	3.1%
21	**INTERFUND SERVICE RECEIPTS SUBTOTAL**	**3,999,201**	**4,329,100**	**4,222,900**	**4,373,100**	**4,459,900**	**130,800**	**3.0%**
22	**GRANTS:**							
23	POLICE RELATED/EXTRA DUTY	166,014	85,000	112,100	110,000	110,000	25,000	29.4%
24	POLICE PENSION GRANT	561,772	500,000	500,000	500,000	500,000	-	0.0%
25	GREEN ENERGY GRANT	-	98,500	98,500	98,500	98,500	-	0.0%
26	RECREATION GRANTS	43,740	-	-	-	-	-	0.0%
27	MISC GRANT REVENUE	72,835	25,000	25,000	25,000	25,000	-	0.0%
29	HOMELAND SECURITY GRANT	163,490	-	-	-	-	-	0.0%
30	**GRANTS SUBTOTAL**	**1,007,851**	**708,500**	**735,600**	**733,500**	**733,500**	**25,000**	**3.5%**
31	**TRANSFERS FROM:**							
32	TRANSFER TAX	1,373,208	1,370,000	1,370,000	1,315,500	1,315,500	(54,500)	-4.0%
33	MUNICIPAL STREET AID	527,042	527,400	527,400	527,400	527,400	-	0.0%
34	CIVIL TRAFFIC PENALTIES	518,638	750,000	350,000	600,000	600,000	(150,000)	-20.0%
35	WATER/WASTEWATER	424,508	500,000	500,000	500,000	500,000	-	0.0%
36	ELECTRIC	7,876,288	8,000,000	8,000,000	8,000,000	8,000,000	-	0.0%
38	VERIZON AND CI RESERVES	-	11,000	11,000	11,000	11,000	-	0.0%
41	**TRANSFERS FROM SUBTOTAL**	**10,719,684**	**11,158,400**	**10,758,400**	**10,953,900**	**10,953,900**	**(204,500)**	**-1.8%**
42	**TOTAL REVENUES**	**35,087,758**	**35,704,300**	**35,569,000**	**36,082,300**	**36,262,600**	**558,300**	**1.6%**
43	**TOTAL BEGINNING BALANCE & REVENUE**	**38,649,595**	**38,370,900**	**39,321,200**	**38,954,400**	**39,717,800**	**1,346,900**	**3.5%**

GENERAL FUND
EXPENSE SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 BUDGET	% CHG FY14 VS FY13
1	**DEPARTMENT EXPENSES:**							
2	CITY CLERK	251,291	326,900	326,900	332,100	334,400	7,500	2.3%
3	COUNCIL	106,407	114,200	114,200	131,500	114,300	100	0.1%
4	TAX ASSESSOR	185,959	187,500	187,500	196,300	198,300	10,800	5.8%
5	FIRE	660,923	688,300	645,200	692,200	692,100	3,800	0.6%
6	GROUNDS MAINTENANCE	964,964	993,300	980,400	978,200	948,500	(44,800)	-4.5%
7	LIBRARY	1,101,111	1,250,200	1,225,400	1,313,300	1,330,400	80,200	6.4%
8	RECREATION	827,230	713,400	674,900	715,500	720,100	6,700	0.9%
9	LIFE SAFETY	499,389	469,900	451,800	469,000	468,200	(1,700)	-0.4%
10	CODE ENFORCEMENT	271,381	293,100	323,100	377,800	377,100	84,000	28.7%
11	PLANNING	378,319	410,300	416,100	425,800	445,300	35,000	8.5%
12	INSPECTIONS	550,099	592,200	577,100	540,300	528,400	(63,800)	-10.8%
13	ECONOMIC DEVELOPMENT	216,803	231,100	231,100	241,500	215,200	(15,900)	-6.9%
14	POLICE	12,926,630	13,195,200	13,431,900	13,594,000	13,573,900	378,700	2.9%
15	POLICE EXTRA DUTY	684,106	579,400	748,200	760,000	760,000	180,600	31.2%
16	STREETS	866,986	756,700	772,200	631,100	603,700	(153,000)	-20.2%
17	SANITATION	2,086,218	2,140,700	2,072,000	2,176,300	2,153,800	13,100	0.6%
18	CITY MANAGER	638,570	420,000	420,000	431,100	457,300	37,300	8.9%
19	INFORMATION TECHNOLOGY	717,142	642,700	633,300	720,100	660,800	18,100	2.8%
20	FINANCE	792,269	879,500	879,500	890,600	906,500	27,000	3.1%
21	PUBLIC WORKS - ADMINISTRATION	332,513	468,600	401,200	420,300	426,300	(42,300)	-9.0%
22	FACILITIES MANAGEMENT	842,424	678,800	660,600	642,400	632,600	(46,200)	-6.8%
23	PROCUREMENT & INVENTORY	612,473	576,900	578,700	527,400	517,600	(59,300)	-10.3%
24	FLEET MAINTENANCE	737,162	712,700	678,500	727,600	720,700	8,000	1.1%
25	CUSTOMER SERVICE	899,998	901,200	866,900	942,200	1,109,500	208,300	23.1%
26	HUMAN RESOURCES	264,148	319,700	310,800	333,000	334,400	14,700	4.6%
27	MAYOR	79,696	82,400	82,400	85,400	83,300	900	1.1%
28	**DEPARTMENT SUBTOTALS**	**28,494,211**	**28,624,900**	**28,689,900**	**29,295,000**	**29,312,700**	**687,800**	**2.4%**
29	**OTHER EXPENDITURES:**							
30	DEBT SERVICE	327,734	624,200	474,200	633,200	557,300	(66,900)	-10.7%
31	CONTRIBUTION TO DDP	-	180,000	180,000	51,500	49,500	(130,500)	-72.5%
32	MISCELLANEOUS GRANT RELATED EXP	-	25,000	25,000	25,000	25,000	-	0.0%
33	INSURANCE	516,254	600,000	600,000	658,900	658,900	58,900	9.8%
34	RETIREES HEALTH CARE	1,374,709	1,620,600	1,620,600	1,568,500	1,636,500	15,900	1.0%
35	OTHER EMPLOYMENT EXPENSES	-	463,400	94,700	350,000	400,000	(63,400)	-13.7%
36	GENERAL PENSION UNFUNDED LIABILITY	1,450,000	1,310,500	1,693,500	1,159,100	1,159,100	(151,400)	-11.6%
37	POLICE PENSION FUND - STATE GRANT	561,772	500,000	500,000	500,000	500,000	-	0.0%
38	POLICE PENSION UNFUNDED LIABILITY	95,000	95,000	495,000	307,400	307,400	212,400	223.6%
39	UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	10,000	10,000	10,000	-	0.0%
40	OPEB UNFUNDED LIABILITY	239,532	-	-	-	-	-	0.0%
41	STREET LIGHTS	986,430	869,700	869,700	875,000	836,000	(33,700)	-3.9%
42	**OTHER EXPENSE SUBTOTAL**	**5,561,431**	**6,298,400**	**6,562,700**	**6,138,600**	**6,139,700**	**(158,700)**	**-2.5%**
43	**TRANSFERS**							
44	TRANSFER TO CAPITAL ASSET RESERVE	200,000	-	-	-	-	-	0.0%
45	TRANSFER TO CAPITAL FUND - PROJECTS	638,847	613,400	613,400	1,353,600	1,324,300	710,900	115.9%
47	TRANSFER TO CDBG FUND	2,907	-	-	-	-	-	0.0%
51	**TRANSFERS SUBTOTAL**	**841,754**	**613,400**	**613,400**	**1,353,600**	**1,324,300**	**710,900**	**115.9%**
52	**TOTAL EXPENDITURES**	**34,897,396**	**35,536,700**	**35,866,000**	**36,787,200**	**36,776,700**	**1,240,000**	**3.5%**
53	**BUDGET BALANCE**	**3,752,199**	**2,834,200**	**3,455,200**	**2,167,200**	**2,941,100**	**106,900**	**3.8%**
54	**TOTAL BUDGET BALANCE & EXPENDITURES**	**38,649,595**	**38,370,900**	**39,321,200**	**38,954,400**	**39,717,800**	**1,346,900**	**3.5%**
55	EXCEEDS/(REMAINS)TO MEET REQUIREMENT	945,178	(22,144)	609,680	(719,400)	41,000	631,824	

		2011/12 ACTUAL	2012/13 APPROVED	2012/13 REVISED	2013/14 PRELIMINARY	2013/14 PROPOSED	FY 14 PP VS FY13 BUDGET	POLICY
56	**RESERVE BALANCES**							
57	CONTINGENCY	721,193	731,100	732,100	730,300	746,100	14,000	2% OF REV

GOVERNMENTAL CAPITAL PROJECTS FUND SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 BUDGET	% CHG FY14 VS FY13 REV
1	**BEGINNING BALANCE - PROJECTS**	**357,354**	**294,400**	**156,000**	**157,500**	**166,500**	**(127,900)**	**-43.4%**
2	**REVENUES**							
3	STATE GRANTS - Other	23,870	108,000	158,000	-	15,000	(93,000)	-86.1%
4	PROPOSED BOND/BANK PROCEEDS - Street	-	2,000,000	2,000,000	-	-	(2,000,000)	-100.0%
5	PROPOSED BOND/BANK PROCEEDS - Garrison	-	2,000,000	-	-	-	(2,000,000)	-100.0%
6	INCOME FROM SALE OF ASSETS	39,958	-	43,000	-	-	-	0.0%
7	MISCELLANEOUS RECEIPTS	53,000	-	-	-	-	-	0.0%
8	POLICE GRANTS	-	33,800	33,800	-	-	(33,800)	-100.0%
9	INTEREST EARNINGS	10,560	-	-	-	-	-	0.0%
10	TRANSFER FROM GENERAL FUND	638,847	613,400	613,400	1,353,600	1,324,300	710,900	115.9%
11	TRANSFER FROM PARKLAND RESERVE	-	-	-	65,000	65,000	65,000	0.0%
12	TRANSFER FROM FUTURE CAPACITY RESERVE	-	-	2,000,000		-	-	0.0%
13	**SUBTOTAL CAPITAL PROJECT FUNDING SOURCES**	**766,235**	**4,755,200**	**4,848,200**	**1,418,600**	**1,404,300**	**(3,350,900)**	**-70.5%**
14	STATE GRANTS - Library	6,002,057	884,200	1,746,000	-	-	(884,200)	-100.0%
15	LIBRARY FOUNDATION	2,430,500	67,500	71,000	-	-	(67,500)	-100.0%
16	INCOME FROM SALE OF OLD LIBRARY	-	1,200,000	1,200,000	-	-	(1,200,000)	-100.0%
17	PROPOSED CONSTRUCTION LOAN - Library	851,500	-	648,500	-	-	-	0.0%
18	KENT COUNTY CONTRIBUTION	-	250,000	250,000	-	-	(250,000)	-100.0%
19	DEMEC GRANT	-	-	166,700	-	-	-	0.0%
20	FRIENDS OF THE LIBRARY DONATION	-	-	102,400	-	-	-	0.0%
21	TRANSFER FROM LIBRARY RESERVE	2,594,860	-	-	-	-	-	0.0%
22	**SUBTOTAL LIBRARY PROJECT FUNDING SOURCES**	**11,878,917**	**2,401,700**	**4,184,600**	-	-	**(2,401,700)**	**-100.0%**
23	**TOTAL FUNDING SOURCES**	**12,645,152**	**7,156,900**	**9,032,800**	**1,418,600**	**1,404,300**	**(5,752,600)**	**-80.4%**
24	**TOTAL BEGINNING BALANCE & FUNDING SOURCES**	**13,002,506**	**7,451,300**	**9,188,800**	**1,576,100**	**1,570,800**	**(5,880,500)**	**-78.9%**
25	**EXPENDITURES**							
26	FIRE	258,456	238,500	238,500	238,500	238,500	-	0.0%
27	GROUNDS MAINTENANCE	-	112,000	112,000	56,500	50,100	(61,900)	-55.3%
28	LIBRARY	12,118,028	2,535,000	4,089,100	-	-	(2,535,000)	-100.0%
29	RECREATION	-	30,000	30,000	95,000	95,000	65,000	216.7%
30	CODE ENFORCEMENT	-	-	-	30,000	30,000	30,000	0.0%
31	POLICE	62,338	197,000	217,000	257,200	257,300	60,300	30.6%
32	STREETS	206,338	1,974,000	3,558,700	275,100	251,500	(1,722,500)	-87.3%
33	SANITATION	120,624	150,000	150,000	383,300	402,100	252,100	168.1%
34	INFORMATION TECHNOLOGY	14,330	57,000	107,000	7,000	7,000	(50,000)	-87.7%
35	FACILITIES MANAGEMENT	-	381,000	395,000	21,000	17,800	(363,200)	-95.3%
36	PROCUREMENT & INVENTORY	-	-	-	55,000	55,000	55,000	0.0%
37	MAYOR	-	33,000	33,000	-	-	(33,000)	-100.0%
38	**DEPARTMENT SUBTOTAL**	**12,780,114**	**5,707,500**	**8,930,300**	**1,418,600**	**1,404,300**	**(4,303,200)**	**-75.4%**
39	**TRANSFERS & MISCELLANEOUS EXPENSES**							
40	BOND/LOAN ISSUANCE COST	27,254	56,000	32,000	-	-	(56,000)	-100.0%
41	TRANSFER TO CAPITAL ASSET RESERVE	39,100	-	-	-	-	-	0.0%
42	TRANSFER TO COMMUNITY TRANS FUND	-	1,606,700	60,000	-	-	(1,606,700)	-100.0%
43	**TRANSFERS & MISCELLANEOUS SUBTOTAL**	**66,354**	**1,662,700**	**92,000**	-	-	**(1,662,700)**	**-100.0%**
44	**TOTAL EXPENDITURES**	**12,846,468**	**7,370,200**	**9,022,300**	**1,418,600**	**1,404,300**	**(5,965,900)**	**-80.9%**
45	BUDGET BALANCE	156,038	81,100	166,500	157,500	166,500	85,400	105.3%
46	**TOTAL BUDGET BALANCE & EXPENDITURES**	**13,002,506**	**7,451,300**	**9,188,800**	**1,576,100**	**1,570,800**	**(5,880,500)**	**-78.9%**

	RESERVE BALANCES	2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	2013/14 PRELIMINARY	2013/14 PROPOSED	FY 14 PP VS FY13 BUDGET	POLICY
47	CAPITAL ASSET RESERVE	498,467	503,000	504,000	504,800	512,000	8,000	Min $500K
48	PARKLAND/RECREATION	199,282	202,600	202,500	201,800	207,000	4,500	N/A

Note: Policy for Capital Asset Reserve is $200,000 per year if less than minimum balance of $500,000

WATER/WASTEWATER FUND SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 BUDGET	% CHG FY14 VS FY13
1	BEGINNING BALANCE - WATER	2,567,172	865,100	1,075,800	748,000	770,800	(94,300)	-10.9%
2	BEGINNING BALANCE - WASTEWATER	1,929,346	853,000	991,100	376,800	412,600	(440,400)	-51.6%
3	BEGINNING BALANCE - KCSA	(1,243,243)	(553,500)	(626,400)	141,600	141,600	695,100	-125.6%
4	**TOTAL BEGINNING BALANCES**	**3,253,275**	**1,164,600**	**1,440,500**	**1,266,400**	**1,325,000**	**160,400**	**13.8%**
5	**BASE REVENUE:**							
6	WATER SERVICES	4,707,918	4,730,700	4,730,700	4,730,700	4,730,700	-	0.0%
7	WASTEWATER SERVICES	3,722,985	3,834,600	3,642,700	3,642,700	3,642,700	(191,900)	-5.0%
8	WASTEWATER TREATMENT SERVICES	3,050,127	3,090,800	2,980,400	2,980,300	2,980,300	(110,500)	-3.6%
9	GROUNDWATER INFLOW ADJUSTMENT	1,290,968	1,257,600	1,324,600	1,324,600	1,324,600	67,000	5.3%
10	WATER TANK SPACE LEASING	313,101	313,500	313,500	333,800	333,800	20,300	6.5%
11	SEWER IMPACT FEES	277,400	317,000	380,000	323,000	323,000	6,000	1.9%
12	WATER IMPACT FEES	308,700	350,000	350,000	357,000	357,000	7,000	2.0%
13	INTEREST - WATER	15,945	8,700	7,400	9,100	9,100	400	4.6%
14	INTEREST - WASTEWATER	15,944	17,100	11,500	14,000	14,000	(3,100)	-18.1%
15	MISCELLANEOUS SERVICE FEE	104,634	77,000	81,400	82,000	82,000	5,000	6.5%
16	**TOTAL REVENUES**	**13,807,722**	**13,997,000**	**13,822,200**	**13,797,200**	**13,797,200**	**(199,800)**	**-1.4%**
17	**TOTAL BEGINNING BALANCE & REVENUES**	**17,060,997**	**15,161,600**	**15,262,700**	**15,063,600**	**15,122,200**	**(39,400)**	**-0.3%**
18	**DIRECT EXPENSES:**							
19	ENGINEERING & INSPECTION	507,921	597,900	601,900	688,600	664,900	67,000	10.5%
20	WATER CONSTRUCTION	347,698	345,700	353,200	351,400	351,400	5,700	-0.5%
21	WATER DEPARTMENT	395,587	408,200	415,000	424,200	434,100	25,900	4.6%
22	WATER TREATMENT PLANT	1,447,678	1,522,600	1,535,400	1,499,300	1,501,800	(20,800)	-2.2%
23	WASTEWATER DEPARTMENT	878,066	993,000	997,000	965,900	945,100	(47,900)	-5.2%
24	**DIRECT EXPENDITURE SUBTOTAL**	**3,576,950**	**3,867,400**	**3,902,500**	**3,929,400**	**3,897,300**	**29,900**	**0.8%**
25	**OTHER EXPENSES:**							
26	DEBT SERVICE - WATER	251,510	532,100	438,100	545,700	403,800	(128,300)	-7.8%
27	DEBT SERVICE - WASTEWATER	456,429	731,500	636,300	757,700	615,700	(115,800)	-3.2%
28	RETIREES HEALTH CARE	190,830	220,000	220,000	220,000	200,000	(20,000)	-9.1%
29	OTHER EMPLOYMENT EXPENSES	-	16,200	15,400	25,000	25,000	8,800	62.3%
30	OPEB UNFUNDED LIABILITY	372,417	-	-	-	-	-	0.0%
31	PENSION UNFUNDED LIABILITY	228,400	309,800	509,800	339,400	339,400	29,600	-33.4%
32	KENT COUNTY TREATMENT CHARGE	3,724,238	3,600,000	3,537,000	3,524,800	3,524,800	(75,200)	-0.3%
33	INTRAFUND SERVICE FEES	1,050,391	1,235,400	1,176,600	1,209,900	1,234,900	(500)	5.0%
34	UNCOLLECTIBLES	5,000	5,000	5,000	-	-	(5,000)	-100.0%
35	INVENTORY/FIXED ASSET WRITEOFFS	10,000	5,000	5,000	-	-	(5,000)	-100.0%
36	**OTHER EXPENSES SUBTOTAL**	**6,289,215**	**6,655,000**	**6,543,200**	**6,622,500**	**6,343,600**	**(311,400)**	**-4.7%**
37	**TRANSFER TO:**							
38	GENERAL FUND FROM WATER	238,842	250,000	250,000	250,000	250,000	-	0.0%
39	GENERAL FUND FROM WASTEWATER	185,666	250,000	250,000	250,000	250,000	-	0.0%
40	WATER IMP AND EXT	2,750,000	1,700,000	1,700,000	1,600,000	1,200,000	(500,000)	-29.4%
41	WASTEWATER IMP AND EXT	2,000,000	1,200,000	1,200,000	1,222,000	1,330,000	130,000	10.8%
42	WATER IMPACT FEE RESERVE	171,777	-	-	-	-	-	0.0%
43	TRF TO CONTINGENCY WASTEWATER	8,000	-	-	-	-	-	0.0%
44	CAPITAL ASSET RESERVE WATER	100,000	70,000	70,000	-	-	(70,000)	-100.0%
45	CAPITAL ASSET RESERVE WASTEWATER	300,000	22,000	22,000	-	-	(22,000)	-100.0%
46	**TRANSFER TO SUBTOTAL**	**5,754,285**	**3,492,000**	**3,492,000**	**3,322,000**	**3,030,000**	**(462,000)**	**-13.2%**
47	**TOTAL EXPENSES**	**15,620,450**	**14,014,400**	**13,937,700**	**13,873,900**	**13,270,900**	**(743,500)**	**-5.3%**
48	**BUDGET BALANCES**							
49	BUDGET BALANCE WATER	1,075,793	482,700	770,800	493,200	1,055,350	572,650	36.9%
50	BUDGET BALANCE WASTEWATER	991,140	664,500	412,600	696,500	795,950	131,450	92.9%
51	BUDGET BALANCE KCSA	(626,386)	-	141,600	-	-	-	-100.0%
51	**BUDGET BALANCE SUBTOTALS**	**1,440,547**	**1,147,200**	**1,325,000**	**1,189,700**	**1,851,300**	**704,100**	**61.4%**
52	**TOTAL BUDGET BALANCES & EXPENSES**	**17,060,997**	**15,161,600**	**15,262,700**	**15,063,600**	**15,122,200**	**(39,400)**	**-0.3%**
53	EXCEEDS/(REMAINS)TO MEET REQMNT	335,929	27,440	219,200	85,924	747,600		

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	2013/14 PRELIMINARY	2013/14 BUDGET	FY 14 PP VS FY13 BUDGET	POLICY
54	**RESERVE BALANCES**							
55	CONTINGENCY - WATER	102,119	103,724	103,800	103,600	105,600	1,800	2% OF REV.
56	CONTINGENCY - WATER/WASTEWATER	185,153	189,176	188,300	187,300	191,500	3,200	2% OF REV.

WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 BUDGET	% CHG FY14 VS FY13
1	BEGINNING BALANCE - WATER	1,537,773	3,071,800	3,811,200	1,947,300	1,477,300	(1,594,500)	-51.9%
2	BEGINNING BALANCE - WASTEWATER	339,673	1,013,600	2,641,000	246,400	166,400	(847,200)	-83.6%
3	**TOTAL BEGINNING BALANCES**	**1,877,446**	**4,085,400**	**6,452,200**	**2,193,700**	**1,643,700**	**(4,808,500)**	**-59.8%**
4	**REVENUES**							
5	BOND PROCEEDS - WATER	-	2,000,000	2,000,000	-	-	(2,000,000)	-100.0%
6	BOND PROCEEDS - WASTEWATER	-	2,000,000	2,000,000	-	-	(2,000,000)	-100.0%
7	STATE LOAN FUND - WATER	1,923,489	-	-	-	-	-	0.0%
8	STATE LOAN FUND - WASTEWATER	1,325,671	-	-	-	-	-	0.0%
9	TRANS FR OPERATING FUND - WATER	2,750,000	1,700,000	1,700,000	1,600,000	1,200,000	(100,000)	-29.4%
10	TRANS FR OPERATING FUND - WASTEWATER	2,000,000	1,200,000	1,200,000	1,222,000	1,330,000	22,000	10.8%
11	TRANSFER FR WATER IMPACT FEE	-	300,000	-	-	390,000	(300,000)	0.0%
12	TRANSFER FR WASTEWATER IMPACT FEE	760,270	250,000	250,000	-	-	(250,000)	-100.0%
13	PROCEEDS FROM SALE OF ASSETS	1,703		-	-	-	-	0.0%
14	INTEREST INCOME	28,308	25,000	25,000	25,000	25,000	-	0.0%
15	**TOTAL REVENUES**	**8,789,441**	**7,475,000**	**7,175,000**	**2,847,000**	**2,945,000**	**(4,530,000)**	**-60.6%**
16	**TOTAL BEGINNING BALANCES & REVENUES**	**10,666,887**	**11,560,400**	**13,627,200**	**5,040,700**	**4,588,700**	**(9,038,500)**	**-60.3%**
17	**EXPENSES**							
18	WATER	2,362,179	5,140,000	5,971,600	1,494,600	1,476,800	(3,645,400)	-75.3%
19	WASTEWATER	1,799,541	3,817,300	5,922,500	1,268,800	1,251,000	(2,548,500)	-78.9%
20	WATER TREATMENT PLANT	22,898	24,100	29,200	-	-	(24,100)	-100.0%
21	WATER CONSTRUCTION	29,985	31,000	31,000	83,800	90,000	52,800	190.3%
22	W/WW ENGINEERING	-	23,400	29,200	-	-	(23,400)	-100.0%
23	BOND ISSUANCE COST	-	344,000	-	-	-	(344,000)	0.0%
24	**TOTAL EXPENSES**	**4,214,603**	**9,379,800**	**11,983,500**	**2,847,200**	**2,817,800**	**(6,562,000)**	**-70.0%**
25	BUDGET BALANCE - WATER	3,811,206	1,675,500	1,477,300	1,981,400	1,513,000	305,900	2.4%
26	BUDGET BALANCE - WASTEWATER	2,641,079	505,100	166,400	212,100	257,900	(293,000)	55.0%
27	**TOTAL ENDING BUDGET BALANCES**	**6,452,285**	**2,180,600**	**1,643,700**	**2,193,500**	**1,770,900**	**(409,700)**	**-18.8%**
28	**TOTAL BUDGET BALANCES & EXPENSES**	**10,666,888**	**11,560,400**	**13,627,200**	**5,040,700**	**4,588,700**	**(9,038,500)**	**-60.3%**

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	2013/14 PRELIMINARY	2013/14 BUDGET	FY 14 PP VS FY13 BUDGET	
29	**RESERVE BALANCES**							**POLICY**
30	CAPITAL ASSET RESERVE-WATER	427,104	501,100	504,400	502,900	513,000	8,600	MIN $500K
31	CAPITAL ASSET RESERVE-WASTEWATER	473,645	501,100	503,700	501,800	512,300	8,600	MIN $500K
32	IMPACT FEE RESERVE - WATER	441,139	-	448,600	196,100	66,200	(382,400)	20% of Rev.
33	IMPACT FEE RESERVE - WASTEWATER	3,476,673	-	3,285,800	3,220,200	3,341,700	55,900	20% of Rev.

ELECTRIC REVENUE FUND SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 BUDGET	% CHG FY14 VS FY13
1	**BEGINNING BALANCE**	**12,292,573**	**7,184,000**	**14,567,100**	**19,505,000**	**7,152,400**	**(31,600)**	**-0.4%**
2	**BASE REVENUE:**							
3	DIRECT SALES TO CUSTOMER	96,483,053	85,071,400	87,519,500	85,926,600	85,715,400	644,000	0.8%
4	PURCHASE POWER ADJUSTMENT	(6,083,282)	-	-	-	(9,428,700)	(9,428,700)	0.0%
5	UTILITY TAX	1,548,209	1,595,200	1,498,900	1,471,600	1,492,200	(103,000)	-6.5%
6	MISCELLANEOUS REVENUE	1,142,471	850,700	985,700	752,000	602,000	(248,700)	-29.2%
7	RENT REVENUE	193,065	225,000	200,000	251,000	251,000	26,000	11.6%
8	GREEN ENERGY	127,581	129,000	129,000	135,800	135,800	6,800	5.3%
9	INTEREST EARNINGS	95,708	107,800	107,800	119,400	119,400	11,600	10.8%
10	TRANSFER FROM RATE STABILIZATION	1,000,000	5,400,000	5,400,000	-	4,000,000	(1,400,000)	-25.9%
11	INTRAFUND SERVICE RECEIPTS W/WW	156,204	130,800	130,800	98,500	98,500	(32,300)	-24.7%
12	**TOTAL REVENUES**	**94,663,009**	**93,509,900**	**95,971,700**	**88,754,900**	**82,985,600**	**(10,524,300)**	**-11.3%**
13	**TOTAL BEGINNING BALANCE & REVENUES**	**106,955,582**	**100,693,900**	**110,538,800**	**108,259,900**	**90,138,000**	**(10,555,900)**	**-10.5%**
14	**EXPENSES:**							
15	POWER SUPPLY	43,265,652	39,468,900	37,701,000	20,339,100	23,832,000	(15,636,900)	-39.6%
16	SOLAR ENERGY	-	1,414,500	1,587,600	1,565,800	1,565,800	151,300	10.7%
17	SOLAR RENEWAL ENERGY CREDITS	-	-	351,600	300,000	300,000	300,000	0.0%
18	POWER SUPPLY MANAGEMENT	996,000	996,000	996,000	996,000	996,000	-	0.0%
19	PJM CHARGES - ENERGY	10,182,061	13,752,300	5,697,700	16,139,800	12,812,900	(939,400)	-6.8%
20	PJM CHARGES - TRANSMISSION & FEES	-	3,756,000	6,100,700	3,900,000	4,740,000	984,000	26.2%
21	CAPACITY CHARGES	8,685,938	12,564,800	11,817,200	16,651,800	15,787,200	3,222,400	25.6%
22	**SUB-TOTAL POWER SUPPLY**	**63,129,651**	**71,952,500**	**64,251,800**	**59,892,500**	**60,033,900**	**(11,918,600)**	**-16.6%**
23	PLANT OPERATIONS	5,500,857	5,914,900	5,914,900	6,015,800	6,015,800	100,900	1.7%
24	GENERATIONS FUELS	1,582,984	586,000	948,800	-	-	(586,000)	-100.0%
25	PJM SPOT MARKET ENERGY	-	(772,700)	(1,865,600)	(230,500)	(230,500)	542,200	-70.2%
26	PJM CREDITS	(4,081,759)	(427,000)	(488,400)	(427,000)	(397,000)	30,000	-7.0%
27	CAPACITY CREDITS	(7,373,701)	(14,318,600)	(14,318,600)	(15,079,800)	(15,079,800)	(761,200)	5.3%
28	**GENERATION SUBTOTAL**	**(4,371,619)**	**(9,017,400)**	**(9,808,900)**	**(9,721,500)**	**(9,691,500)**	**(674,100)**	**7.5%**
29	**POWER SUPPLY & GENERATION SUBTOTAL**	**58,758,032**	**62,935,100**	**54,442,900**	**50,171,000**	**50,342,400**	**(12,592,700)**	**-20.0%**
30	**DIRECT EXPENDITURES**							
31	TRANSMISSION/DISTRIBUTION	2,960,426	3,223,600	3,233,700	3,319,500	3,302,500	78,900	2.4%
32	ELECTRICAL ENGINEERING	986,042	1,163,900	1,171,300	1,203,500	1,192,200	28,300	2.4%
33	ADMINISTRATION	654,077	501,200	501,200	597,000	597,000	95,800	19.1%
34	METER READING	205,791	212,500	212,500	220,100	220,300	7,800	3.7%
35	SYSTEMS OPERATIONS	498,063	517,600	526,300	536,300	543,600	26,000	5.0%
36	**DIRECT EXPENDITURE SUBTOTALS**	**5,304,399**	**5,618,800**	**5,645,000**	**5,876,400**	**5,855,600**	**236,800**	**4.2%**
37	**OTHER EXPENSES:**							
38	UTILITY TAX	1,548,209	1,595,200	1,498,900	1,471,600	1,492,200	(103,000)	-6.5%
39	ALLOW FOR UNCOLLECTIBLES	150,000	150,000	150,000	200,000	200,000	50,000	33.3%
40	CONTRACTUAL SERVICES - RFP'S	5,207	190,000	190,000	-	100,000	(90,000)	-47.4%
41	RETIREES HEALTH CARE	646,510	696,500	696,500	513,300	513,300	(183,200)	-26.3%
42	OTHER EMPLOYMENT EXPENSES	-	157,900	149,200	150,000	150,000	(7,900)	-5.0%
43	TRANSFER TO PENSION UNFUNDED LIABILITY	1,110,500	1,074,200	7,274,200	1,314,200	1,314,200	240,000	22.3%
44	OPEB UNFUNDED LIABILITY	1,688,847	-	-	975,700	975,700	975,700	0.0%
45	GREEN ENERGY PAYMENT TO DEMEC	127,581	129,000	129,000	135,800	135,800	6,800	5.3%
46	INTRAFUND SERVICE FEES	3,105,015	3,224,500	3,177,100	3,261,700	3,323,500	99,000	3.1%
47	INTEREST ON DEPOSITS	21,297	35,000	35,000	27,000	27,000	(8,000)	-22.9%
48	INVENTORY WRITE OFFS	175,000	175,000	175,000	-	-	(175,000)	-100.0%
49	TRANSFER TO WORKER'S COMPENSATION	-	-	500,000	-	-	-	0.0%
51	DEBT SERVICE	3,371,609	3,323,600	3,323,600	3,301,900	3,301,900	(21,700)	-0.7%
52	**OTHER EXPENSES SUBTOTAL**	**11,949,775**	**10,750,900**	**17,298,500**	**11,351,200**	**11,533,600**	**782,700**	**7.3%**
53	**TRANSFER TO:**							
54	IMPROVEMENT & EXTENSION	3,500,000	3,500,000	3,500,000	5,298,600	5,298,600	1,798,600	51.4%
55	GENERAL FUND	7,876,288	8,000,000	8,000,000	8,000,000	8,000,000	-	0.0%
56	TRANSFER TO FUTURE CAPACITY RESERVE	-	-	2,100,000	-	-	-	0.0%
58	RATE STABILIZATION RESERVE	5,000,000	-	12,400,000	-	-	-	0.0%
59	**TRANSFER TO SUBTOTAL**	**16,376,288**	**11,500,000**	**26,000,000**	**13,298,600**	**13,298,600**	**1,798,600**	**15.6%**
60	**TOTAL EXPENSES**	**92,388,494**	**90,804,800**	**103,386,400**	**80,697,200**	**81,030,200**	**(9,774,600)**	**-10.8%**
61	**BUDGET BALANCE - WORKING CAPITAL**	**14,567,088**	**9,889,100**	**7,152,400**	**27,562,700**	**9,107,800**	**(781,300)**	**-7.9%**
62	**TOTAL BUDGET BALANCE & EXPENSES**	**106,955,582**	**100,693,900**	**110,538,800**	**108,259,900**	**90,138,000**	**(10,555,900)**	**-10.5%**
63	EXCEEDS/(REMAINS)TO MEET REQUIREMENT	6,723,688	2,535,900	26,600	20,587,900	1,834,000		

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	2013/14 PRELIMINARY	2013/14 BUDGET	FY 14 PP VS FY13	
64	**RESERVE BALANCES**							POLICY
65	CONTINGENCY RESERVE	1,070,814	816,200	814,300	810,200	826,500	12,200	1% of Rev.
66	INSURANCE RESERVE	337,265	750,000	728,000	729,400	739,000	11,000	$350K Min.
67	RATE STABILIZATION RESERVE	10,230,133	4,947,600	17,383,600	7,646,900	13,644,000	(3,739,600)	3%-10%

ELECTRIC IMPROVEMENT & EXTENSION FUND SUMMARY

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	3/22/2013 2013/14 PRELIMINARY	2013/14 PROPOSED	$ DIFFERENCE FY 14 PP VS FY13 REVISED	% CHG FY14 VS FY13 REV
1	**BEGINNING BALANCE**	**3,175,375**	**2,714,600**	**3,534,600**	**2,999,900**	**3,091,000**	**376,400**	**13.9%**
2	**REVENUES**							
3	TRANSFER FROM ELECTRIC	3,500,000	3,500,000	3,500,000	5,298,600	5,298,600	1,798,600	51.4%
4	TRANSFER FROM DEPRECIATION RESERVE	300,000	-	-	-	-	-	0.0%
5	TRANSFER FROM FUTURE CAPACITY RESERVE	-	550,000	-	-	-	(550,000)	-100.0%
6	TRANSFER FROM INSURANCE STABILIZATION	70,730	-	-	-	-	-	0.0%
7	GENERAL SERVICE BILLING	-	-	91,100	-	440,000	440,000	0.0%
8	INCOME FROM SALE OF ASSETS	10,066	-	-	-	-	-	0.0%
9	INTEREST EARNINGS	25,168	40,700	40,700	25,200	25,200	(15,500)	-38.1%
10	**TOTAL REVENUES**	**3,905,964**	**4,090,700**	**3,631,800**	**5,323,800**	**5,763,800**	**1,673,100**	**40.9%**
11	**TOTALS**	**7,081,339**	**6,805,300**	**7,166,400**	**8,323,700**	**8,854,800**	**2,049,500**	**30.1%**
12	**EXPENSES**							
13	ELECTRIC GENERATION	1,455,376	1,441,300	1,236,600	1,942,800	2,117,800	676,500	46.9%
14	TRANSMISSION AND DISTRIBUTION	461,464	596,000	1,232,000	950,000	950,000	354,000	59.4%
15	ELECTRICAL ENGINEERING	1,619,603	1,932,700	1,606,800	2,405,800	2,405,800	473,100	24.5%
16	METER READING	10,280	-	-	-	-	-	0.0%
17	**TOTAL EXPENSES**	**3,546,723**	**3,970,000**	**4,075,400**	**5,298,600**	**5,473,600**	**1,503,600**	**37.9%**
18	**BUDGET BALANCE**	**3,534,616**	**2,835,300**	**3,091,000**	**3,025,100**	**3,381,200**	**545,900**	**19.3%**
19	**TOTAL BUDGET BALANCE & EXPENSES**	**7,081,339**	**6,805,300**	**7,166,400**	**8,323,700**	**8,854,800**	**2,049,500**	**30.1%**

		2011/12 ACTUAL	2012/13 BUDGET	2012/13 REVISED	2013/14 PRELIMINARY	2013/14 BUDGET	FY 14 PP VS FY13	POLICY
20	**RESERVE BALANCES**							
21	DEPRECIATION RESERVE	9,742,058	9,864,800	9,829,700	9,806,400	9,977,100	147,400	Min.
22	FUTURE CAPACITY RESERVE	9,805,482	9,362,000	9,989,800	7,317,400	10,131,400	141,600	Min.

City of Dover General Fund Financial Projections 2014 – 2018

Budget Meetings
May 2013

EXHIBIT #2
2013 Budget Review
Special Council Meeting of 05/29/13

Key Assumptions

- The FY15 – FY18 Forecast continues to be short on revenues to cover projected expenses incorporating the growth assumptions as below.

- Projected Revenues - Growth assumptions
  - **Property taxes – 1.0%**
  - **Transfer taxes – 1.0%**
  - **Licenses & Permits – 1.0%**
  - **Sanitation revenues – 0.5%**
  - **Fines & Police Revenue – 1.0%**
  - **Library Revenue – 0.5%**
  - **Miscellaneous Revenue – 2.0% (includes Franchise fees, rental income, & recreation revenues)**
  - **Internal Service Fees – 2.0%**
- Projected Operating Expenses reported at same level as FY13 with the following exceptions:
  - **Pay increases included for non-bargaining employees, FOP progression, and DOE bonuses**
  - **Growth in Division expenses 2014 – 2108**
    - **Increased wages & benefits – 2.0%**
    - **General increases in materials and supplies – 1.0%**
    - **General increases in administrative expenses – 1.0%**
    - **Increased retiree health insurance premiums 5.7%**
    - **Increased OPEB normal cost with continuation of phase-in plan 2.0%**
    - **Pension contribution for unfunded liability as per previous actuary analysis**
- Maintains Water/Wastewater & Electric Fund Transfers throughout the forecast
- Fully funds Capital projects through operating transfers, grants and use of reserves

Revenues, Expenditures & Fund Balance

	2013P	2014F	2015F	2016F	2017F	2018F
FUND BALANCE-BEGINNING	**3,752,200**	**3,455,200**	**2,941,100**	**1,535,985**	**46,380**	**(2,408,817)**
REVENUES AND SOURCES						
01-PROPERTY TAXES	11,090,800	11,169,500	11,281,195	11,394,007	11,507,947	11,623,026
02-LICENSES AND PERMITS	2,508,300	2,627,500	2,653,775	2,680,313	2,707,116	2,734,187
03-GRANTS RECEIVED	1,263,000	1,260,900	1,260,900	1,260,900	1,260,900	1,260,900
04-COURT OF CHANCERY FEES	807,200	863,200	863,200	863,200	863,200	863,200
05-SANITATION FEES AND REBATES	2,676,500	2,676,500	2,689,883	2,703,332	2,716,849	2,730,433
06-LIBRARY REVENUE - GENERAL	472,100	466,600	468,933	471,278	473,634	476,002
07-FINES	1,304,100	1,316,000	1,329,160	1,342,452	1,355,876	1,369,435
08-INVESTMENT INCOME (LOSS)	75,000	75,000	76,125	77,267	78,426	78,426
09-MISCELLANEOUS SERVICES	918,100	921,000	939,420	958,208	977,373	996,920
10-INDIRECT SERVICES BILLING	4,222,900	4,459,900	4,549,098	4,640,080	4,732,882	4,827,539
11-TRANSFERS IN-ELECTRIC	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
12-TRANSFERS IN-WATER/WW	500,000	500,000	500,000	500,000	500,000	500,000
13-TRANSFERS IN-OTHER	1,731,000	1,926,500	1,928,655	1,941,942	1,955,361	1,968,915
TOTAL REVENUES AND SOURCES	**35,569,000**	**36,262,600**	**36,540,344**	**36,832,978**	**37,129,563**	**37,428,983**
EXPENDITURES AND USES						
01-SALARIES AND WAGES	16,071,300	16,189,700	16,513,494	16,843,764	17,180,639	17,524,252
02-FICA	1,177,800	1,188,600	1,212,372	1,236,619	1,261,352	1,286,579
03-HEALTH INSURANCE	2,399,600	2,600,700	2,748,940	2,905,629	3,071,250	3,246,312
04-OTHER-BENEFITS	570,700	436,300	440,663	445,070	449,520	454,016
05-RETIREE HEALTHCARE	1,620,600	1,636,500	1,729,781	1,828,378	1,932,596	2,042,753
06-LUMP SUM PENSION	1,693,500	1,159,100	1,182,282	1,205,928	1,230,046	1,254,647
07-PENSION	1,338,500	1,383,400	1,411,068	1,439,289	1,468,075	1,497,437
08-OPEB	1,225,900	1,501,900	1,531,938	1,562,577	1,593,828	1,625,705
09-MATERIALS & SUPPLIES	1,344,900	1,272,100	1,284,821	1,297,669	1,310,646	1,323,752
10-ADMIN EXPENDITURES	4,561,200	4,740,000	4,787,400	4,835,274	4,883,627	4,932,463
11-FUND EXPENSE	1,810,000	1,550,800	1,550,800	1,550,800	1,550,800	1,550,800
12-STREET LIGHT	869,700	836,000	836,000	836,000	836,000	836,000
13-OTHER-CHARGES	94,700	400,000	400,000	400,000	400,000	400,000
14-TRANSFER-TO-DEBT	474,200	557,300	472,900	474,200	479,800	229,900
15-TRANSFER-TO-CIP	613,400	1,324,300	1,843,000	1,461,400	1,936,600	1,510,100
16-CIP EXPENDITURES	-	-	-	-	-	-
TOTAL REVENUES AND SOURCES	**35,866,000**	**36,776,700**	**37,945,458**	**38,322,597**	**39,584,779**	**39,714,715**
SURPLUS/(DEFICIT)	**(297,000)**	**(514,100)**	**(1,405,115)**	**(1,489,620)**	**(2,455,217)**	**(2,285,732)**
% REVENUE	*-1%*	*-1%*	*-4%*	*-4%*	*-7%*	*-6%*
FUND BALANCE-ENDING	**3,455,200**	**2,941,100**	**1,535,985**	**46,380**	**(2,408,817)**	**(4,694,532)**
% OF REVENUES AND SOURCES	**9.7%**	**8.1%**	**4.2%**	**0.1%**	**-6.5%**	**-12.5%**
Additional Funds Needed		**(40,100)**	**1,387,200**	**2,900,300**	**5,379,200**	**7,688,900**

Capital Projects - Funding Sources

	2013P	2014F	2015F	2016F	2017F	2018F
BEGINNING BALANCE	**156,000**	**166,500**	**166,500**	**166,500**	**166,500**	**166,500**
APPROPRIATIONS & RECEIPTS						
APPROPRIATION FROM GENERAL FUND	613,400	1,324,300	1,843,000	1,461,400	1,936,600	1,510,100
TRANSFER FROM PARKLAND RESERVE	-	65,000	40,000	50,000	-	-
TRANSFER FROM FUTURE CAPACITY RESERVE	2,000,000	-	-	-	-	-
TRANSFER FROM COM TRANSP FUND	-		30,000	250,000	-	-
BOND PROCEEDS	2,000,000	-	-	-	-	-
PROPOSED CONSTRUCTION LOAN - LIBRARY	648,500	-	-	-	-	-
RECREATION GRANTS	-	15,000	113,000	240,000	-	-
LIBRARY GRANTS	1,746,000	-	-	-	-	-
DEMA & PUBLIC SAFETY GRANTS	191,800	-	-	-	-	-
DEMEC GRANT	166,700				-	-
SALE OF ASSETS & AUCTION RECEIPTS	1,243,000	-	-	-	-	-
CONTRIBUTIONS FROM OTHER AGENCIES	250,000	-	-	-	-	-
DONATIONS FOR SPECIFIC PROJECTS	173,400	-	-	-	-	-
TOTAL RECEIPTS	9,032,800	1,404,300	2,026,000	2,001,400	1,936,600	1,510,100
TOTAL BEGINNING BALANCE & REVENUES	**9,188,800**	**1,570,800**	**2,192,500**	**2,167,900**	**2,103,100**	**1,676,600**

Capital Projects – Use of Funds

CAPITAL IMPROVEMENTS PROGRAM - PROJE(	2013P	2014F	2015F	2016F	2017F	2018F
PROGRAM OPERATING EXPENDITURES						
541 POLICE ADMINISTRATION	217,000	257,300	295,700	188,500	262,000	129,500
PUBLIC SERVICES						
522 GROUNDS	112,000	50,100	127,300	102,100	118,500	134,300
531 LIFE SAFETY	-	-	27,500	28,500	29,500	17,500
534 PUBLIC INSPECTIONS	-	-	16,000	34,000	-	-
554 STREET	3,590,700	251,500	623,500	344,500	300,000	290,000
555 SANITATION	150,000	402,100	264,800	408,700	425,400	475,700
TOTAL PUBLIC SERVICES	3,852,700	703,700	1,059,100	917,800	873,400	917,500
PLANNING & CODE ENFORCEMENT						
533 PLANNING	-	-	-	-	16,000	-
532 CODE ENFORCEMENT	-	30,000	-	17,000	0	23,800
TOTAL PLANNING & CODE ENFORCEMENT	-	30,000	-	17,000	16,000	23,800
514 FIRE DEPARTMENT	238,500	238,500	324,200	319,200	319,200	319,200
523 LIBRARY	4,089,100	-	-	-	-	-
525 RECREATION	30,000	95,000	326,000	540,000	466,000	100,000
TOTAL PROGRAM EXPENDITURES	**8,427,300**	**1,324,500**	**2,005,000**	**1,982,500**	**1,936,600**	**1,490,000**
ADMINISTRATIVE & SUPPORT OPERATING EXPENDITURES						
516 INFORMATION TECHNOLOGY	107,000	7,000	21,000	-	-	-
519 MAYOR	33,000		-	-	-	-
552 FACILITIES MANAGEMENT	395,000	17,800	0	18,900	0	20,100
571 CENTRAL SERVICES	0	55,000	-	-	-	-
TOTAL ADMINISTRATIVE & SUPPORT EXPENDITURE	535,000	79,800	21,000	18,900	0	20,100
TOTAL CAPITAL INVESTMENT	**8,962,300**	**1,404,300**	**2,026,000**	**2,001,400**	**1,936,600**	**1,510,100**
COMMUNITY TRANSPORTATION FUND	60,000	-	-	-	-	-
BUDGET BALANCE - WORKING CAPITAL	166,500	166,500	166,500	166,500	166,500	166,500
TOTAL BUDGET BALANCE & EXPENDITURES	**9,188,800**	**1,570,800**	**2,192,500**	**2,167,900**	**2,103,100**	**1,676,600**

General Fund Projected Debt Service

Fiscal Year Ending	Series 2003 Bonds	2012 Tax- Exempt Loan *	Total Debt Service	Green Energy Debt Service Contribution	Net Debt Service
6/30/2014	$ 327,400	$ 229,900	$ 557,300	$ (98,500)	$ 458,800
6/30/2015	243,000	229,900	472,900	(98,500)	374,400
6/30/2016	244,300	229,900	474,200	(98,500)	375,700
6/30/2017	249,900	229,900	479,800	(98,500)	381,300
6/30/2018	-	229,900	229,900	(98,500)	131,400
6/30/2019	-	229,900	229,900	(98,500)	131,400
6/30/2020	-	229,900	229,900	(98,500)	131,400
6/30/2021	-	229,900	229,900	(98,500)	131,400
6/30/2022	-	229,900	229,900	(98,500)	131,400
6/30/2023	-	229,900	229,900	(98,500)	131,400
6/30/2024	-	229,900	229,900	(98,500)	131,400
6/30/2025	-	229,900	229,900	(98,500)	131,400
6/30/2026	-	229,900	229,900	(98,500)	131,400
6/30/2027	-	229,900	229,900	(98,500)	131,400
6/30/2028	-	229,900	229,900	(98,500)	131,400
6/30/2029	-	229,900	229,900	(98,500)	131,400
6/30/2030	-	229,900	229,900	(98,500)	131,400
6/30/2031	-	229,900	229,900	(98,500)	131,400
6/30/2032	-	229,900	229,900	(98,500)	131,400
6/30/2033	-	229,900	229,900	(98,500)	131,400
Totals	$ 1,064,600	$ 4,598,000	$ 5,662,600	$ (1,970,000)	$ 3,692,600
		Library & Streets		Library	

*** Annual Debt Service for the 2012 Loan does not reflect any reduction for the sale of the current Library**

Revenue Trends

REVENUES AND SOURCES								
ACCTTYPE	2008A	2009A	2010A	2011A	2012A	2013P	2014F	2015F
01-PROPERTY TAXES	9,557,982	10,075,401	10,029,584	10,904,909	11,089,429	11,090,800	11,169,500	11,281,195
	5.8%	5.4%	-0.5%	8.7%	1.7%	0.0%	0.7%	1.0%
03-LICENSES AND PERMITS	2,936,151	2,639,329	2,464,941	2,553,339	2,839,660	2,508,300	2,627,500	2,653,775
	3.9%	-10.1%	-6.6%	3.6%	11.2%	-11.7%	4.8%	1.0%
04-GRANTS RECEIVED	1,576,636	1,997,479	1,145,699	3,526,699	7,560,820	3,367,500	1,275,900	1,275,900
	-16.3%	26.7%	-42.6%	207.8%	114.4%	-55.5%	-62.1%	0.0%
05-COURT OF CHANCERY FEES	883,880	738,240	675,390	766,340	863,220	807,200	863,200	863,200
	-4.9%	-16.5%	-8.5%	13.5%	12.6%	-6.5%	6.9%	0.0%
06-SANITATION FEES AND REBATES	1,333,436	1,396,801	1,340,729	2,173,433	1,903,623	2,676,500	2,676,500	2,689,883
	3.1%	4.8%	-4.0%	62.1%	-12.4%	40.6%	0.0%	0.5%
07-LIBRARY REVENUE - GENERAL	517,697	514,458	465,387	444,455	475,822	472,100	466,600	468,933
	-47.7%	-0.6%	-9.5%	-4.5%	7.1%	-0.8%	-1.2%	0.5%
08-FINES	1,117,837	1,015,698	1,045,312	1,032,545	1,282,262	1,304,100	1,316,000	1,329,160
	-1.3%	-9.1%	2.9%	-1.2%	24.2%	1.7%	0.9%	1.0%
09-INVESTMENT INCOME (LOSS)	451,568	284,863	140,392	52,023	63,735	75,000	75,000	76,125
	45.1%	-36.9%	-50.7%	-62.9%	22.5%	17.7%	0.0%	1.5%
11-INDIRECT SERVICES BILLING	4,456,843	4,383,599	4,059,364	4,043,299	3,999,201	4,222,900	4,459,900	4,549,098
	-6.6%	-1.6%	-7.4%	-0.4%	-1.1%	5.6%	5.6%	2.0%
12-TRANSFERS IN-CIP-GENL FUND	2,683,062	1,044,184	44,802	1,354,194	638,847	613,400	1,324,300	1,843,000
	70.2%	-61.1%	-95.7%	2922.6%	-52.8%	-4.0%	115.9%	39.2%
12-TRANSFERS IN-ELECTRIC FUND (480)	6,601,269	6,758,100	6,758,100	8,856,000	7,876,288	8,000,000	8,000,000	8,000,000
	40.5%	2.4%	0.0%	31.0%	-11.1%	1.6%	0.0%	0.0%
12-TRANSFERS IN-WATER/WW FUND (412)	565,000	564,810	548,020	-	424,508	500,000	500,000	500,000
	5.6%	0.0%	-3.0%	-100.0%	0.0%	17.8%	0.0%	0.0%
12-TRANSFERS IN-ERLSP (212)	516,654	694,220	791,583	967,020	518,638	350,000	600,000	600,000
	-4.4%	34.4%	14.0%	22.2%	-46.4%	-32.5%	71.4%	0.0%
12-TRANSFERS IN-REALTY TRANSFER TAX	3,526,187	1,198,064	867,795	1,462,154	1,373,208	1,370,000	1,315,500	1,328,655
	17.2%	-66.0%	-27.6%	68.5%	-6.1%	-0.2%	-4.0%	1.0%

Expenditure Trends

EXPENDITURES AND USES								
ACCTTYPE	2008A	2009A	2010A	2011A	2012A	2013P	2014F	2015F
01-SALARIES AND WAGES	14,903,041	15,869,603	16,019,048	16,246,617	16,570,829	16,071,300	16,189,700	16,513,494
	4.5%	6.5%	0.9%	1.4%	2.0%	-3.0%	0.7%	2.0%
02-FICA	1,122,711	1,195,291	1,196,389	1,223,371	1,240,969	1,177,800	1,188,600	1,212,372
	4.4%	6.5%	0.1%	2.3%	1.4%	-5.1%	0.9%	2.0%
03-HEALTH INSURANCE	2,151,372	2,225,581	2,375,579	2,647,414	2,559,840	2,399,600	2,600,700	2,748,940
	1.1%	3.4%	6.7%	11.4%	-3.3%	-6.3%	8.4%	5.7%
04-OTHER-BENEFITS	278,752	536,260	598,967	599,278	94,237	570,700	436,300	440,663
	-49.4%	92.4%	11.7%	0.1%	-84.3%	505.6%	-23.6%	1.0%
05-RETIREE HEALTHCARE	758,185	920,713	1,006,397	1,297,509	1,374,709	1,620,600	1,636,500	1,729,781
	3.0%	21.4%	9.3%	28.9%	5.9%	17.9%	1.0%	5.7%
06-LUMP SUM PENSION	134,775	-	-	1,544,978	1,545,000	1,693,500	1,159,100	1,182,282
	-66.5%	-100.0%	0.0%	0.0%	0.0%	9.6%	-31.6%	2.0%
07-PENSION	2,651,524	2,595,629	2,428,437	1,237,889	1,292,265	1,338,500	1,383,400	1,411,068
	14.0%	-2.1%	-6.4%	-49.0%	4.4%	3.6%	3.4%	2.0%
08-OPEB	-	378,106	-	-	900,820	1,225,900	1,501,900	1,531,938
	0.0%	0.0%	-100.0%	0.0%	0.0%	36.1%	22.5%	2.0%
09-MATERIALS & SUPPLIES	1,429,661	1,350,815	1,372,027	1,357,987	1,399,271	1,344,900	1,272,100	1,284,821
	1.7%	-5.5%	1.6%	-1.0%	3.0%	-3.9%	-5.4%	1.0%
10-ADMIN EXPENDITURES	4,209,727	4,293,430	4,422,734	4,529,850	4,432,228	4,561,200	4,740,000	4,787,400
	4.4%	2.0%	3.0%	2.4%	-2.2%	2.9%	3.9%	1.0%
11-FUND EXPENSE	1,134,488	1,383,672	990,178	1,364,830	1,534,611	1,810,000	1,550,800	1,550,800
	-44.4%	22.0%	-28.4%	37.8%	12.4%	17.9%	-14.3%	0.0%
12-STREET LIGHT	917,439	937,013	956,860	968,562	986,430	869,700	836,000	836,000
	47.0%	2.1%	2.1%	1.2%	1.8%	-11.8%	-3.9%	0.0%
14-TRANSFER-TO-DEBT	437,468	442,319	328,410	335,225	327,734	474,200	557,300	472,900
	-0.9%	1.1%	-25.8%	2.1%	-2.2%	44.7%	17.5%	-15.1%
15-TRANSFER-TO-CIP	2,683,062	1,044,184	44,802	1,354,194	638,847	613,400	1,324,300	1,843,000
	0.0%	-61.1%	-95.7%	2922.6%	-52.8%	-4.0%	115.9%	39.2%

General Fund Statistics
2003 - 2012

3YR AVG % CHANGE	HIST AVG % CHANGE	INDICATOR
3.4%	6.3%	01-PROPERTY TAXES
0.0%	0.0%	02-TRANSFER TAXES
2.5%	5.0%	03-LICENSES AND PERMITS
92.8%	48.9%	04-GRANTS RECEIVED
5.6%	0.0%	05-COURT OF CHANCERY FEES
12.1%	8.5%	06-SANITATION FEES AND REBATES
-2.5%	4.7%	07-LIBRARY REVENUE - GENERAL
8.7%	2.5%	08-FINES
-25.9%	-6.7%	09-INVESTMENT INCOME (LOSS)
99.5%	48.5%	10-MISCELLANEOUS SERVICES
-2.9%	-0.6%	11-INDIRECT SERVICES BILLING
0.0%	5.4%	12-TRANSFERS IN-OTHER
-12.9%	-7.3%	12-TRANSFERS IN-CIP-GENL FUND
201.1%	0.0%	12-TRANSFERS IN-CIP-LIBRARY RESERVE
5.5%	8.2%	12-TRANSFERS IN-ELECTRIC FUND (480)
-8.3%	-0.6%	12-TRANSFERS IN-WATER/WW FUND (412)
-8.4%	0.0%	12-TRANSFERS IN-ERLSP (212)
4.9%	-5.4%	12-TRANSFERS IN-REALTY TRANSFER TAX
12.8%	7.8%	TOTAL REVENUES AND SOURCES
1.5%	4.4%	01-SALARIES AND WAGES
1.3%	4.4%	02-FICA
5.0%	11.0%	03-HEALTH INSURANCE
16.4%	22.4%	05-RETIREE HEALTHCARE
0.0%	110.7%	06-LUMP SUM PENSION
46.1%	816.9%	08-OPEB
1.2%	1.7%	09-MATERIALS & SUPPLIES
1.1%	5.8%	10-ADMIN EXPENDITURES
3.6%	-3.4%	11-FUND EXPENSE
441.1%	-4.3%	13-OTHER-CHARGES
-8.6%	-5.8%	14-TRANSFER-TO-DEBT
-12.9%	-7.3%	15-TRANSFER-TO-CIP
11.5%	8.3%	TOTAL EXPENDITURES AND USES

City of Dover
Water and Wastewater Fund
Financial Projections
2014 – 2018

Budget Meetings
May 2013

EXHIBIT #4
2013 Budget Review
Special Council Meeting of 05/29/13

Key Assumptions

- The model has no estimated growth or revenues and expenses related to the Calpine project. We expect to have these numbers developed for the FY15 – FY19 Forecast. Preliminary indications are that we would see significant growth. In the following presentation it will be noted that starting in FY15 we are projected negative cash balances and yet no recommended rate increases. Once the Calpine numbers have been developed we will have a better idea of potential rate adjustments.
- T/Gallons Growth
  - Less than 1.0%
- Projected Operating Expenses reported at same level as FY13 with the following exceptions:
  - Pay increases included for non-bargaining employees and DOE bonuses
  - Growth in Division expenses 2014 – 2108
    - General increases in materials and supplies – 3.0%
    - Increased wages & benefits – 3.0%
    - Increased retiree health insurance premiums 6.0%
    - Increased OPEB normal cost with continuation of phase-in plan 1.6%
    - Pension contribution for unfunded liability as per previous actuary analysis
- County Treatment Fee Expenses projections kept level with previous year and forecasted growth
- Continues the groundwater inflow surcharge to cover cost of increases in treatment fees and ongoing capital projects to reduce the inflow/infiltration
- Maintains $500,000 General Fund Transfer throughout the forecast
- Maintains transfers to Capital Project Fund each year for water quality and inflow/infiltration projects
- Continues prior level of capital improvements to replace failing infrastructure
- County Treatment Fee Expenses projections kept level with previous year and forecasted growth
- Impact Fees are projected to be used to pay debt service and project financing

Net Margins – Combined Water & Wastewater

Net Margins - Combined Water & Wastewater	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018	Yr 1 - Yr 5 Total
Water Fees	$ 4,730,700	$ 4,730,700	$ 4,753,300	$ 4,776,100	$ 4,798,900	$ 4,798,900	$ 23,857,900
Wastewater Fees	3,642,700	3,642,700	3,659,600	3,676,900	3,694,700	3,712,200	18,386,100
Treatment Fees - Kent County	2,980,400	2,980,300	2,997,500	3,012,500	3,027,500	3,042,700	15,060,500
Groundwater Inflow Adjustment	1,324,600	1,324,600	1,331,200	1,337,900	1,344,600	1,351,300	6,689,600
Miscellaneous Income - Water	354,200	374,800	383,100	391,700	400,500	409,500	1,959,600
Miscellaneous Income - Wastewater	40,700	41,000	41,000	41,000	41,000	41,000	205,000
Impact Fees - Water	380,000	357,000	357,000	357,000	357,000	357,000	1,785,000
Impact Fees - Wastewater	350,000	323,000	323,000	323,000	323,000	323,000	1,615,000
Total Revenue	13,803,300	13,774,100	13,845,700	13,916,100	13,987,200	14,035,600	69,558,700
Treatment Fees - Kent County	(3,537,000)	(3,524,800)	(3,542,400)	(3,560,100)	(3,577,900)	(3,595,800)	(17,801,000)
Operating Expenses - Water	(3,628,500)	(3,581,800)	(3,696,600)	(3,807,300)	(3,925,400)	(4,039,000)	(19,050,100)
Operating Expenses - Wastewater	(2,322,000)	(2,239,800)	(2,314,300)	(2,383,400)	(2,458,900)	(2,528,600)	(11,925,000)
Operating Transfers - Out (4.5%) Water	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)
Operating Transfers - Out (4.5%) Wastewater	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)
Total Operating Expenses	(9,987,500)	(9,846,400)	(10,053,300)	(10,250,800)	(10,462,200)	(10,663,400)	(51,276,100)
Operating Margin	3,815,800	3,927,700	3,792,400	3,665,300	3,525,000	3,372,200	18,282,600
Non-Oper. Rev. - Interest on Operating	18,900	23,100	18,900	18,900	19,100	19,100	99,100
Non-Oper. Rev. - Interest on Reserves	86,800	85,700	80,400	59,400	57,700	55,900	339,100
Margins Available For Debt Service	3,921,500	4,036,500	3,891,700	3,743,600	3,601,800	3,447,200	18,720,800
Interest for Long-Term Debt	(293,500)	(287,000)	(424,400)	(402,700)	(380,100)	(356,600)	(1,850,800)
Cash From Operations	3,628,000	3,749,500	3,467,300	3,340,900	3,221,700	3,090,600	16,870,000
Non Cash Investment Income/(Loss)							
Depreciation Expense	(1,990,600)	(2,132,800)	(2,368,300)	(2,542,000)	(2,769,000)	(2,921,500)	(12,733,600)
Net Margins ($)	$ 1,637,400	$ 1,616,700	$ 1,099,000	$ 798,900	$ 452,700	$ 169,100	$ 4,136,400
Debt Service Coverage							
Margins Avail. for Debt Service	$ 3,921,500	$ 4,036,500	$ 3,891,700	$ 3,743,600	$ 3,601,800	$ 3,447,200	$ 18,720,800
Total Debt Service	$ 1,074,400	$ 1,019,500	$ 1,309,300	$ 1,128,300	$ 1,126,900	$ 1,125,100	$ 5,709,100
Debt Service Coverage Ratio	3.65	3.96	2.97	3.32	3.20	3.06	
Transfer to I & E Fund - Combined	$ 2,900,000	$ 2,530,000	$ 3,000,000	$ 3,000,000	$ 3,400,000	$ 3,300,000	$ 15,230,000
Transfer to Cap Asset & Cont. Reserve - Combined	$ 92,000	$ -	$ -	$ -	$ -	$ -	$ -
Reinvestment of Reserve Interest - Combined	$ 86,800	$ 85,700	$ 80,400	$ 59,400	$ 57,700	$ 55,900	$ 339,100
Debt Service Principal - Combined	$ 727,500	$ 732,500	$ 884,900	$ 725,600	$ 746,800	$ 768,500	$ 3,858,300
Total Cash Budget Requirements - Combined	$ 3,806,300	$ 3,348,200	$ 3,965,300	$ 3,785,000	$ 4,204,500	$ 4,124,400	$ 19,427,400
Net Positive/(Negative Cash)	$ (178,300)	$ 401,300	$ (498,000)	$ (444,100)	$ (982,800)	$ (1,033,800)	$ (2,557,400)

Net Margins - Water

Net Margins - Water	2013	2014	2015	2016	2017	2018	Total
Water Fees	$ 4,730,700	$ 4,730,700	$ 4,753,300	$ 4,776,100	$ 4,798,900	$ 4,798,900	$ 23,857,900
Miscellaneous Income - Water	354,200	374,800	383,100	391,700	400,500	409,500	1,959,600
Imapct Fees - Water	380,000	357,000	357,000	357,000	357,000	357,000	1,785,000
Total Revenue	5,464,900	5,462,500	5,493,400	5,524,800	5,556,400	5,565,400	27,602,500
Operating Expenses - Water	(3,628,500)	(3,581,800)	(3,696,600)	(3,807,300)	(3,925,400)	(4,039,000)	(19,050,100)
Operating Transfers - Out (4.5%) Water	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)
Total Operating Expenses	(3,878,500)	(3,831,800)	(3,946,600)	(4,057,300)	(4,175,400)	(4,289,000)	(20,300,100)
Operating Margin	1,586,400	1,630,700	1,546,800	1,467,500	1,381,000	1,276,400	7,302,400
Non-Oper. Rev. - Interest on Operating	7,400	9,100	7,500	7,500	7,600	7,600	39,300
Non-Oper. Rev. - Interest on Reserves	16,500	18,000	11,600	11,800	12,100	12,300	65,800
Margins Available For Debt Service	1,610,300	1,657,800	1,565,900	1,486,800	1,400,700	1,296,300	7,407,500
Interest for Long-Term Debt	(118,200)	(108,700)	(178,400)	(169,400)	(159,900)	(150,000)	(766,400)
Cash From Operations	1,492,100	1,549,100	1,387,500	1,317,400	1,240,800	1,146,300	6,641,100
Depreciation Expense	(976,900)	(1,042,300)	(1,172,700)	(1,251,400)	(1,357,500)	(1,403,500)	(6,227,400)
Net Margins ($)	$ 515,200	$ 506,800	$ 214,800	$ 66,000	$ (116,700)	$ (257,200)	$ 413,700
Debt Service Coverage							
Margins Avail. for Debt Service	$ 1,610,300	$ 1,657,800	$ 1,565,900	$ 1,486,800	$ 1,400,700	$ 1,296,300	$ 7,407,500
Total Debt Service	$ 438,100	$ 403,800	$ 548,400	$ 439,800	$ 439,000	$ 437,900	$ 2,268,900
Debt Service Coverage Ratio	3.68	4.11	2.86	3.38	3.19	2.96	
Transfer to I & E Fund - Water	$ 1,700,000	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ 1,600,000	$ 1,200,000	$ 6,400,000
Transfer to Capital Asset & Contingency Reserves	$ 70,000	$ -	$ -	$ -	$ -	$ -	$ -
Reinvestment of Reserve Interest	$ 16,500	$ 18,000	$ 11,600	$ 11,800	$ 12,100	$ 12,300	$ 65,800
Debt Service Principal	$ 286,500	$ 295,100	$ 370,000	$ 270,400	$ 279,100	$ 287,900	$ 1,502,500
Total Cash Budget Requirements	$ 2,073,000	$ 1,513,100	$ 1,581,600	$ 1,482,200	$ 1,891,200	$ 1,500,200	$ 7,968,300
Net Positive/(Negative Cash)	$ (580,900)	$ 36,000	$ (194,100)	$ (164,800)	$ (650,400)	$ (353,900)	$ (1,327,200)

Net Margins - Wastewater

Net Margins - Wastewater	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018	Yr 1 - Yr 5 Total
Wastewater Fees	$ 3,642,700	$ 3,642,700	$ 3,659,600	$ 3,676,900	$ 3,694,700	$ 3,712,200	$ 18,386,100
Treatment Fees - Kent County	2,980,400	2,980,300	2,997,500	3,012,500	3,027,500	3,042,700	15,060,500
Groundwater Inflow Adjustment	1,324,600	1,324,600	1,331,200	1,337,900	1,344,600	1,351,300	6,689,600
Miscellaneous Income - Wastewater	40,700	41,000	41,000	41,000	41,000	41,000	205,000
Impact Fees - Wastewater	350,000	323,000	323,000	323,000	323,000	323,000	1,615,000
Total Revenue	8,338,400	8,311,600	8,352,300	8,391,300	8,430,800	8,470,200	41,956,200
Treatment Expense - Kent County	(3,537,000)	(3,524,800)	(3,542,400)	(3,560,100)	(3,577,900)	(3,595,800)	(17,801,000)
Operating Expenses - Wastewater	(2,322,000)	(2,239,800)	(2,314,300)	(2,383,400)	(2,458,900)	(2,528,600)	(11,925,000)
Operating Transfers - Out (4.5%) Wastewater	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(1,250,000)
Total Operating Expenses	(6,109,000)	(6,014,600)	(6,106,700)	(6,193,500)	(6,286,800)	(6,374,400)	(30,976,000)
Operating Margin	2,229,400	2,297,000	2,245,600	2,197,800	2,144,000	2,095,800	10,980,200
Non-Oper. Rev. - Interest on Operating	11,500	14,000	11,400	11,400	11,500	11,500	59,800
Non-Oper. Rev. - Interest on Reserves	70,300	67,700	68,800	47,600	45,600	43,600	273,300
Margins Available For Debt Service	2,311,200	2,378,700	2,325,800	2,256,800	2,201,100	2,150,900	11,313,300
Interest for Long-Term Debt	(175,300)	(178,300)	(246,000)	(233,300)	(220,200)	(206,600)	(1,084,400)
Cash From Operations	2,135,900	2,200,400	2,079,800	2,023,500	1,980,900	1,944,300	10,228,900
Depreciation Expense	(1,013,700)	(1,090,500)	(1,195,600)	(1,290,600)	(1,411,500)	(1,518,000)	(6,506,200)
Net Margins ($)	$ 1,122,200	$ 1,109,900	$ 884,200	$ 732,900	$ 569,400	$ 426,300	$ 3,722,700
Debt Service Coverage							
Margins Avail. for Debt Service	$ 2,311,200	$ 2,378,700	$ 2,325,800	$ 2,256,800	$ 2,201,100	$ 2,150,900	$ 11,313,300
Total Debt Service	$ 636,300	$ 615,700	$ 760,900	$ 688,500	$ 687,900	$ 687,200	$ 3,440,200
Debt Service Coverage Ratio	3.63	3.86	3.06	3.28	3.20	3.13	
Transfer to I & E Fund - Wastewater	$ 1,200,000	$ 1,330,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 2,100,000	$ 8,830,000
Transfer to Capital Asset & Contingency Reserves	$ 22,000	$ -	$ -	$ -	$ -	$ -	$ -
Reinvestment of Reserve Interest	$ 70,300	$ 67,700	$ 68,800	$ 47,600	$ 45,600	$ 43,600	$ 273,300
Debt Service Principal	$ 441,000	$ 437,400	$ 514,900	$ 455,200	$ 467,700	$ 480,600	$ 2,355,800
Total Cash Budget Requirements	$ 1,733,300	$ 1,835,100	$ 2,383,700	$ 2,302,800	$ 2,313,300	$ 2,624,200	$ 11,459,100
Net Positive/(Negative Cash)	$ 402,600	$ 365,300	$ (303,900)	$ (279,300)	$ (332,400)	$ (679,900)	$ (1,230,200)

Improvement & Extension Fund

	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018
Beginning Cash Balance						
Cash Balance as of July 1	$ 6,452,200	$ 1,643,700	$ 1,770,900	$ 1,056,100	$ 514,400	$ (363,400)
Sources of Cash						
Sale of Bonds	4,000,000	-	-	-	-	-
Cash from Operating Fund - Combined	2,900,000	2,530,000	3,000,000	3,000,000	3,400,000	3,300,000
Interest Income & Sale of Assets	25,000	25,000	25,000	25,000	25,000	25,000
Transfer from Reserves	250,000	390,000	1,315,600	165,000	165,000	182,000
Total Sources of Cash	7,175,000	2,945,000	4,340,600	3,190,000	3,590,000	3,507,000
Cash Requirements						
Plant Additions & Vehicles	11,983,500	2,817,800	5,055,400	3,581,700	4,250,700	3,324,900
Other Equipment	-	-	-	150,000	217,100	217,800
Total Cash Requirements	11,983,500	2,817,800	5,055,400	3,731,700	4,467,800	3,542,700
Ending Cash Balance						
Increase (Decrease) in Cash	$ (4,808,500)	$ 127,200	$ (714,800)	$ (541,700)	$ (877,800)	$ (35,700)
Cash Balance as of June 30	$ 1,643,700	$ 1,770,900	$ 1,056,100	$ 514,400	$ (363,400)	$ (399,100)

Capital Improvement Plan

CAPITAL PROJECTS	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018	Yr 14 - Yr 18 Total
Meter Reading - Meters (Split W/WW 50%)	$ -	$ -	$ -	$ 150,000	$ 200,000	$ 200,000	$ 550,000
Vehicles & Equipment (Split W/WW 50%) Eng/Insp/Mtrng	29,200	-	-		17,100	17,800	34,900
							-
Water, Water Construction & Water Treatment							-
Vehicles & Equipment - Water	263,400	116,800	460,200	166,800	232,900	70,600	1,047,300
1.0 MG Elevated Storage Tank	2,166,000	390,000	-	-	-	-	390,000
Piney Point Well	505,600	-	-	-	-	-	-
Garrison Farm Improvements (Bond - net of issuance cost)	2,000,000	-	-	-	-	-	-
Columbia Well Installation	55,000	-	-	-	-	-	-
Projects with Locations to be Determined							
Future Well Installation	-	-	55,000	98,800	408,900	-	562,700
Emergency Generators	80,000	80,000	-	-	-	-	80,000
Wellhead Redevelopment	70,000	75,000	80,000	82,500	85,000	87,500	410,000
Water Quality Improvements	891,800	905,000	960,000	950,000	950,000	950,000	4,715,000
SCADA Upgrades	-	-	80,000	80,000	-	-	160,000
Treatment Plant Improvements	-	-	150,000	350,000	550,000	-	1,050,000
Total Water	**6,031,800**	**1,566,800**	**1,785,200**	**1,728,100**	**2,226,800**	**1,108,100**	**8,415,000**
Wastewater							
Vehicles & Equipment - Wastewater	265,100	237,200	59,900	241,100	353,900	236,800	1,128,900
Batray Pump Station Replacement	100,000	-	-	-	-		-
Tar Ditch Interceptor Upgrade (Impact Fees)	490,300	-	-	-	-	-	-
SCADA System Technology Upgrade	29,300	-	-	-	-	-	-
Fox Hall Pump Station Replacement DSRLF	144,800	-	-	-	-	-	-
Brandywine Pump Station Replacement	350,000	-	-	-	-	-	-
Garrison Farm Improvements (Bond - net of issuance cost)	2,000,000	-	-	-	-		-
Lepore Road Pump Station Replacement DSRLF	384,200	-	-	-	-	-	-
Rolling Acres Pump Station Replacement	-	-	-	52,000	360,500	-	412,500
Dover Brook Gardens Pump Station Upgrade	50,000	-	-	-	-	-	-
McKee Road Pump Station Communicator Replacement	45,000	-	-	-	-	-	-
DelTech Pump Station Replacement	-	-	-	-	52,000	403,000	455,000
Westover Pump Station & Force Main Upgrade - Impact Fees	65,000	-	703,800	-	-	-	703,800
Lakeview Drive Pump Station Replacement	52,000	-	450,000	-	-	-	450,000
Lepore Road Sanitary Sewer Main	-	-	-	-	50,000	275,000	325,000
Sliver Lake Pump Station Replacement	-	-	-	-	-	52,000	52,000
Hazlettville Road Interceptor - Impact Fees	30,000	-	740,000	-	-	-	740,000
Retreat Pump Station Replacement	-	-	52,000	360,500	-	-	412,500
Location/Pump Station to be Determined							
Inflow/Infiltration Removal/System Improvements	1,916,800	1,013,800	1,264,500	1,200,000	1,207,500	1,250,000	5,935,800
Misc. Sewer System Improvements	-	-	-	-	-	-	-
Total Wastewater	**5,922,500**	**1,251,000**	**3,270,200**	**1,853,600**	**2,023,900**	**2,216,800**	**10,615,500**
Total	$ 11,983,500	$ 2,817,800	$ 5,055,400	$ 3,731,700	$ 4,467,800	$ 3,542,700	$ 19,615,400

Water/Wastewater Fund Projected Debt Service

Fiscal Year Ending	Series 2003	Series 2000 Wastewater	Series 2009 Wastewater	Series 2010 Water	Series 2011 Wastewater	Series 2013 Water	Series 2013 Wastewater	Total Debt Service
6/30/2014	$ 404,100	$ 53,000	$ 347,100	$ 161,300	$ 54,000	$ -	$ -	$ 1,019,500
6/30/2015	401,500	53,000	347,100	161,300	54,000	146,200	146,200	1,309,300
6/30/2016	220,500	53,000	347,100	161,300	54,000	146,200	146,200	1,128,300
6/30/2017	219,100	53,000	347,100	161,300	54,000	146,200	146,200	1,126,900
6/30/2018	217,300	53,000	347,100	161,300	54,000	146,200	146,200	1,125,100
6/30/2019	219,900	53,000	347,100	161,300	54,000	146,200	146,200	1,127,700
6/30/2020	217,100	53,000	347,100	161,300	54,000	146,200	146,200	1,124,900
6/30/2021	218,800	-	347,100	161,300	54,000	146,200	146,200	1,073,600
6/30/2022	219,800	-	347,100	161,300	54,000	146,200	146,200	1,074,600
6/30/2023	220,100	-	347,100	161,300	54,000	146,200	146,200	1,074,900
6/30/2024	215,000	-	347,100	161,300	54,000	146,200	146,200	1,069,800
6/30/2025	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2026	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2027	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2028	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2029	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2030	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2031	-	-	347,100	161,300	54,000	146,200	146,200	854,800
6/30/2032	-	-	173,600	76,500	54,000	146,200	146,200	596,500
6/30/2033	-	-	-	-	54,000	146,200	146,200	346,400
6/30/2034	-	-	-	-	-	146,200	146,200	292,400
Total	$ 2,773,200	$ 371,000	$ 6,421,400	$ 2,979,900	$ 1,080,005	$ 2,924,000	$ 2,924,000	$ 19,473,500

Reserve Account Projections

	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018
Contingency Reserve Account - Water (2%)	$109,300	$109,300	$109,900	$110,500	$111,100	$111,300
Balance in Account on July 1	$102,100	$103,800	$105,600	$107,400	$109,200	$111,100
Receipts						
Interest Earned	1,700	1,800	1,800	1,800	1,900	1,900
Appropriations	-	-	-	-	-	-
Balance in Account on June 30	$103,800	$105,600	$107,400	$109,200	$111,100	$113,000
Contingency Reserve - Wastewater (2%)	$166,800	$166,200	$167,000	$167,800	$168,600	$169,400
Balance in Account on July 1	$185,200	$188,300	$191,500	$194,800	$198,100	$201,500
Receipts						
Interest Earned	3,100	3,200	3,300	3,300	3,400	3,400
Appropriations	-	-	-	-	-	-
Balance in Account on June 30	$188,300	$191,500	$194,800	$198,100	$201,500	$204,900
Impact Fee Reserve - Water (20% of Revenue)	$946,140	$946,100	$950,700	$955,200	$959,800	$959,800
Balance in Account on July 1	$441,100	$448,600	$66,200	$67,300	$68,400	$69,600
Receipts						
Interest Earned	7,500	7,600	1,100	1,100	1,200	1,200
Total Funds Available	$448,600	$456,200	$67,300	$68,400	$69,600	$70,800
Disbursements						
Transfer to Capital Improvements	-	390,000	-	-	-	-
Balance in Account on June 30	$448,600	$66,200	$67,300	$68,400	$69,600	$70,800
Impact Fee Reserve - Wastewater (20% of Rev)	$728,540	$728,500	$731,900	$735,400	$738,900	$742,400
Balance in Account on July 1	$3,476,700	$3,285,800	$3,341,700	$2,082,900	$1,953,300	$1,821,500
Receipts						
Interest Earned	59,100	55,900	56,800	35,400	33,200	31,000
Total Funds Available	$3,535,800	$3,341,700	$3,398,500	$2,118,300	$1,986,500	$1,852,500
Disbursements						
Transfer to Capital Improvements	250,000	-	1,315,600	165,000	165,000	182,000
Balance in Account on June 30	$3,285,800	$3,341,700	$2,082,900	$1,953,300	$1,821,500	$1,670,500
Capital Asset Reserve - Water (Min. $500K)						
Balance in Account on July 1	$427,100	$504,400	$513,000	$521,700	$530,600	$539,600
Receipts						
Interest Earned	7,300	8,600	8,700	8,900	9,000	9,200
Appropriations	70,000	-	-	-	-	-
Balance in Account on June 30	$504,400	$513,000	$521,700	$530,600	$539,600	$548,800
Capital Asset Resrv - Wastewater (Min $500K)						
Balance in Account on July 1	$473,600	$503,700	$512,300	$521,000	$529,900	$538,900
Receipts						
Interest Earned	8,100	8,600	8,700	8,900	9,000	9,200
Appropriations	22,000	-	-	-	-	-
Balance in Account on June 30	$503,700	$512,300	$521,000	$529,900	$538,900	$548,100
Total All Reserves at June 30	$5,034,600	$4,730,300	$3,495,100	$3,389,500	$3,282,200	$3,156,100

Water/Wastewater Fund - Reconciliation

Reconciliation of Model to City Budget - Fund 412

Total Revenue per Budget Report (excl Bud Bal)	$ 13,822,200	$ 13,797,200
Interest Earned	(18,900)	(23,100)
Total Revenue on Model P & L	$ 13,803,300	$ 13,774,100
Row 17	TRUE	TRUE
Total Expenses per Budget Report (excl. Bud Bal)	$ 13,937,700	$ 13,270,900
Less Debt Service (not in model as Oper Exp)	(1,074,400)	(1,019,500)
Plus OPEB/Pension/Comp Absences GAAP	16,200	25,000
Less Transfers to Impact Fee Reserves	-	-
Less Transfers (not in model operating exp)	(2,992,000)	(2,530,000)
Plus I & E est. non capital expenses (not in budget)	100,000	100,000
Operating Expense on Model P & L	$ 9,987,500	$ 9,846,400
Row 25	TRUE	TRUE
Debt Service per Budget Report	$ 1,074,400	$ 1,019,500
Debt Service per Financial Model	$ 1,074,400	$ 1,019,500
Operating Interest Income - Budget Report	$ 18,900	$ 23,100
Operating Interest Income - Financial Model	$ 18,900	$ 23,100

2013 Budget Review
Special Council Meeting of 05/29/13
EXHIBIT #5

City of Dover Electric Revenue Fund Financial Projections 2014 – 2018

Budget Meetings
May 2013

EXHIBIT #6
2013 Budget Review
Special Council Meeting of 05/29/13

Key Assumptions

- kWh demand for FY14 – FY18 less than 1.0% growth
- Interest rates 1.70%
- Maintains $8.0 million General Fund Transfer throughout the forecast
- Forecasted Operating Expenses reported at FY13 level with the following exceptions:
  - Currently no pay increases for 2014, except non-bargaining & progression steps
  - Growth in Division expenses 2014 – 2018
    - General increases in materials and supplies – 3.0%
    - Increased retiree health insurance premiums 6.0%
    - Fully funding OPEB liability
    - Pension contribution for unfunded liability as per previous actuary analysis
- No new debt issuance
- Compliant with debt covenants after adjusting for use of Rate Stabilization Reserve
- Increase annual appropriation to I & E Fund for CIP
- Use of developer contributions to partially fund CIP (previously in the operating fund)

Cost of Service Review - Update to FY13 Rates

- Recognizing the continued decrease in our power supply, staff requested Burns & McDonnell to update the rate model to revise FY13 rates as well as to incorporate the revised forecast.
- While the financial model includes a five year forecast the City staff requested the consultant to only provide rates adjustments through FY16 in correlation with the PJM market.
- Any further changes in power supply cost will be adjusted through the Power Cost Adjustment through FY16.
- A demonstration of the reason for having the rates revised two consecutive years is provided on the next page.

Power Supply Cost – FY12 & FY13

FY13 Approved Budget		
	Budget 2012	Budget 2013
Net Margins		
Revenue from Current Electric Rates	$ 95,674,800	$ 85,071,400
Revenue from Projected PPA	(6,011,300)	-
Adjusted Rate Revenue	$ 89,663,500	$ 85,071,400
Utility Tax	1,444,900	1,335,500
Miscellaneous Receipts	1,700,000	1,595,200
Total Operating Revenue	92,808,400	88,002,100
Power Supply & Generation	(64,722,917)	(62,935,100)
Operating Expenses	(15,231,039)	(13,546,100)
Operating Transfers - Out	(7,876,288)	(8,000,000)
Total Operating Expenses	(87,830,244)	(84,481,200)
Operating Margin	4,978,156	3,520,900
Non-Oper. Rev. - Interest on Operating	141,500	148,500
Non-Oper. Rev. - Interest on Reserves	408,300	466,000
Margins Available For Debt Service	5,527,956	4,135,400
Interest for Long-Term Debt	(1,260,100)	(1,213,600)
Cash From Operations	4,267,856	2,921,800
Non Cash Income/Loss & Reserve Transfers		
Transfer from Rate Stabilization Reserve	1,000,000	5,400,000
Gain (Loss) on Fixed Assets	-	-
Net Increase in fair value of investments	-	-
Debt Issue Cost Amort.- 2004 Bonds	(12,700)	(12,700)
Debt Issue Cost Amort.- 2008 Bonds	(8,900)	(8,900)
Depreciation Expense	(5,089,400)	(5,235,700)
Net Margins	$ 156,856	$ 3,064,500

FY13 Revised Budget		
	Actual 2012	Revised 2013
Net Margins		
Revenue from Current Electric Rates	$ 96,483,053	$ 87,519,500
Revenue from Projected PPA	(6,083,282)	-
Adjusted Rate Revenue	$ 90,399,771	$ 87,519,500
Utility Tax	1,548,208	1,498,900
Miscellaneous Receipts	1,581,421	1,445,500
Total Operating Revenue	93,529,400	90,463,900
Power Supply & Production	(58,758,032)	(54,442,900)
Operating Expenses	(12,848,988)	(20,277,800)
Operating Transfers - Out	(7,876,288)	(8,000,000)
Total Operating Expenses	(79,483,308)	(82,720,700)
Operating Margin	14,046,092	7,743,200
Non-Oper. Rev. - Interest on Operating	120,876	148,500
Non-Oper. Rev. - Interest on Reserves	348,642	459,600
Margins Available For Debt Service	14,515,610	8,351,300
Interest on Long-Term Debt	(1,261,597)	(1,213,600)
Cash From Operations	13,254,013	7,137,700
Non Cash Income/Loss & Reserve Transfers		
Transfer from Rate Stabilization Reserve	-	5,400,000
Gain (Loss) on Fixed Assets	47,966	-
Net Increase in fair value of investments	45,200	-
Debt Issue Cost Amort.- 2004 Bonds	(12,673)	-
Debt Issue Cost Amort.- 2008 Bonds	(8,906)	-
Depreciation Expense	(4,783,444)	(5,202,500)
Net Margins	$ 8,542,156	$ 7,335,200

Net Margins

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Yr 1 - Yr 5 Total
Net Margins							
Revenue from Current Electric Rates	$ 87,519,500	$ 85,715,360	$ 85,774,300	$ 85,900,600	$ 86,086,500	$ 86,331,700	$ 516,140,160
Proposed Electric Rate Revenue Adjustment	-	(9,428,700)	(9,435,200)	(9,449,100)	(9,469,500)	(9,496,500)	(56,775,500)
Utility Tax	1,498,900	1,492,200	1,493,200	1,495,400	1,498,600	1,502,900	8,985,200
Miscellaneous Receipts	1,445,500	1,087,300	1,387,200	1,387,200	1,397,000	1,408,000	8,085,700
Total Operating Revenue	90,463,900	78,866,160	79,219,500	79,334,100	79,512,600	79,746,100	476,435,560
Power Supply & Production	(54,442,900)	(50,342,400)	(47,743,100)	(46,713,200)	(47,869,800)	(48,791,500)	(290,454,600)
Operating Expenses	(20,277,800)	(14,745,200)	(15,192,500)	(15,577,500)	(15,979,100)	(16,394,800)	(94,708,600)
Operating Transfers - Out (General Fund)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(48,000,000)
Total Operating Expenses	(82,720,700)	(73,087,600)	(70,935,600)	(70,290,700)	(71,848,900)	(73,186,300)	(433,163,200)
Operating Margin	7,743,200	5,778,560	8,283,900	9,043,400	7,663,700	6,559,800	43,272,360
Non-Oper. Rev. - Interest on Operating	148,500	144,600	143,500	142,800	142,700	144,200	833,600
Non-Oper. Rev. - Interest on Reserves	459,600	572,500	600,400	585,200	578,000	553,900	3,393,600
Operating Transfers - In (General Fund)	-	-	-	-	-	-	-
Margins Available For Debt Service	8,351,300	6,495,660	9,027,800	9,771,400	8,384,400	7,257,900	47,499,560
Interest on Long-Term Debt	(1,213,600)	(1,131,900)	(1,037,000)	(918,700)	(884,000)	(847,500)	(4,502,900)
Cash From Operations	7,137,700	5,363,760	7,990,800	8,852,700	7,500,400	6,410,400	36,501,000
Non Cash Income/Loss & Reserve Transfers							
Transfer from Rate Stabilization Reserve	5,400,000	4,000,000	1,500,000	1,000,000	2,000,000	3,500,000	8,000,000
Depreciation Expense	(5,202,500)	(5,375,700)	(5,470,800)	(5,602,300)	(5,746,900)	(5,907,000)	(34,104,200)
Net Margins	$ 7,335,200	$ 3,988,060	$ 4,020,000	$ 4,250,400	$ 3,753,500	$ 4,003,400	$ 15,772,500

[1] The 2013 Cost of Service and Rate Design Study examines the period FY 2014 through FY 2018.

Projected Debt Service Coverage

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Debt Service Coverage						
Margins Avail. for Debt Service	$ 8,351,300	$ 6,495,660	$ 9,027,800	$ 9,771,400	$ 8,384,400	$ 7,257,900
Total Debt Service	$ 3,323,600	$ 3,301,900	$ 3,297,000	$ 3,283,700	$ 1,579,000	$ 1,577,500
Debt Service Coverage Ratio	2.51	1.97	2.74	2.98	5.31	4.60
Debt Service Coverage Requirement	1.25	1.25	1.25	1.25	1.25	1.25
Debt Service Coverage Requirement Status	*Met*	*Met*	*Met*	*Met*	*Met*	*Met*
Debt Service Safety Margin	5.52%	4.01%	7.17%	8.10%	8.48%	7.06%

Project Cash Flow Position

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Transfer to I & E Fund	$ 3,500,000	$ 5,298,600	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ 3,500,000
Transfer to Reserves	14,500,000	-	-	-	-	-
Reinvestment of Reserve Interest	500,300	597,700	625,400	609,300	601,700	578,800
Debt Service Principal	2,110,000	2,170,000	2,260,000	2,365,000	695,000	730,000
Total Cash Budget Requirements	20,610,300	8,066,300	7,385,400	7,474,300	5,796,700	4,808,800
Net Positive/(Negative Cash)	$ (13,472,600)	$ (2,702,500)	$ 605,400	$ 1,378,400	$ 1,703,700	$ 1,601,600

Cost of Service Summary by Class

	Total System	Transmission	Small Commercial	Medium Commercial	Large Commercial	Primary	Residential	Lighting
Comparison of Revenues								
Net Base Rate Revenue Requirement	$ 76,286,700	$ 10,215,776	$ 2,559,207	$ 4,993,110	$ 17,346,803	$ 14,947,749	$ 24,931,543	$ 1,292,512
Revenue at Current Rates	85,715,360	11,673,000	2,972,300	5,795,400	19,982,700	16,711,600	27,128,100	1,452,260
(Over) Under Recovery	$ (9,428,660)	$ (1,457,224)	$ (413,093)	$ (802,290)	$ (2,635,897)	$ (1,763,851)	$ (2,196,557)	$ (159,748)
Cost of Service Revenue Adjustment	-11.00%	-12.48%	-13.90%	-13.84%	-13.19%	-10.55%	-8.10%	-11.00%
Comparison of Revenues (¢/kWh)								
Net Base Rate Revenue Requirement	10.60	8.28	10.86	11.31	10.60	9.28	12.65	19.34
Revenue at Current Rates	11.91	9.46	12.61	13.13	12.21	10.37	13.77	21.73
(Over) Under Recovery	(1.31)	(1.18)	(1.75)	(1.82)	(1.61)	(1.09)	(1.11)	(2.39)
Cost of Service Revenue Adjustment	-11.00%	-12.48%	-13.90%	-13.84%	-13.19%	-10.55%	-8.10%	-11.00%
Revenue Adjustment Summary								
Net Base Rate Revenue Requirement	$ 76,286,700	$ 10,215,776	$ 2,559,207	$ 4,993,110	$ 17,346,803	$ 14,947,749	$ 24,931,543	$ 1,292,512
Revenue at Current Rates	85,715,360	11,673,000	2,972,300	5,795,400	19,982,700	16,711,600	27,128,100	1,452,260
(Over) Under Recovery	$ (9,428,660)	$ (1,457,224)	$ (413,093)	$ (802,290)	$ (2,635,897)	$ (1,763,851)	$ (2,196,557)	$ (159,748)
Cost of Service Revenue Adjustment	-11.00%	-12.48%	-13.90%	-13.84%	-13.19%	-10.55%	-8.10%	-11.00%
Proposed Percentage Adjustment	-11.00%	-12.48%	-13.90%	-13.84%	-13.19%	-10.55%	-8.10%	-11.00%
Proposed Dollar Adjustment	$ (9,428,700)	$ (1,457,200)	$ (413,100)	$ (802,300)	$ (2,635,900)	$ (1,763,900)	$ (2,196,600)	$ (159,700)
Revenue After Adjustment	$ 76,286,660	$ 10,215,800	$ 2,559,200	$ 4,993,100	$ 17,346,800	$ 14,947,700	$ 24,931,500	$ 1,292,560

Proposed Customer Rates

		Customer Charge		Energy Charge		Demand Charge	
	Tariff	Current	Proposed	Current	Proposed	Current	Proposed
Customer Class		- $/Month -	- $/Month -	- $/kWh -	- $/kWh -	- $/kW-mo. -	- $/kW-mo. -
Transmission	T						
Dover Air Force Base		$ -	$ -	$ 0.07270	$ 0.06090	$ 10.50	$ 10.50
First State Power Mgmt. (NRG)		$ 3,680.00	$ 3,680.00	$ 0.07270	$ 0.06090	$ 10.50	$ 10.50
Kraft		$ -	$ -	$ 0.07270	$ 0.06090	$ 10.50	$ 10.50
White Oak Solar		$ -	$ -	$ 0.07270	$ 0.06090	$ 10.50	$ 10.50
Procter & Gamble		$ -	$ -	$ 0.07270	$ 0.06090	$ 10.50	$ 10.50
Small Commercial							
Small Commercial-1 Phase	C	$ 5.00	$ 5.00	$ 0.11760	$ 0.10010	$ -	$ -
Small Commercial-3 Phase	C-1	$ 15.00	$ 15.00	$ 0.11760	$ 0.10010	$ -	$ -
Medium Commercial							
Medium Commercial-1 Phase	C-2	$ 5.00	$ 5.00	$ 0.07580	$ 0.06470	$ 15.70	$ 13.95
Medium Commercial-3 Phase	C-3	$ 15.00	$ 15.00	$ 0.07580	$ 0.06470	$ 15.70	$ 13.95
Large Commercial	C-5	$ 15.00	$ 15.00	$ 0.07580	$ 0.06470	$ 15.70	$ 13.90
Primary	P	$ 10.00	$ 10.00	$ 0.07540	$ 0.06450	$ 11.25	$ 11.25
Residential	R	$ 5.00	$ 5.00	$ 0.13160	$ 0.12040	$ -	$ -

Rate Stabilization Reserve

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Rate Stabilization Account						
Balance in Account on July 1	$ 10,230,133	$ 17,383,633	$ 13,644,033	$ 12,375,933	$ 11,586,333	$ 9,783,333
Receipts						
Interest Earned	153,500	260,400	231,900	210,400	197,000	166,300
Appropriations	12,400,000	-	-	-	-	-
Total Funds Available	$ 22,783,633	$ 17,644,033	$ 13,875,933	$ 12,586,333	$ 11,783,333	$ 9,949,633
Disbursements						
Transfer to (from) Operations	5,400,000	4,000,000	1,500,000	1,000,000	2,000,000	3,500,000
Transfer to Reserves (from Reserves)	-	-	-	-	-	-
Balance in Account on June 30	$ 17,383,633	$ 13,644,033	$ 12,375,933	$ 11,586,333	$ 9,783,333	$ 6,449,633
Reserve Requirement - (< 10 % of Purchased Power)	35.82%	30.78%	29.79%	28.73%	23.69%	15.35%
Reserve Requirement Status	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*	*Exceeds 10%*

Projected Energy & Supply Requirements

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Energy Sales and Supply						
Sales (kWh)	726,066,236	712,851,831	713,350,700	714,420,600	715,992,400	718,068,600
Street Lighting Sales (kWh)	6,681,804	6,681,804	6,681,800	6,681,800	6,681,800	6,681,800
Total Energy Sales (kWh)	732,748,040	719,533,635	720,032,500	721,102,400	722,674,200	724,750,400
Sales Variation	2.20%	-1.80%	0.07%	0.15%	0.22%	0.29%
Line Losses and Unmetered Energy (kWh)	25,009,960	24,443,365	24,438,500	24,466,600	24,512,800	24,524,600
Total Requirement (kWh)	757,758,000	743,977,000	744,471,000	745,569,000	747,187,000	749,275,000
Purchased Power (kWh)	740,716,000	725,818,000	726,312,000	727,410,000	729,028,000	731,116,000
Purchased Power Variation	2.47%	-2.01%	0.07%	0.15%	0.22%	0.29%
Generation (kWh)	17,042,000	18,159,000	18,159,000	18,159,000	18,159,000	18,159,000
Generation Variation	11.05%	6.55%	0.00%	0.00%	0.00%	0.00%
Total Supply (kWh)	757,758,000	743,977,000	744,471,000	745,569,000	747,187,000	749,275,000
Sales	95.82%	95.82%	95.82%	95.82%	95.83%	95.84%
Street Lighting Sales	0.88%	0.90%	0.90%	0.90%	0.89%	0.89%
Line Losses and Unmetered Energy	3.30%	3.29%	3.28%	3.28%	3.28%	3.27%
Total Requirements	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Purchased Power	97.75%	97.56%	97.56%	97.56%	97.57%	97.58%
Generation	2.25%	2.44%	2.44%	2.44%	2.43%	2.42%
Total Supply	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Projected Purchased Power Expense (& History)

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Purchased Power [1]	- kWh -	- kWh -	- kWh -	- kWh -	- kWh -	- kWh -
Long Term Energy Supply	757,758,000	743,977,000	744,471,000	745,569,000	747,187,000	749,275,000
Annual Variation	2.65%	-1.82%	0.07%	0.15%	0.22%	0.28%
Total Energy Purchases	757,758,000	743,977,000	744,471,000	745,569,000	747,187,000	749,275,000
Purchased Power Expense						
Power Supply	$ 37,701,000	$ 23,832,000	$ 14,776,700	$ 8,637,300	$ -	$ -
Dover Sun Park - Energy	1,587,600	1,565,800	1,745,000	1,974,000	2,123,500	2,193,000
Dover Sun Park - Solar Recs	351,600	300,000	306,000	312,100	318,400	324,800
Power Supply Management	996,000	996,000	996,000	996,000	996,000	996,000
PJM Charges - Load	5,697,700	12,812,900	18,703,900	23,812,700	32,645,400	33,551,200
PJM Charges - Transmission & Fees	6,100,700	4,740,000	4,834,800	4,931,500	5,030,100	5,130,700
Capacity Charges	11,817,200	15,787,200	9,668,000	11,163,200	13,512,900	13,187,400
Generation Fuels	948,800	-	-	-	-	-
PJM Spot Market Energy	(1,865,600)	(230,500)	(235,100)	(239,800)	(244,600)	(249,500)
PJM Credits	(488,400)	(397,000)	(367,000)	(367,000)	(367,000)	(367,000)
Capacity Credits	(14,318,600)	(15,079,800)	(8,881,500)	(10,889,000)	(12,718,600)	(12,746,000)
Total Purchase Power Expense	$ 48,528,000	$ 44,326,600	$ 41,546,800	$ 40,331,000	$ 41,296,100	$ 42,020,600
Purchased Power Cost per MWh [2]	$ 64.04	$ 59.58	$ 55.81	$ 54.09	$ 55.27	$ 56.08

	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012
Purchased Power [1]							
Purchased Power Cost per MWh [2]	$ 54.12	$ 83.03	$ 81.77	$ 89.97	$ 88.93	$ 81.66	$ 72.15

Improvement & Extension Fund

	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Improvement & Extension (I&E) Fund						
Balance in Account on July 1	$ 3,534,600	$ 3,091,000	$ 3,381,200	$ 3,577,000	$ 3,837,700	$ 4,284,300
Receipts						
Interest Earned	40,700	25,200	28,700	30,400	32,600	36,400
State Reimbursements & Developer Contributions	91,100	440,000	300,000	300,000	300,000	300,000
Appropriations From Operations	3,500,000	5,298,600	4,500,000	4,500,000	4,500,000	3,500,000
Total Funds Available	$ 7,166,400	$ 8,854,800	$ 8,209,900	$ 8,407,400	$ 8,670,300	$ 8,120,700
Disbursements						
Capital Improvements	4,075,400	5,473,600	4,632,900	4,569,700	4,386,000	6,861,000
Balance in Account on June 30	$ 3,091,000	$ 3,381,200	$ 3,577,000	$ 3,837,700	$ 4,284,300	$ 1,259,700

Capital Investment Plan 2013 – 2017

CAPITAL PROJECTS	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Yr 1 - Yr 5 Total
Electric Engineering Projects							
Substation Battery Replacement	$ -	$ 24,500	$ 24,500	$ 24,500	$ 24,500	$ 24,500	$ 122,500
Distribution System Upgrades	557,000	400,000	400,000	400,000	400,000	400,000	2,000,000
Lighting Project and Rehabilitation	100,000	50,000	50,000	50,000	50,000	50,000	250,000
Horsepond Road Substation Reliability Upgrade	170,000	591,800	-	-	-	-	591,800
Substation Equipment & Fencing (Division St)	55,000	-	-	-	-	-	-
SCADA Master Hardware Replacement	-	-	-	-	75,000	-	75,000
McKee Run Yard Rebuild (Transmission?)	-	-	-	450,000	700,000	-	1,150,000
Transmission Line Maintenance Program	4,000	75,000	75,000	75,000	75,000	75,000	375,000
Distribution Feeder Replacement Program	64,000	277,500	120,500	277,500	277,500	277,500	1,230,500
McKee Run & State College Road Feeder replacements	-	-	307,000	-	-	-	307,000
Distribution Capacitors - Overhead	50,000	30,000	25,000	25,000	25,000	25,000	130,000
Distribution Capacitors - Underground	75,000	30,000	25,000	25,000	25,000	25,000	130,000
69kv Switch Replacement	70,000	80,000	-	-	-	-	80,000
System Operations Monitoring	-	-	30,000	-	-	-	30,000
Frazier Substation Reliability Upgrade	411,800	-	-	-	-	-	-
Horsepond SS to Cartanza 69kv Rebuild	-	-	330,500	-	-	-	330,500
69kv Substation Cable Replacement North Street	-	-	85,000	480,700	-	-	565,700
General Scott Switchgear	50,000	800,000	300,000	-	-	-	1,100,000
Dover Air Force Base Substation Rebuild	-	-	-	-	-	150,000	150,000
System Automation	-	-	-	-	-	150,000	150,000
Vehicles, Trucks, & Equipment	-	47,000	63,000	64,000	64,000	12,000	250,000
Subtotal Electric Engineering Division	$ 1,606,800	$ 2,405,800	$ 1,835,500	$ 1,871,700	$ 1,716,000	$ 1,189,000	$ 9,018,000
Electric Transmission & Distribution Projects							
New Developments - UG Transformers	$ 1,011,000	$ 600,000	$ 450,000	$ 450,000	$ 450,000	$ 450,000	$ 2,400,000
Single Phase Meters	75,000	-	-	-	-	-	-
Vehicles, Trucks, & Equipment	146,000	350,000	46,400	248,000	300,000	-	944,400
Subtotal Electric Transmission Division	$ 1,232,000	$ 950,000	$ 496,400	$ 698,000	$ 750,000	$ 450,000	$ 3,344,400

Capital Investment Plan 2013 – 2017 continued

CAPITAL PROJECTS	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Yr 1 - Yr 5 Total
Electric Generation Projects							
Industrial Wastewater Discharge System	$ 242,000.0	$ -	$ -	$ -	$ -	$ -	$ -
McKee Run Preservation of Structures	-	42,000	47,000	165,000	142,000	140,000	536,000
McKee Run Building Equipment Replacements	-	-	-	110,000	50,000	90,000	250,000
McKee Run Hot Water Boilers	-	-	-	-	-	80,000	80,000
McKee Run Turbine Level Window Modification	85,000	-	-	-	-	-	-
McKee Run High Energy Piping	-	80,000	-	-	-	-	80,000
McKee Run Natural Gas System Block/Bleed Valves	-	65,000	-	-	-	-	65,000
McKee Run Fuel Oil System Refurbishment	-	-	-	-	-	49,500	49,500
Unit 3 - Stack Repairs	27,000	-	325,000	-	-	-	325,000
Unit 3 Boiler Systems	167,300	-	185,000	-	319,000	-	504,000
Unit 3 Auxillary System Components	55,000	116,000	135,000	6,000	34,000	306,000	597,000
Unit 3 Turbine Outage - Inspections & Repairs	115,000	1,149,800	-	-	10,000	426,000	1,585,800
Unit 3 Cooling Water Line Replacement	-	-	-	250,000	-	-	250,000
Unit 3 Air Heater Expansion Joint	50,000	-	-	-	-	-	-
Unit 3 Cooling Tower Life Extension	-	42,000	571,000	52,000	138,000	-	803,000
Unit 3 Generator Repairs	236,000	-	-	-	-	-	-
Units 1 & 2 Cooling Tower Life Extension	37,300	-	-	-	-	140,000	140,000
Units 1 & 2 Stack Repairs	75,000	-	-	285,000	-		285,000
Units 1 & 2 Boiler Repairs	-	-	-	-	-	342,000	342,000
Units 1 & 2 Component Repairs	52,000	105,000	52,000	246,000	234,000	2,450,500	3,087,500
Unit 1 Gasket Leak Repair	95,000						-
Units 1, 2 & 3 Hydrogen Purity Analyzers	-	-	-	180,000			180,000
VanSant Capacity Increase	-	250,000	750,000	500,000			1,500,000
VanSant Major Overhaul & Inspection	-	-	-	-	900,000	1,048,000	1,948,000
VanSant component replacements	-	32,000	75,000	178,000	58,000	150,000	493,000
Metering System Upgrades	-	25,000	125,000	-	-	-	150,000
Safety & Compliance Improvements	-	86,000	36,000	28,000	35,000	-	185,000
Vehicles, Trucks & Equipment	-	125,000	-	-	-	-	125,000
Subtotal Electric Generation Division	$ 1,236,600	$ 2,117,800	$ 2,301,000	$ 2,000,000	$ 1,920,000	$ 5,222,000	$ 13,560,800
Total	$ 4,075,400	$ 5,473,600	$ 4,632,900	$ 4,569,700	$ 4,386,000	$ 6,861,000	$ 25,923,200

Electric Fund Projected Debt Service

Fiscal Year Ending	2008 Series	2010 Series	Total Debt Service
6/30/2014	$ 1,395,000	$ 1,906,900	$ 3,301,900
6/30/2015	1,392,500	1,904,500	3,297,000
6/30/2016	1,393,700	1,890,000	3,283,700
6/30/2017	1,579,000	-	1,579,000
6/30/2018	1,577,500	-	1,577,500
6/30/2019	1,580,700	-	1,580,700
6/30/2020	1,581,700	-	1,581,700
6/30/2021	1,586,000	-	1,586,000
6/30/2022	1,587,500	-	1,587,500
6/30/2023	1,590,900	-	1,590,900
6/30/2024	1,592,300	-	1,592,300
6/30/2025	1,591,600	-	1,591,600
6/30/2026	1,592,300	-	1,592,300
6/30/2027	1,595,500	-	1,595,500
6/30/2028	1,591,800	-	1,591,800
6/30/2029	1,585,300	-	1,585,300
6/30/2030	1,580,800	-	1,580,800
6/30/2031	1,578,000	-	1,578,000
6/30/2032	1,572,000	-	1,572,000
6/30/2033	1,562,800	-	1,562,800
6/30/2034	1,555,000	-	1,555,000
Total	$ 32,661,900	$ 5,701,400	$ 38,363,300

Reserve Accounts

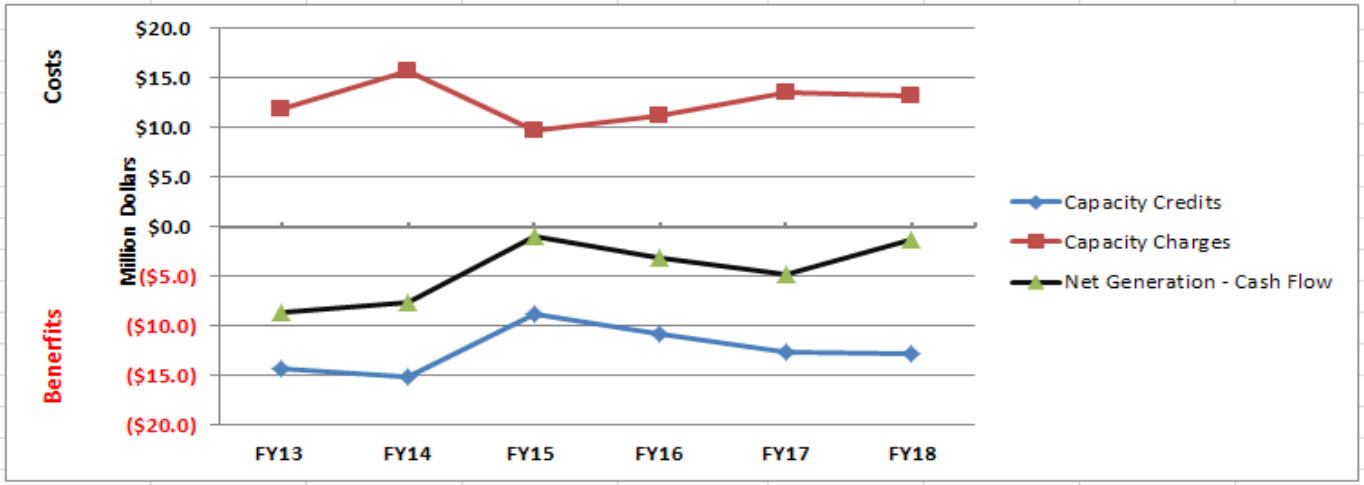
	Revised 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Depreciation Reserve Account (Policy $10 mil)						
Balance in Account on July 1	$ 9,742,058	$ 9,829,658	$ 9,977,058	$ 10,146,658	$ 10,319,158	$ 10,494,558
Receipts						
Interest Earned	146,100	147,400	169,600	172,500	175,400	178,400
Appropriations	-	-	-	-	-	-
Total Funds Available	$ 9,888,158	$ 9,977,058	$ 10,146,658	$ 10,319,158	$ 10,494,558	$ 10,672,958
Disbursements						
Transfer to Capital Improvements (CIP)	-	-	-	-	-	-
Transfer to Reserves (from Reserves)	58,500	-	-	-	-	-
Balance in Account on June 30	$ 9,829,658	$ 9,977,058	$ 10,146,658	$ 10,319,158	$ 10,494,558	$ 10,672,958
Future Capacity Account (Policy $10 mil)						
Balance in Account on July 1	$ 9,805,482	$ 9,989,782	$ 10,131,382	$ 10,303,582	$ 10,478,782	$ 10,656,882
Receipts						
Interest Earned	138,800	141,600	172,200	175,200	178,100	181,200
Appropriations	2,100,000	-	-	-	-	-
Total Funds Available	$ 12,044,282	$ 10,131,382	$ 10,303,582	$ 10,478,782	$ 10,656,882	$ 10,838,082
Disbursements						
Transfer to General Fund	2,000,000	-	-	-	-	-
Transfer to Reserves (from Reserves)	54,500	-	-	-	-	-
Balance in Account on June 30	$ 9,989,782	$ 10,131,382	$ 10,303,582	$ 10,478,782	$ 10,656,882	$ 10,838,082
Insurance Stabilization Account (Policy min $750K)						
Balance in Account on July 1	$ 337,265	$ 727,965	$ 738,865	$ 751,465	$ 764,265	$ 777,265
Receipts						
Interest Earned	5,100	10,900	12,600	12,800	13,000	13,200
Appropriations	-	-	-	-	-	-
Total Funds Available	$ 342,365	$ 738,865	$ 751,465	$ 764,265	$ 777,265	$ 790,465
Disbursements						
Transfer to Reserves (from Reserves)	(385,600)	-	-	-	-	-
Balance in Account on June 30	$ 727,965	$ 738,865	$ 751,465	$ 764,265	$ 777,265	$ 790,465
Contingency Reserve Account						
Balance in Account on July 1	$ 1,070,814	$ 814,314	$ 826,514	$ 840,614	$ 854,914	$ 869,414
Receipts						
Interest Earned	16,100	12,200	14,100	14,300	14,500	14,800
Appropriations	-	-	-	-	-	-
Total Funds Available	$ 1,086,914	$ 826,514	$ 840,614	$ 854,914	$ 869,414	$ 884,214
Disbursements						
Transfer to Operations	-	-	-	-	-	-
Transfer to Reserves (from Reserves)	272,600	-	-	-	-	-
Balance in Account on June 30	$ 814,314	$ 826,514	$ 840,614	$ 854,914	$ 869,414	$ 884,214
Reserve Requirement - (Min. 1% of Total Revenue)	*904,639*	*788,662*	*792,195*	*793,341*	*795,126*	*797,461*
Reserve Requirement Status	*Less Than 1%*	*OK*	*OK*	*OK*	*OK*	*OK*

Net Generation Forecast

	FY13 Budget	FY13 Revised	FY14 Proposed	FY15 Forecast	FY16 Forecast	FY17 Forecast	FY18 Forecast	FY14 thru FY18
Plant Operations	$ 5,914,900	$ 5,914,900	$ 6,015,800	$ 6,196,300	$ 6,382,200	$ 6,573,700	$ 6,770,900	$ 31,938,900
Capacity Credits	(14,318,600)	(14,318,600)	(15,079,800)	(8,881,500)	(10,889,000)	(12,718,600)	(12,746,000)	(60,314,900)
PJM Spot Market Energy (Net of Fuel)	(186,700)	(916,800)	(230,500)	(235,100)	(239,800)	(244,600)	(249,500)	(1,199,500)
PJM Credits	(427,000)	(488,400)	(397,000)	(367,000)	(367,000)	(367,000)	(367,000)	(1,865,000)
Net Generation - Operations	(9,017,400)	(9,808,900)	(9,691,500)	(3,287,300)	(5,113,600)	(6,756,500)	(6,591,600)	(31,440,500)
Capital Cost	1,441,300	1,236,600	2,117,800	2,301,000	2,000,000	1,920,000	5,222,000	13,560,800
Net Generation - Cash Flow	$ (7,576,100)	$ (8,572,300)	$ (7,573,700)	$ (986,300)	$ (3,113,600)	$ (4,836,500)	$ (1,369,600)	$ (17,879,700)

The City receives PJM capacity credits for our generating plant capacity. This revenue off-sets PJM's capacity charges which are required to serve approximately 180 MWH of our load plus reserves. If we did not have the ability to generate, we would loose the capacity credit but still have to pay the capacity charges PJM for our load requirements.

Capacity Charges	$ 12,564,800	$ 11,817,200	$ 15,787,200	$ 9,668,000	$ 11,163,200	$ 13,512,900	$ 13,187,400	$ 63,318,700



Sample 1	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Transmission	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	69,378,170	69,378,170	69,378,170
Charges at current rates	$6,209,346.22	$5,231,114.02	$4,474,891.97
PCA Credit	($594,570.92)	$0.00	$0.00
Total Due	$5,614,775.30	$5,231,114.02	$4,474,891.97
PCA Credit/Rate Reduction	**($594,570.92)**	**($383,661.28)**	**($756,222.05)**

Sample 2	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Transmission	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	44,077,991	44,077,991	44,077,991
Charges at current rates	$3,944,980.19	$3,323,480.52	$2,843,030.42
PCA Credit	($377,748.38)	$0.00	$0.00
Total Due	$3,567,231.81	$3,323,480.52	$2,843,030.42
PCA Credit/Rate Reduction	**($377,748.38)**	**($243,751.29)**	**($480,450.10)**

Sample 3	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Transmission	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	13,301,905	13,301,905	13,301,905
Charges at current rates	$1,190,520.50	$1,002,963.64	$857,972.87
PCA Credit	($113,997.33)	$0.00	$0.00
Total Due	$1,076,523.17	$1,002,963.64	$857,972.87
PCA Credit/Rate Reduction	**($113,997.33)**	**($73,559.53)**	**($144,990.76)**

Sample 4	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Primary	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	2,389,032	2,389,032	2,389,032
Charges at current rates	$213,818.36	$180,133.01	$154,092.56
PCA Credit	($20,474.00)	$0.00	$0.00
Total Due	$193,344.36	$180,133.01	$154,092.56
PCA Credit/Rate Reduction	**($20,474.00)**	**($13,211.35)**	**($26,040.45)**
Kwh for FY12	14,833,074	14,833,074	14,833,074
Charges at current rates	$1,327,560.12	$1,118,413.78	$956,733.27
PCA Credit	($127,119.44)	$0.00	$0.00
Total Due	$1,200,440.68	$1,118,413.78	$956,733.27
PCA Credit/Rate Reduction	**($127,119.44)**	**($82,026.90)**	**($161,680.51)**
Total Reduction	**($147,593.45)**	**($95,238.25)**	**($187,720.96)**

Sample 5	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Primary	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	26,356,506	26,356,506	26,356,506
Charges at current rates	$2,358,907.29	$1,987,280.55	$1,699,994.64
PCA Credit	($225,875.26)	$0.00	$0.00
Total Due	$2,133,032.03	$1,987,280.55	$1,699,994.64
PCA Credit/Rate Reduction	**($225,875.26)**	**($145,751.48)**	**($287,285.92)**

Sample 6	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Primary	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	1,548,720	1,548,720	1,548,720
Charges at current rates	$138,610.44	$116,773.49	$99,892.44
PCA Credit	($13,272.53)	$0.00	$0.00
Total Due	$125,337.91	$116,773.49	$99,892.44
PCA Credit/Rate Reduction	**($13,272.53)**	**($8,564.42)**	**($16,881.05)**

Sample 7	**Energy Rate 6/30/2012**	**Energy Rate 7/1/2012**	**Proposed Rate 7/1/2013**
Primary	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Kwh for FY12	19,109,226	19,109,226	19,109,226
Charges at current rates	$1,710,275.73	$1,440,835.64	$1,232,545.08
PCA Credit	($163,766.07)	$0.00	$0.00
Total Energy charges	$1,546,509.66	$1,440,835.64	$1,232,545.08
Demand Charges	$0.00	$0.00	$0.00
Total Energy & Demand Charges	$1,546,509.66	$1,440,835.64	$1,232,545.08
% Change			
PCA Credit/Rate Reduction	**($163,766.07)**	**($105,674.02)**	**($208,290.56)**

Sample 8	**Rates as of 6/30/2012**	**Rates as of 7/1/2012**	**Proposed Rate 7/1/2013**
Primary	$0.08950	$0.07540	$0.06450
Rate Change %		***-15.8%***	***-14.5%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08093***	***$0.07540***	***$0.06450***
Net Reduction %	***-9.6%***	***-6.8%***	***-14.5%***
Demand Rate	***$11.25***	***$11.25***	***$11.25***
Net Reduction %		***0.0%***	***0.0%***
FY12 Kwh's (Energy)	2,512,440	2,512,440	2,512,440
FY12 Kw (Demand)	5,353.4	5,353.4	5,353.4
Charges at current rates	$224,863.38	$189,437.98	$162,052.38
PCA Credit	($21,531.61)	$0.00	$0.00
Total Energy charges	$203,331.77	$189,437.98	$162,052.38
Demand Charges	$60,225.30	$60,225.30	$60,225.30
Total Energy & Demand Charges	$263,557.07	$249,663.28	$222,277.68
% Change			
PCA Credit/Rate Reduction	**($21,531.61)**	**($13,893.79)**	**($27,385.60)**

Sample 9	**Rates as of 6/30/2012**	**Rates as of 7/1/2012**	**Proposed Rate 7/1/2013**
Large Commercial (C5) Single Phase	$0.09150	$0.07580	$0.06470
Rate Change %		***-17.2%***	***-14.6%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08293***	***$0.07580***	***$0.06470***
Net Reduction %	***-9.4%***	***-8.6%***	***-14.6%***
Demand Rate	***$15.70***	***$15.70***	***$13.90***
Net Reduction %		***0.0%***	***-11.5%***
FY12 Kwh's (Energy)	2,431,840	2,431,840	2,431,840
FY12 Kw (Demand)	6,125.8	6,125.8	6,125.8
Charges at current rates	$222,513.36	$184,333.47	$157,340.05
PCA Credit	($20,840.87)	$0.00	$0.00
Total Energy charges	$201,672.49	$184,333.47	$157,340.05
Demand Charges	$96,175.06	$96,175.06	$85,148.62
Total Energy & Demand Charges	$297,847.55	$280,508.53	$242,488.67
% Change			
PCA Credit/Rate Reduction	**($20,840.87)**	**($17,339.02)**	**($38,019.86)**

Sample 10	Rates as of 6/30/2012	Rates as of 7/1/2012	Proposed Rate 7/1/2013
Medium Commercial (C2) Single Phase	$0.09150	$0.07580	$0.06470
Rate Change %		***-17.2%***	***-14.6%***
PCA Credit for Fiscal Year 2012	***($0.00857)***	***$0.00000***	***$0.00000***
Net Energy Charge	***$0.08293***	***$0.07580***	***$0.06470***
Net Reduction %	***-9.4%***	***-8.6%***	***-14.6%***
Demand Rate	***$15.70***	***$15.70***	***$13.95***
Net Reduction %		***0.0%***	***-11.1%***
FY12 Kwh's (Energy)	32,732	32,732	32,732
FY12 Kw (Demand)	182.2	182.2	182.2
Charges at current rates	$2,994.98	$2,481.09	$2,117.76
PCA Credit	($280.51)	$0.00	$0.00
Total Energy charges	$2,714.46	$2,481.09	$2,117.76
Demand Charges	$2,860.54	$2,860.54	$2,541.69
Total Energy & Demand Charges	$5,575.00	$5,341.63	$4,659.45
% Change			
PCA Credit/Rate Reduction	**($280.51)**	**($233.38)**	**($682.18)**

City of Dover
Comparison of Tax Increase to Electric Rate Increase

(Electric Rate increase reflective of Energy only; no demand, power factor or customer charges as included in total bill; PCA credit is included)

	Property Tax Rate	Energy Rate
Rate Increase - one cent	$0.0100	$0.0100
Additional Revenue	$311,676.58	$7,099,727.34
% Increase	3.0%	7.9%
Rate Increase for $3.4 Million	$0.1090	$0.0048
Additional Revenue	$3,397,274.72	$3,407,869.12
% Increase	32.3%	3.6%
Current PCA Credit		***($0.00857)***

Analysis by Customer for $3.4 Million in Revenue - *Energy only:*

	Property Taxes	Electric Energy
Transmission		
DAFB	*Exempt*	$333,015.22
Kraft Foods	$21,326.18	$211,574.36
Proctor & Gamble	$12,838.02	$69,678.39
Primary Sample		
Playtex Manufacturing	$12,377.39	$42,335.54
Dover Downs	$89,407.90	$126,511.23
Target	$10,109.42	$7,433.86
Large Commercial Sample		
Sheraton Dover Hotel	$13,141.04	$12,585.02
J C Penney	$8,361.61	$8,972.43
Boscov's	$11,677.39	$12,123.65
Sears	$9,674.08	$7,455.36
Lowes	$12,366.92	$12,498.43
Residential Sample		
Residential #1	$238.60	$88.58
Residential #2	$54.61	$39.57
Residential #3	$165.79	$69.52
Residential #4	$351.74	$68.29
Residential #5	$249.28	$124.28
Residential #6	$258.77	$75.47
Residential #7	$197.51	$98.74
Residential #8	$166.88	$36.00
Residential #9	$179.20	$56.38
Residential #10	$61.15	$83.19

TRANSMISSION					
DAFB	-	69,378,170	Residential #1	218,900	18,454
Charges including rate increase	$0.00	$5,809,034.17	Charges including rate increase	$978.05	$2,606.26
Charges at current rates	$0.00	$6,070,589.88	Charges at current rates	$739.44	$2,675.83
PCA Credit	*N/A*	($594,570.92)	PCA Credit	*N/A*	($158.15)
Total Due	$0.00	$5,476,018.96	Total Due	$739.44	$2,517.68
Revenue Increase	**$0.00**	**$333,015.22**	**Revenue Increase**	**$238.60**	**$88.58**
Kraft Foods	19,565,300	44,077,991	Residential #2	50,100	8,244
Charges including rate increase	$87,417.76	$3,690,650.19	Charges including rate increase	$223.85	$1,164.30
Charges at current rates	$66,091.58	$3,856,824.21	Charges at current rates	$169.24	$1,195.38
PCA Credit	*N/A*	($377,748.38)	PCA Credit	*N/A*	($70.65)
Total Due	$66,091.58	$3,479,075.83	Total Due	$169.24	$1,124.73
Revenue Increase	**$21,326.18**	**$211,574.36**	**Revenue Increase**	**$54.61**	**$39.57**
Proctor & Gamble	11,778,000	14,516,331	Residential #3	152,100	14,484
Charges including rate increase	$52,624.10	$1,215,452.39	Charges including rate increase	$679.58	$2,045.58
Charges at current rates	$39,786.08	$1,270,178.96	Charges at current rates	$513.79	$2,100.18
PCA Credit	*N/A*	($124,404.96)	PCA Credit	*N/A*	($124.13)
Total Due	$39,786.08	$1,145,774.01	Total Due	$513.79	$1,976.05
Revenue Increase	**$12,838.02**	**$69,678.39**	**Revenue Increase**	**$165.79**	**$69.52**
PRIMARY					
Playtex Manufacturing	11,355,400	8,819,904	Residential #4	322,700	14,227
Charges including rate increase	$50,735.93	$756,130.37	Charges including rate increase	$1,441.82	$2,009.28
Charges at current rates	$38,358.54	$789,381.41	Charges at current rates	$1,090.08	$2,062.92
PCA Credit	*N/A*	($75,586.58)	PCA Credit	*N/A*	($121.93)
Total Due	$38,358.54	$713,794.83	Total Due	$1,090.08	$1,940.99
Revenue Increase	$12,377.39	$42,335.54	**Revenue Increase**	**$351.74**	**$68.29**
Dover Downs	82,025,600	26,356,506	Residential #5	228,700	25,891
Charges including rate increase	$366,490.38	$2,259,543.26	Charges including rate increase	$1,021.83	$3,656.59
Charges at current rates	$277,082.48	$2,358,907.29	Charges at current rates	$772.55	$3,754.20
PCA Credit	*N/A*	($225,875.26)	PCA Credit	*N/A*	($221.89)
Total Due	$277,082.48	$2,133,032.03	Total Due	$772.55	$3,532.31
Revenue Increase	$89,407.90	$126,511.23	**Revenue Increase**	**$249.28**	**$124.28**
Target	9,274,700	1,548,720	Residential #6	237,400	15,723
Charges including rate increase	$41,439.36	$132,771.77	Charges including rate increase	$1,060.70	$2,220.56
Charges at current rates	$31,329.94	$138,610.44	Charges at current rates	$801.94	$2,279.84
PCA Credit	*N/A*	(13,272.53)	PCA Credit	*N/A*	($134.75)
Total Due	$31,329.94	$125,337.91	Total Due	$801.94	$2,145.09
Revenue Increase	**$10,109.42**	**$7,433.86**	**Revenue Increase**	**$258.77**	**$75.47**
LARGE COMMERCIAL			Residential #7	181,200	20,571
Sheraton Dover Hotel	12,056,000	2,621,880	Charges including rate increase	$809.60	$2,905.24
Charges including rate increase	$53,866.21	$230,017.53	Charges at current rates	$612.09	$2,982.80
Charges at current rates	$40,725.17	$239,902.02	PCA Credit	*N/A*	($176.29)
PCA Credit	*N/A*	(22,469.51)	Total Due	$612.09	$2,806.50
Total Due	$40,725.17	$217,432.51	**Revenue Increase**	**$197.51**	**$98.74**
Revenue Increase	**$13,141.04**	**$12,585.02**			
J C Penney	7,671,200	1,869,256	Residential #8	153,100	7,501
Charges including rate increase	$34,274.92	$163,989.83	Charges including rate increase	$684.05	$1,059.37
Charges at current rates	$25,913.31	$171,036.92	Charges at current rates	$517.17	$1,087.65
PCA Credit	*N/A*	(16,019.52)	PCA Credit	*N/A*	($64.28)
Total Due	$25,913.31	$155,017.40	Total Due	$517.17	$1,023.36
Revenue Increase	**$8,361.61**	**$8,972.43**	**Revenue Increase**	**$166.88**	**$36.00**
Boscov's	10,713,200	2,525,760	Residential #9	164,400	11,745
Charges including rate increase	$47,866.58	$221,584.92	Charges including rate increase	$734.54	$1,658.75
Charges at current rates	$36,189.19	$231,107.04	Charges at current rates	$555.34	$1,703.03
PCA Credit	*N/A*	(21,645.76)	PCA Credit	*N/A*	($100.65)
Total Due	$36,189.19	$209,461.28	Total Due	$555.34	$1,602.37
Revenue Increase	**$11,677.39**	**$12,123.65**	**Revenue Increase**	**$179.20**	**$56.38**
Sears	8,875,300	1,553,200	Residential #10	56,100	17,332
Charges including rate increase	$39,654.84	$136,262.24	Charges including rate increase	$250.65	$2,447.80
Charges at current rates	$29,980.76	$142,117.80	Charges at current rates	$189.51	$2,513.14
PCA Credit	*N/A*	(13,310.92)	PCA Credit	*N/A*	($148.54)
Total Due	$29,980.76	$128,806.88	Total Due	$189.51	$2,364.60
Revenue Increase	**$9,674.08**	**$7,455.36**	**Revenue Increase**	**$61.15**	**$83.19**
Lowes	11,345,800	2,603,840			
Charges including rate increase	$50,693.03	$228,434.88			
Charges at current rates	$38,326.11	$238,251.36			
PCA Credit	*N/A*	(22,314.91)			
Total Due	$38,326.11	$215,936.45			
Revenue Increase	**$12,366.92**	**$12,498.43**			

Dover Police Department

FY14 Police Vehicle, Equipment & Installation Costs

Item	Cost	Totals	Remarks
Patrol Vehcile			
2014 Dodge Charger Police Interceptor		$23,500.00	
base rate	$22,965.00		
Vinyl seats	150.00		
Driver's spot light	200.00		
Inop rear doors	25.00		
Full size spare	160.00		
Additional Vehicle Options			
Setina Partition	725.00	*	
Prisoner Seat and Pan	795.00	*	
Vehcile Equipment & Installation		18,790.00	
Lights (unmarked)	1,600.00	*	
Lights (marked)	2,500.00		
Siren/speakers	750.00		
Marking	600.00		
Hot Dog (K9 vehicle)	500.00	*	
Hot Dog installation	50.00	*	* not included in totals
K9 Cage	1,500.00	*	
Cage installation	350.00	*	
Installation (lights & equipment)	550.00		
800 MHZ radio	3,500.00		
HubData911 computer & in-car camera system	10,500.00		
Wireless printer	390.00		
Additional Accessories:		852.00	
Shotgun Rack Mount	245.00		
Security Screen/Partition (379) or Partition only (47	479.00		
First Aid Kit	39.00		
Fire Extinguisher	29.00		
Broom	15.00		
Latent Kit	45.00		
Total Cost		$43,142.00	
Staff/CI Vehcile			
2014 Ford Fusion		24,000.00	
Vehcile Equipment & Installation		500.00	
Lights	150.00		
Siren/speaker	200.00		
installation	150.00		
Total Cost		$24,500.00	
Police Motorcycle			
2014 Harley Davidson FLHP Police Motorcycle		19,400.00	
Vehcile Equipment & Installation		10,450.00	
Lights	1,500.00		
Siren/speakers	400.00		
Marking	350.00		
Installation (lights & equipment)	300.00		
800 MHZ radio	3,500.00		
Mobile computer (Panasonic Toughbook)	4,100.00		
Wireless printer	300.00		
Total Cost		$29,850.00	

as of: 5/30/13

Dover Police Department

FY14 Police Officer Payroll Costs

Item	Breakout	Totals	Remarks
Salary		$61,028.39	based on FY14 budget
Base salary	$52,700.00		
Overtime	6,845.75		
Shift Differential	1,482.64		
Benefits		26,375.27	
Social Security/Medicare	4,600.00		
Health Insurance	6,319.36		employee (PPO)
Life Insurance	98.02		
Retirement	8,179.04		
Worker's Compensation	2,408.18		
Disability & AD&D	146.17		
Vision Insurance	39.60		
OPEB	4,584.90		
Total Salary + Benefits		$87,403.66	
Training, Uniforms, Equipment & Ammo		10,892.50	details at 2nd tab
Patrol Vehicle, Equipment & Installation		43,142.00	details at 3rd tab
Total Cost Per Officer		$141,438.16	

Dover Police Department

FY12 Police Officer Uniforms & Equipment Costs

Item	Qty Issd	Unit Cost	Extended Cost	Remarks
Training Cost				Training (acct 30-28)
DE State Police Academy Tuition	1	$1,100.00	$1,100.00	
Uniform Items (priced for average male uniform)				Uniforms (acct 20-29)
Ballistic vest	1	680.00	680.00	
Class A jacket	1	350.00	350.00	
Class A pants	1	84.50	84.50	
Gore-Tex jacket w/liner	1	267.50	267.50	
Hat badge (silver)	1	26.00	26.00	
Hat, crushed style	1	60.00	60.00	
Metal insignia - silver DPDs	1	6.00	6.00	
Metal insignia - silver name pin	2	7.00	14.00	
Patches	10	4.50	45.00	
Raincoat	1	150.00	150.00	
Shirt badge	2	110.00	220.00	
Shoes	1	175.00	175.00	
Sliding dee/suicide strap	1	35.00	35.00	
Tie	1	12.00	12.00	
Tie bar	1	10.00	10.00	
Uniform pants (summer)	3	84.50	253.50	
Uniform pants (winter)	3	84.50	253.50	
Uniform shirt (summer-short sleeve)	3	80.50	241.50	
Uniform shirt (winter-long sleeve)	3	74.50	223.50	
Wallet badge	1	50.00	50.00	
Whistle & chain	1	12.00	12.00	
Uniform Items Subtotal			$3,169.00	
Duty Belt Equipment				Program Supplies (acct 20-26)
Baton, expandable	1	100.00	100.00	
Baton holder	1	20.00	20.00	
Chemical spray case	1	16.50	16.50	
Chemical spray (Kap-Stun)	1	12.00	12.00	
CPR Case	1	17.00	17.00	
Duty bag (deluxe)	1	25.00	25.00	
Duty belt (smooth leather)	1	32.00	32.00	
Glock 22 Pistol/27	1	465.00	465.00	
Glock ammo clip - magazine holder	1	22.00	22.00	
Glock holster	1	120.00	120.00	
Handcuff case (double)	1	27.00	27.00	
Handcuffs	2	35.00	70.00	
Radio swivel case/holder	1	100.00	100.00	
Radio, 800 MHz portable	1	3,500.00	3,500.00	
Stinger flashlight	1	75.00	75.00	
Stinger flashlight holder	1	22.00	22.00	
Taser / holster	1	1,000.00	1,000.00	
Duty Belt Equipment Subtotal			$5,623.50	
Ammunition			$1,000.00	Program Supplies (acct 20-26)
Police Academy qualificatioin	1000 pistol and 200 shotgun rounds			
Department requirements	indoor & outdoor range qualifications scheduled semi-annually			
Grand Total			**$10,892.50**	*

as of: 5/30/13

CITY OF DOVER
CITY OF DOVER DONATIONS TREND
ACTUAL DONATIONS FROM FY 2005 TO 2012 AND BUDGETED FY 2013 & 2014

Donation to:	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Budget	FY 2014 Budget
African American Festival	-	-	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000
4th of July Celebration Committee	-	-	-	-	-	-	7,000	10,000	15,000	~~5,000~~ 0
Kent County Levy Court - 10 yr Economic Dev Strategy	-	5,000	-	-	-	-	-	-	-	-
Kent County Tourism	10,000	10,000	10,000	15,000	15,000	10,000	15,000	15,000	15,000	15,000
Kent Economic	12,000	15,000	-	16,000	16,000	11,000	11,000	-	-	-

EXHIBIT #9
2013 Budget Review
Special Council Meeting of 05/29/13

City of Dover
Budget Meeting - June 5, 2013
Analysis of Legal Fees

	FY13 YTD	FY12	FY11	FY10	Total
City Solicitor	$ 80,729	$ 104,508	$ 91,529	$ 63,213	$ 339,979
Labor Negotiations	41,063	66,200	6,431	19,152	132,846
General Employment	3,478	1,655	-	-	5,133
Tax Appeals Attorney	-	263	91,934	3,432	95,629
Bond Counsel	38,245	12,115	-	18,995	69,355
OPEB Trust	-	-	10,928	14,426	25,354
Other Legal	3,337	-	-	293	3,630
	$ 166,852	$ 184,741	$ 200,822	$ 119,511	$ 671,926

FY 2014 DRAFT Capital Investment Plan

FY 14 *thru* FY 18

City of Dover, Delaware

Project # EE1415
Project Name **Advanced Metering Infrastructure**

New Project:
Time-Line:
Account Number:

Department Electric T & D
Contact Electric Director
Type Improvement
Useful Life
Category Electric
Priority n/a
Status Active
Total Project Cost: **$150,000**

Description

This program will begin to build a wireless network of Electric Meters that will work in conjunction with the current Radio Read system.

Justification

The system will eliminate the need for manual meter readings of the large industrial customers. Currently, the readings are calculated through software that is no longer supported.

Additionally, the system can add any new service through the wireless program and allow for remote disconnect meters to be implemented. The current disconnect collars are no longer supported.

Consequences of Delaying or Eliminating this Project:
If the system is not converted, the existing software can fail resulting in incorrect meter readings and large revenue losses.

Expenditures	FY 14	FY 15	FY 16	FY 17	FY 18	Total
Construction/Maintenance	150,000					150,000
Total	**150,000**					**150,000**

Funding Sources	FY 14	FY 15	FY 16	FY 17	FY 18	Total
Electric Revenue	150,000					150,000
Total	**150,000**					**150,000**

Budget Impact/Other

The new software has a $9,000.00 per year maintenance and service cost. The system would be ordered following the competetive bidding process based on the Purchasing Policy.

Budget Items	FY 14	FY 15	FY 16	FY 17	FY 18	Total
Maintenance	9,000	9,000	9,000	9,000	9,000	45,000
Total	**9,000**	**9,000**	**9,000**	**9,000**	**9,000**	**45,000**

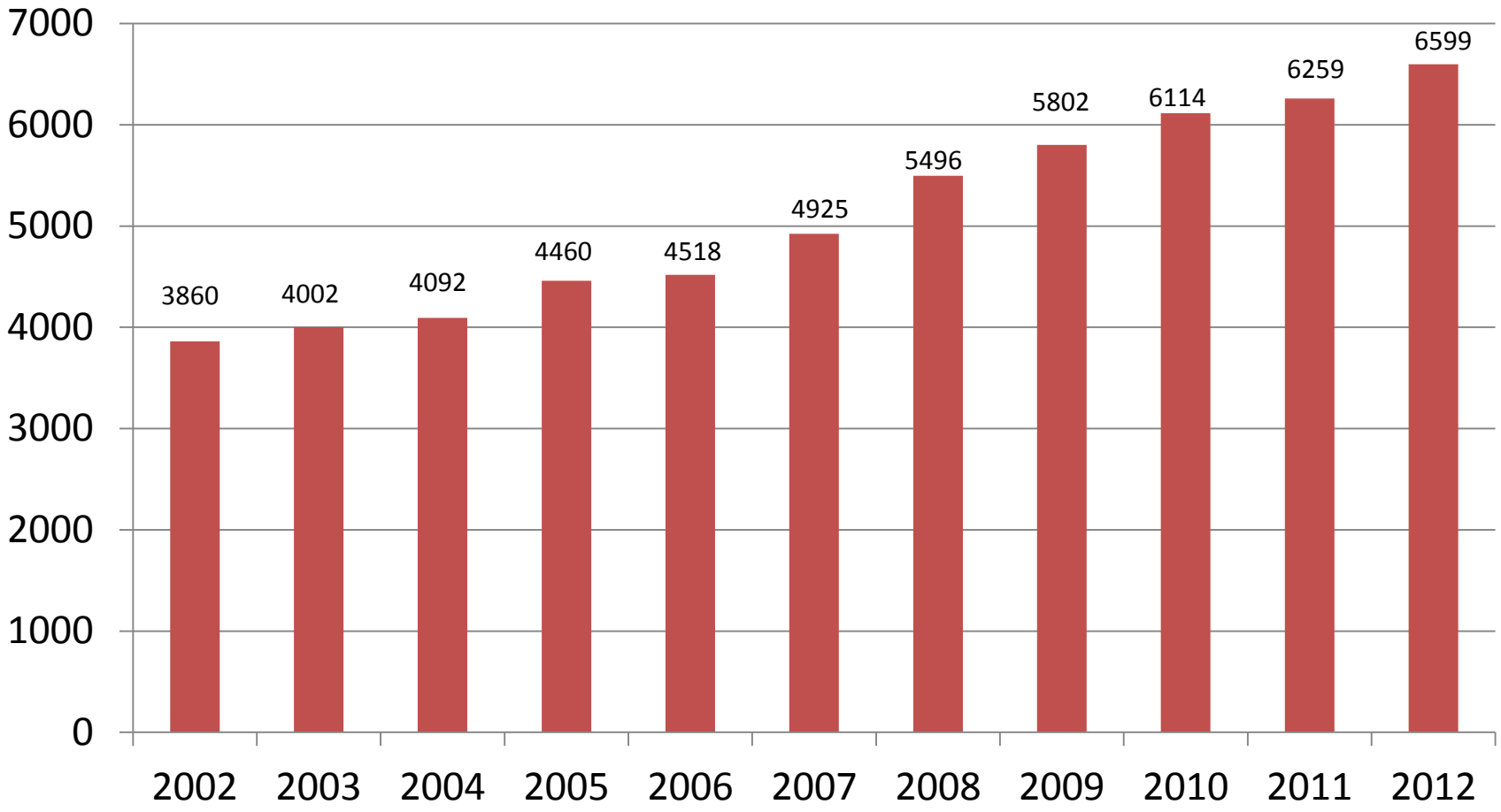
CITY OF DOVER
BUDGETED TRAINING/CONFERENCE/FOOD/TRAVEL
FISCAL YEAR 2014 DRAFT BUDGET

1	**General Fund**		
2	City Clerk	$	600
3	Council		8,500
4	Tax Assessor		2,500
5	Grounds		500
6	Library		200
7	Recreation		1,500
8	Life Safety		2,000
9	Code Enforcement		400
10	Planning		1,400
11	Inspections		1,200
12	Economic Development		600
13	Police		25,500
14	Street		100
15	Sanitation		100
16	City Manager		2,600
17	Information Technology		1,700
18	Finance		5,500
19	Public Works Administration		3,000
20	Facilities Management		100
21	Central Services		1,300
22	Fleet Maintenance		300
23	Human Resources		2,000
24	Mayor		6,000
25	**Total General Fund**	**$**	**67,600**
26	**Water Wastewater Fund**		
27	Water Wastewater Engineering	$	2,800
28	PW Construction & Maintenance		100
29	Water		2,600
30	Wastewater		7,600
31	Water Treatment Plant		200
32	**Total Water Wastewater Fund**	**$**	**13,300**
33	**Electric Revenue Fund**		
34	Plant Management	$	50,200
35	Transmission & Distribution		5,000
36	Electric Engineering		8,000
37	Electric Administration		2,500
38	**Total Electric Revenue Fund**	**$**	**65,700**
39			
40	**Total All Funds**	**$**	**146,600**

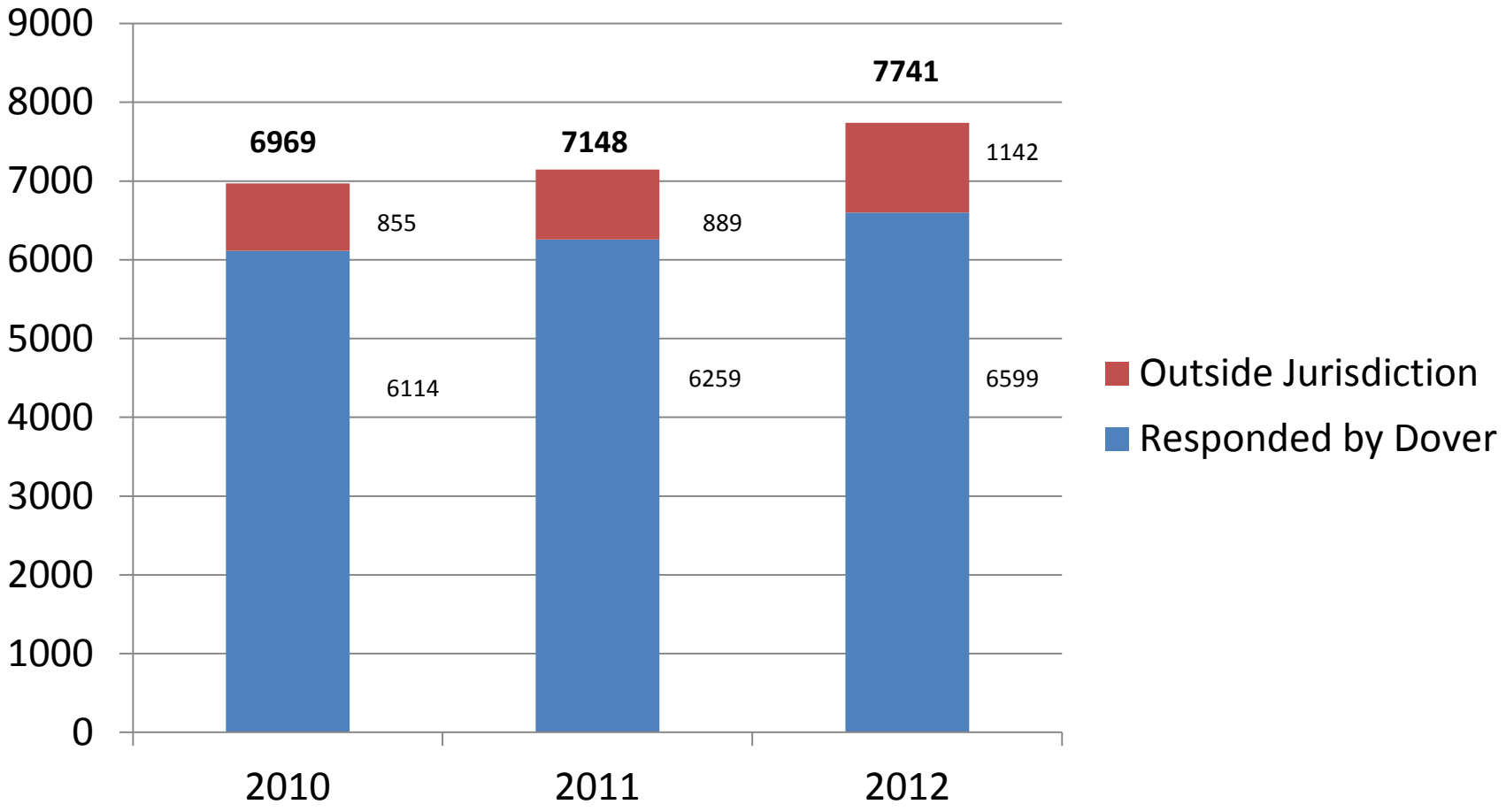
Ambulance Service for Robbins Hose Fire District



Growth; Since 2002



Continued Growth and Outside Coverage



Ambulance Departments - 2012 Totals

Department	Yearly Totals
American Legion (Smyrna)	3,109
Bowers	373
Camden	2,508
Carlisle	2,785
Cheswold	1,743
Dover	6,599
Dover AFB	127
Felton	1,245
Frederica	461
Harrington	1,904
Hartly	766
Leipsic	302
Magnolia	966
Marydel	487

- Total # of dispatched calls to Dover serviced by outside agencies for 2012 is 1,142; 95 of them were for “stand by” at Dover Downs (1,047) subtract the scratches.*
- Total # of dispatched calls serviced by Prime Care for Dover in 2012 is 6,599 bringing total calls for Dover to 7,741
- Total # of calls Dover was dispatched to other districts in 2012 is 95

* A call is listed as a scratch when more than one ambulance service responds to the same call. On multiple occasions we had 2-3 ambulances responding. Obviously only one hauled the victim away so the others were “scratches” - In the documentation provided by 911 there was no way of knowing which company did not fulfill the calls. In rare occasions multiple ambulances would be used such as for MVC’s (motor vehicle collisions)

PRIMECARE CONTRACT

- One ambulance 24/7
- Another ambulance 7:00 am – 11:00 pm
- Our current contract with Primecare expires on March 31, 2015
  (Previous contracts with the City date back to 2003)
- By having Primecare housed out of Dover it significantly reduces response times to our constituents
- Provides first ambulance at no cost – 2nd ambulance is charged at $19, 466 month
- Due to time involved with the city they have familiarity which also reduces times
- Now have a bariatric unit housed in Dover

AGENCY	Dispatched	Stand By	Duplicate Response	Real Number	Dover Responses	$25 per response
American Legion (Smyrna)	79	14	17	48	1	$1,175
Bowers	14	5	1	8	1	$175
Camden	403	5	62	336	42	$7,350
Carlisle	2	0	0	2	3	$50
Cheswold	416	5	52	359	20	$8,475
Dagsboro	34	7	3	24	0	$600
Felton	16	1	6	9	0	$225
Frederica	1	0	0	1	0	$25
Harrington	2	0	0	2	0	$50
Hartly	94	46	14	34	1	$850
Leipsic	55	11	16	28	21	$700
Magnolia	45	1	22	22	5	$550
Marydel	15	4	4	7	1	$175
Total Calls	1,142	99	197	880	95	$22,000

CAMDEN AMBULANCE

- Dispatched 403
- Of those 403 – 5 were “stand by” at Dover Downs or another business

  (403-5=398)
- 62 of those 398 were duplicated responses and/or scratches.

  (398-62=336)
- 336 calls in 2012 Dover also responded to your district a total of 42 times

- **Total: 294 calls x $25 call = $7,350**
- Now if we give 50% of the calls the benefit of the doubt that your agency was the one that completed the call that would be adding on 31 calls bringing your total to 325 calls.
- **325 x $25 a call = $8,125**

CHESWOLD AMBULANCE

- Dispatched 416
- Of those 416 – 5 were “stand by” at Dover Downs or another business

  (416-5=411)
- 52 of those 411 were duplicated responses and/or scratches.

  (411-52=359)
- 359 calls in 2012 Dover also responded to your district a total of 20 times

- **Total: 339 calls x $25 call = $8,475**
- Now if we give 50% of the calls the benefit of the doubt that your agency was the one that completed the call that would be adding on 26 calls bringing your total to 365 calls.
- **365 x $25 a call = $9,125**

YTD 2013 Stats

- Total # of calls Dover has responded to so far this year – 2,598

Districts	2013 YTD Dispatched	Number of times responded to Dover
Dover	2,598	
Camden	1121	168*
Cheswold	612	155*

In the Robbins Hose Fire District - January 1-May 31, 2013
Camden has responded to 168
Cheswold has responded to155

These numbers reflect almost identical to the same number of assists from neighboring jurisdiction from the 2012 calendar year data that was analyzed

(*These are “raw” numbers scratches and duplicates have not been subtracted)

Why make the donation?

- There is no set timeframe where the influx in calls is, making it so that additional coverage would not be beneficial since we are only utilizing the current 2nd ambulance 28% of the time
- By donating funds to Camden and Cheswold it maintains good neighbors
- Compensates for time out of their district
- To add additional coverage it would cost the city approximately $100,000 – donation to the two entities that cover Dover totals $17, 250

City of Dover

Budget Meeting
June 5, 2013

General Fund Budget & Forecast
Water/Wastewater Fund Budget & Forecast

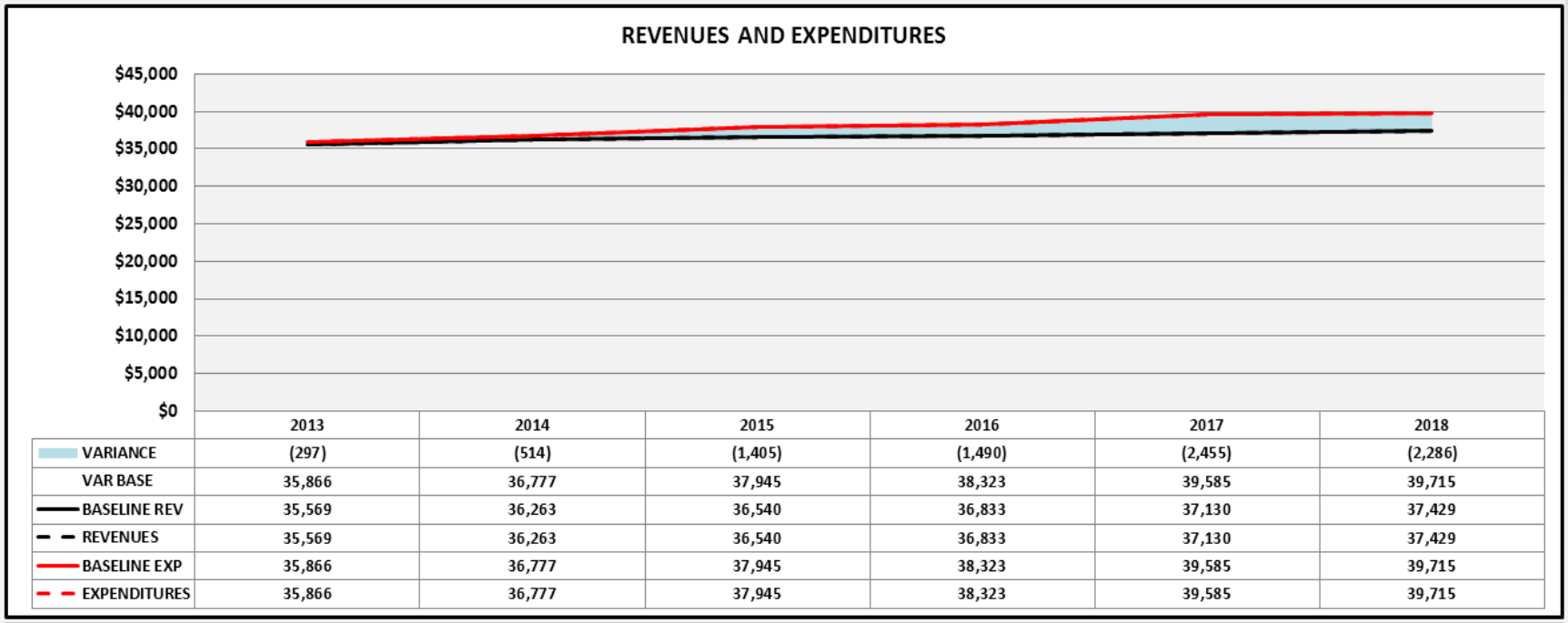
EXHIBIT #14
2013 Budget Review
Special Council Meeting of 05/29/13

General Fund

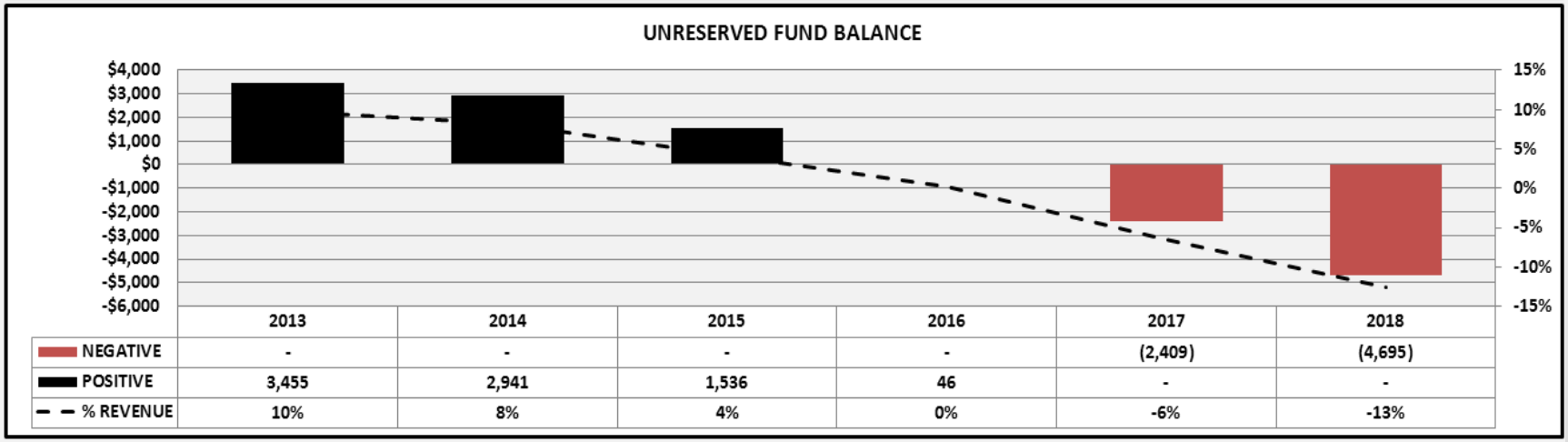
General Fund – As presented May 29, 2013

	2013P	2014F	2015F	2016F	2017F	2018F
FUND BALANCE-BEGINNING	**3,752,200**	**3,455,200**	**2,941,100**	**1,535,985**	**46,380**	**(2,408,817)**
REVENUES AND SOURCES						
01-PROPERTY TAXES	11,090,800	11,169,500	11,281,195	11,394,007	11,507,947	11,623,026
02-LICENSES AND PERMITS	2,508,300	2,627,500	2,653,775	2,680,313	2,707,116	2,734,187
03-GRANTS RECEIVED	1,263,000	1,260,900	1,260,900	1,260,900	1,260,900	1,260,900
04-COURT OF CHANCERY FEES	807,200	863,200	863,200	863,200	863,200	863,200
05-SANITATION FEES AND REBATES	2,676,500	2,676,500	2,689,883	2,703,332	2,716,849	2,730,433
06-LIBRARY REVENUE - GENERAL	472,100	466,600	468,933	471,278	473,634	476,002
07-FINES	1,304,100	1,316,000	1,329,160	1,342,452	1,355,876	1,369,435
08-INVESTMENT INCOME (LOSS)	75,000	75,000	76,125	77,267	78,426	78,426
09-MISCELLANEOUS SERVICES	918,100	921,000	939,420	958,208	977,373	996,920
10-INDIRECT SERVICES BILLING	4,222,900	4,459,900	4,549,098	4,640,080	4,732,882	4,827,539
11-TRANSFERS IN-ELECTRIC	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
12-TRANSFERS IN-WATER/WW	500,000	500,000	500,000	500,000	500,000	500,000
13-TRANSFERS IN-OTHER	1,731,000	1,926,500	1,928,655	1,941,942	1,955,361	1,968,915
TOTAL REVENUES AND SOURCES	**35,569,000**	**36,262,600**	**36,540,344**	**36,832,978**	**37,129,563**	**37,428,983**
EXPENDITURES AND USES						
01-SALARIES AND WAGES	16,071,300	16,189,700	16,513,494	16,843,764	17,180,639	17,524,252
02-FICA	1,177,800	1,188,600	1,212,372	1,236,619	1,261,352	1,286,579
03-HEALTH INSURANCE	2,399,600	2,600,700	2,748,940	2,905,629	3,071,250	3,246,312
04-OTHER-BENEFITS	570,700	436,300	440,663	445,070	449,520	454,016
05-RETIREE HEALTHCARE	1,620,600	1,636,500	1,729,781	1,828,378	1,932,596	2,042,753
06-LUMP SUM PENSION	1,693,500	1,159,100	1,182,282	1,205,928	1,230,046	1,254,647
07-PENSION	1,338,500	1,383,400	1,411,068	1,439,289	1,468,075	1,497,437
08-OPEB	1,225,900	1,501,900	1,531,938	1,562,577	1,593,828	1,625,705
09-MATERIALS & SUPPLIES	1,344,900	1,272,100	1,284,821	1,297,669	1,310,646	1,323,752
10-ADMIN EXPENDITURES	4,561,200	4,740,000	4,787,400	4,835,274	4,883,627	4,932,463
11-FUND EXPENSE	1,810,000	1,550,800	1,550,800	1,550,800	1,550,800	1,550,800
12-STREET LIGHT	869,700	836,000	836,000	836,000	836,000	836,000
13-OTHER-CHARGES	94,700	400,000	400,000	400,000	400,000	400,000
14-TRANSFER-TO-DEBT	474,200	557,300	472,900	474,200	479,800	229,900
15-TRANSFER-TO-CIP	613,400	1,324,300	1,843,000	1,461,400	1,936,600	1,510,100
16-CIP EXPENDITURES	-	-	-	-	-	-
TOTAL REVENUES AND SOURCES	**35,866,000**	**36,776,700**	**37,945,458**	**38,322,597**	**39,584,779**	**39,714,715**
SURPLUS/(DEFICIT)	**(297,000)**	**(514,100)**	**(1,405,115)**	**(1,489,620)**	**(2,455,217)**	**(2,285,732)**
% REVENUE	*-1%*	*-1%*	*-4%*	*-4%*	*-7%*	*-6%*
FUND BALANCE-ENDING	**3,455,200**	**2,941,100**	**1,535,985**	**46,380**	**(2,408,817)**	**(4,694,532)**
% OF REVENUES AND SOURCES	**9.7%**	**8.1%**	**4.2%**	**0.1%**	**-6.5%**	**-12.5%**
Additional Funds Needed		**(40,100)**	**1,387,200**	**2,900,300**	**5,379,200**	**7,688,900**

Policy Compliance – Sensitivity Analysis



	2013	2014	2015	2016	2017	2018
VARIANCE	(297)	(514)	(1,405)	(1,490)	(2,455)	(2,286)
VAR BASE	35,866	36,777	37,945	38,323	39,585	39,715
BASELINE REV	35,569	36,263	36,540	36,833	37,130	37,429
REVENUES	35,569	36,263	36,540	36,833	37,130	37,429
BASELINE EXP	35,866	36,777	37,945	38,323	39,585	39,715
EXPENDITURES	35,866	36,777	37,945	38,323	39,585	39,715



	2013	2014	2015	2016	2017	2018
NEGATIVE	-	-	-	-	(2,409)	(4,695)
POSITIVE	3,455	2,941	1,536	46	-	-
% REVENUE	10%	8%	4%	0%	-6%	-13%

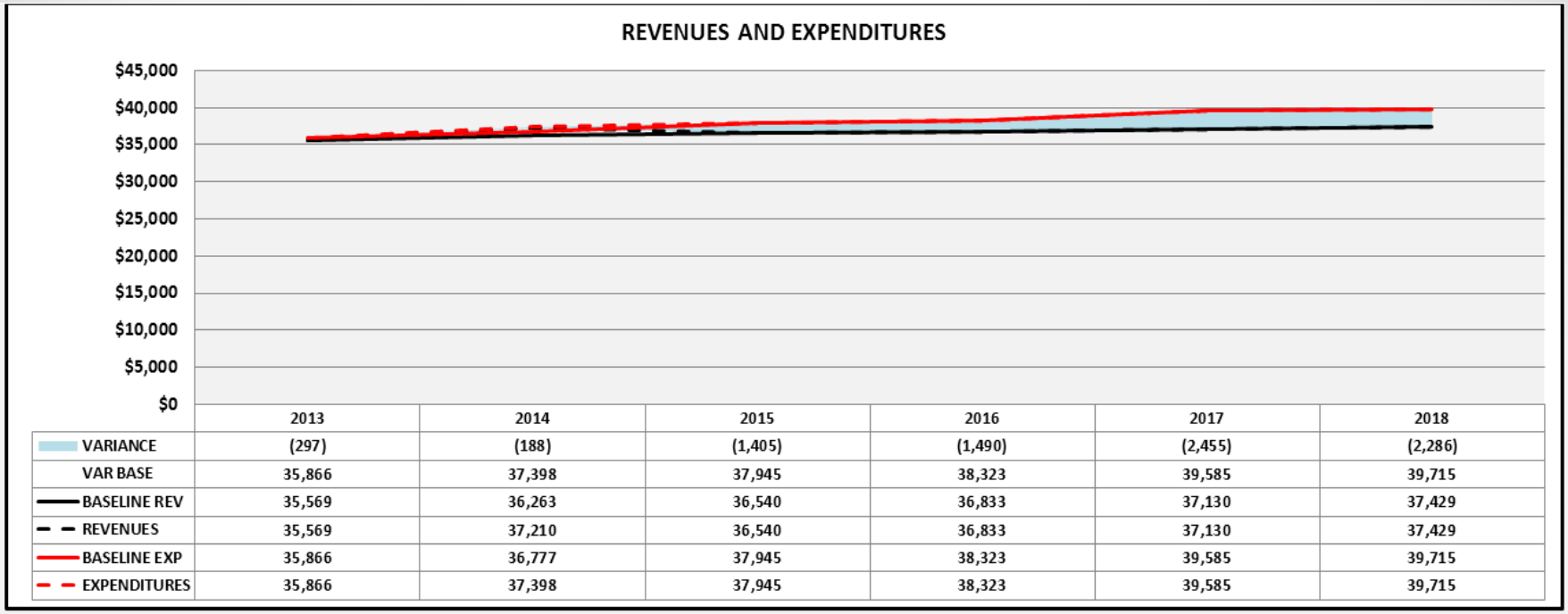
Scenario Options – Five Year Horizon – FY14 thru FY18

SCENARIO CATEGORIES		2014	2015	2016	2017	2018
> ENTER CATEGORY NAME >	CATEGORY 1					
SELECT OPTION ↓	BACK TO TOP					
SOURCES:	A. OPTION	-	-	-	-	-
☐ USES:	Property Reassessement - Fees	-	100,000	-	-	-
SOURCES:	B. OPTION	-	-	-	-	-
☐ USES:	Contribution to DDP	162,400	-	-	-	-
SOURCES:	C. OPTION	-	-	-	-	-
☐ USES:	Street Program - Transfer to CIP	-	700,000	700,000	700,000	700,000
SOURCES:	D. OPTION	-	25,000	70,000	70,000	70,000
☐ USES:	Calpine Property Taxes estimated	-	-	-	-	-
SOURCES:	E. OPTION	-	-	-	-	-
☐ USES:	Reduce C/F Balance for FY13 Savings	621,000	-	-	-	-
SOURCES:	F. OPTION	-	-	250,000	250,000	250,000
☐ USES:	Increase Water Fund Transfer	-	-	-	-	-
SOURCES:	G. OPTION	947,100	-	-	-	-
☐ USES:	Tax Increase @ $.03 - FY14	-	-	-	-	-
SOURCES:	H. OPTION	-	947,100	947,100	947,100	947,100
☐ USES:	Tax Increase @ $.03 - FY14 (continuance)	-	-	-	-	-
SOURCES:	I. OPTION	-	947,100	947,100	947,100	947,100
☐ USES:	Tax Increase @ $.03		-	-	-	-
SOURCES:	J. OPTION	-	-	-	947,100	947,100
☐ USES:	Tax Increase @ $.03					
TOTAL SOURCES:		-	-	-	-	-
TOTAL USES:		-	-	-	-	-

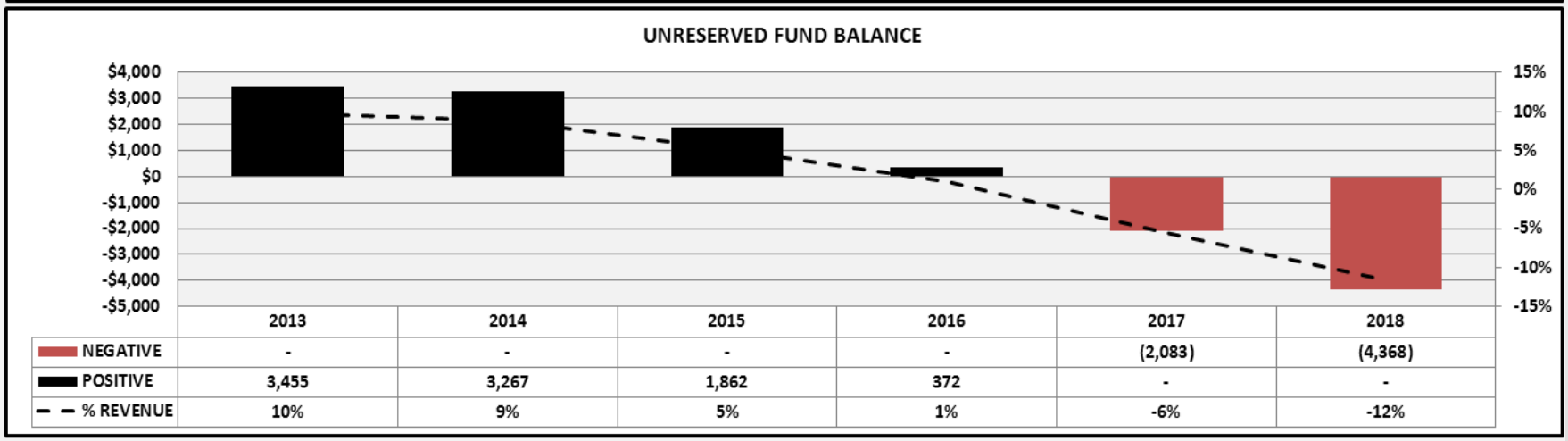
Scenario 1 – FY14 Only

SCENARIO CATEGORIES			2014	2015	2016	2017	2018
> ENTER CATEGORY NAME >		CATEGORY 1					
SELECT OPTION ↓		BACK TO TOP					
☐	SOURCES:	A. OPTION	-	-	-	-	-
	USES:	Property Reassessement - Fees	-	100,000	-	-	-
☑	SOURCES:	B. OPTION	-	-	-	-	-
	USES:	Contribution to DDP	162,400	-	-	-	-
☐	SOURCES:	C. OPTION	-	-	-	-	-
	USES:	Street Program - Transfer to CIP	-	700,000	700,000	700,000	700,000
☐	SOURCES:	D. OPTION	-	25,000	70,000	70,000	70,000
	USES:	Calpine Property Taxes estimated	-	-	-	-	-
☑	SOURCES:	E. OPTION	-	-	-	-	-
	USES:	Reduce C/F Balance for FY13 Savings	621,000	-	-	-	-
☐	SOURCES:	F. OPTION	-	-	250,000	250,000	250,000
	USES:	Increase Water Fund Transfer	-	-	-	-	-
☑	SOURCES:	G. OPTION	947,100	-	-	-	-
	USES:	Tax Increase @ $.03 - FY14	-	-	-	-	-
☐	SOURCES:	H. OPTION	-	947,100	947,100	947,100	947,100
	USES:	Tax Increase @ $.03 - FY14 (continuance)	-	-	-	-	-
☐	SOURCES:	I. OPTION	-	947,100	947,100	947,100	947,100
	USES:	Tax Increase @ $.03		-	-	-	-
☐	SOURCES:	J. OPTION	-	-	-	947,100	947,100
	USES:	Tax Increase @ $.03					
	TOTAL SOURCES:		947,100	-	-	-	-
	TOTAL USES:		621,000	-	-	-	-

Policy Compliance – Scenario 1 – FY14 Only



	2013	2014	2015	2016	2017	2018
VARIANCE	(297)	(188)	(1,405)	(1,490)	(2,455)	(2,286)
VAR BASE	35,866	37,398	37,945	38,323	39,585	39,715
BASELINE REV	35,569	36,263	36,540	36,833	37,130	37,429
REVENUES	35,569	37,210	36,540	36,833	37,130	37,429
BASELINE EXP	35,866	36,777	37,945	38,323	39,585	39,715
EXPENDITURES	35,866	37,398	37,945	38,323	39,585	39,715

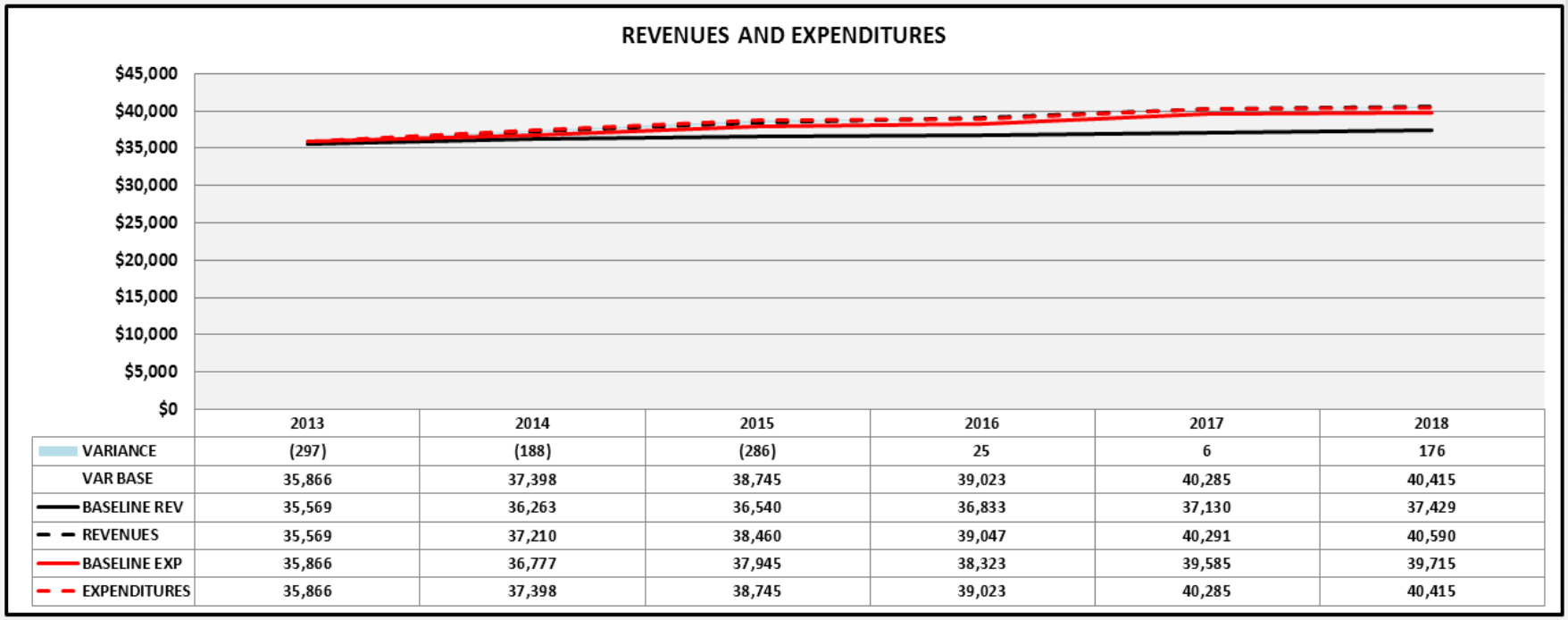


	2013	2014	2015	2016	2017	2018
NEGATIVE	-	-	-	-	(2,083)	(4,368)
POSITIVE	3,455	3,267	1,862	372	-	-
% REVENUE	10%	9%	5%	1%	-6%	-12%

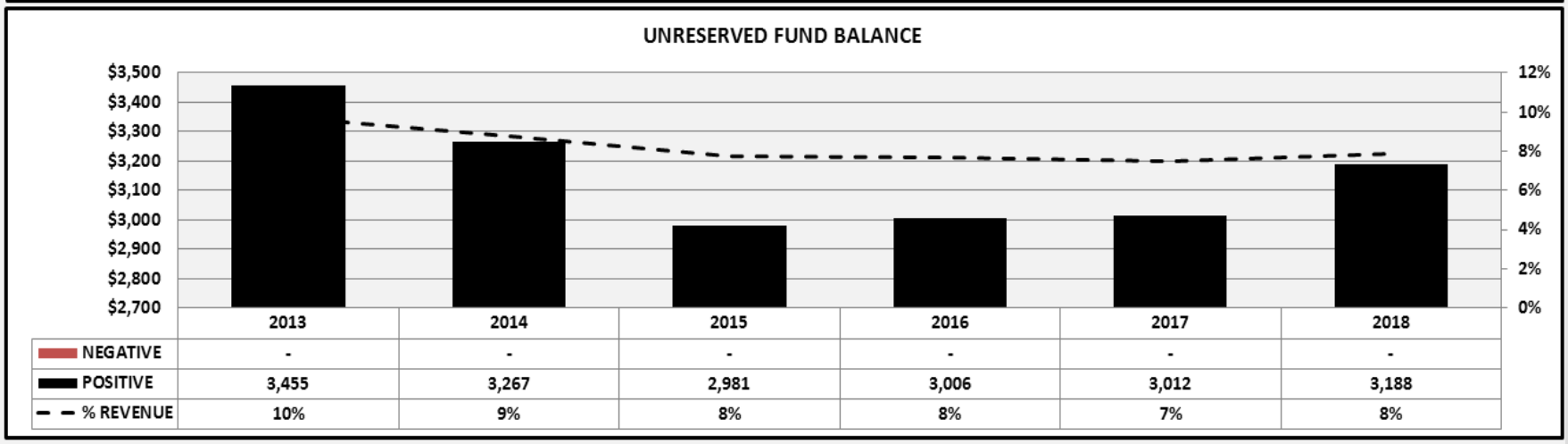
Scenario 2 – Five Year Horizon – FY14 thru FY18

SCENARIO CATEGORIES		2014	2015	2016	2017	2018
> ENTER CATEGORY NAME >	CATEGORY 1					
SELECT OPTION ↓	BACK TO TOP					
☑ SOURCES:	A. OPTION	-	-	-	-	-
USES:	Property Reassessement - Fees	-	100,000	-	-	-
☑ SOURCES:	B. OPTION	-	-	-	-	-
USES:	Contribution to DDP	162,400	-	-	-	-
☑ SOURCES:	C. OPTION	-	-	-	-	-
USES:	Street Program - Transfer to CIP	-	700,000	700,000	700,000	700,000
☑ SOURCES:	D. OPTION	-	25,000	70,000	70,000	70,000
USES:	Calpine Property Taxes estimated	-	-	-	-	-
☑ SOURCES:	E. OPTION	-	-	-	-	-
USES:	Reduce C/F Balance for FY13 Savings	621,000	-	-	-	-
☑ SOURCES:	F. OPTION	-	-	250,000	250,000	250,000
USES:	Increase Water Fund Transfer	-	-	-	-	-
☑ SOURCES:	G. OPTION	947,100	-	-	-	-
USES:	Tax Increase @ $.03 - FY14	-	-	-	-	-
☑ SOURCES:	H. OPTION	-	947,100	947,100	947,100	947,100
USES:	Tax Increase @ $.03 - FY14 (continuance)	-	-	-	-	-
☑ SOURCES:	I. OPTION	-	947,100	947,100	947,100	947,100
USES:	Tax Increase @ $.03		-	-	-	-
☑ SOURCES:	J. OPTION	-	-	-	947,100	947,100
USES:	Tax Increase @ $.03					
TOTAL SOURCES:		947,100	1,919,200	2,214,200	3,161,300	3,161,300
TOTAL USES:		621,000	800,000	700,000	700,000	700,000

Policy Compliance – Five Year Horizon – FY14 thru FY18



	2013	2014	2015	2016	2017	2018
VARIANCE	(297)	(188)	(286)	25	6	176
VAR BASE	35,866	37,398	38,745	39,023	40,285	40,415
BASELINE REV	35,569	36,263	36,540	36,833	37,130	37,429
REVENUES	35,569	37,210	38,460	39,047	40,291	40,590
BASELINE EXP	35,866	36,777	37,945	38,323	39,585	39,715
EXPENDITURES	35,866	37,398	38,745	39,023	40,285	40,415



	2013	2014	2015	2016	2017	2018
NEGATIVE	-	-	-	-	-	-
POSITIVE	3,455	3,267	2,981	3,006	3,012	3,188
% REVENUE	10%	9%	8%	8%	7%	8%

Water/Wastewater Fund

Water with Calpine (Revenue only)

Net Margins - Water	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018
Water Fees	$ 4,730,700	$ 4,730,700	$ 4,753,300	$ 6,376,100	$ 6,398,900	$ 6,421,900
Miscellaneous Income - Water	354,200	374,800	383,100	391,700	400,500	409,500
Imapct Fees - Water	380,000	357,000	567,000	357,000	357,000	357,000
Total Revenue	5,464,900	5,462,500	5,703,400	7,124,800	7,156,400	7,188,400
Operating Expenses - Water	(3,628,500)	(3,581,800)	(3,696,600)	(3,807,300)	(3,925,400)	(4,039,000)
Operating Transfers - Out (4.5%) Water	(250,000)	(250,000)	(250,000)	(500,000)	(500,000)	(500,000)
Total Operating Expenses	(3,878,500)	(3,831,800)	(3,946,600)	(4,307,300)	(4,425,400)	(4,539,000)
Operating Margin	1,586,400	1,630,700	1,756,800	2,817,500	2,731,000	2,649,400
Non-Oper. Rev. - Interest on Operating	7,400	9,100	7,800	9,700	9,700	9,800
Non-Oper. Rev. - Interest on Reserves	16,500	18,000	11,600	12,200	12,400	12,600
Margins Available For Debt Service	1,610,300	1,657,800	1,776,200	2,839,400	2,753,100	2,671,800
Interest for Long-Term Debt	(118,200)	(108,700)	(178,400)	(169,400)	(159,900)	(150,000)
Cash From Operations	1,492,100	1,549,100	1,597,800	2,670,000	2,593,200	2,521,800
Depreciation Expense	(976,900)	(1,042,300)	(1,172,700)	(1,251,400)	(1,357,500)	(1,403,500)
Net Margins ($)	$ 515,200	$ 506,800	$ 425,100	$ 1,418,600	$ 1,235,700	$ 1,118,300
Debt Service Coverage						
Margins Avail. for Debt Service	$ 1,610,300	$ 1,657,800	$ 1,776,200	$ 2,839,400	$ 2,753,100	$ 2,671,800
Total Debt Service	$ 438,100	$ 403,800	$ 548,400	$ 439,800	$ 439,000	$ 437,900
Debt Service Coverage Ratio	3.68	4.11	3.24	6.46	6.27	6.10
Transfer to I & E Fund - Water	$ 1,700,000	$ 1,200,000	$ 1,200,000	$ 1,700,000	$ 1,700,000	$ 1,700,000
Transfer to Impact Fee Reserve - Water	$ -	$ -	$ 18,600	$ -	$ -	$ -
Transfer to Capital Asset & Contingency Reserves	$ 70,000	$ -	$ -	$ -	$ -	$ -
Reinvestment of Reserve Interest	$ 16,500	$ 18,000	$ 11,600	$ 12,200	$ 12,400	$ 12,600
Debt Service Principal	$ 286,500	$ 295,100	$ 370,000	$ 270,400	$ 279,100	$ 287,900
Total Cash Budget Requirements	$ 2,073,000	$ 1,513,100	$ 1,600,200	$ 1,982,600	$ 1,991,500	$ 2,000,500
Net Positive/(Negative Cash)	$ (580,900)	$ 36,000	$ (2,400)	$ 687,400	$ 601,700	$ 521,300

Wastewater with Calpine (Revenue only)

				8.0%		
	Revised 2013	Projection 2014	Projection 2015	Projection 2016	Projection 2017	Projection 2018
Net Margins - Wastewater						
Wastewater Fees	$ 3,642,700	$ 3,642,700	$ 3,659,600	$ 4,214,000	$ 4,233,200	$ 4,252,100
Treatment Fees - Kent County	2,980,400	2,980,300	2,997,500	3,012,500	3,027,500	3,042,700
Groundwater Inflow Adjustment	1,324,600	1,324,600	1,331,200	1,337,900	1,344,600	1,351,300
Miscellaneous Income - Wastewater	40,700	41,000	41,000	41,000	41,000	41,000
Impact Fees - Wastewater	350,000	323,000	513,000	323,000	323,000	323,000
Total Revenue	8,338,400	8,311,600	8,542,300	8,928,400	8,969,300	9,010,100
Treatment Expense - Kent County	(3,537,000)	(3,524,800)	(3,542,400)	(3,560,100)	(3,577,900)	(3,595,800)
Operating Expenses - Wastewater	(2,322,000)	(2,239,800)	(2,314,300)	(2,383,400)	(2,458,900)	(2,528,600)
Operating Transfers - Out (4.5%) Wastewater	(250,000)	(250,000)	(250,000)	(500,000)	(500,000)	(500,000)
Total Operating Expenses	(6,109,000)	(6,014,600)	(6,106,700)	(6,443,500)	(6,536,800)	(6,624,400)
Operating Margin	2,229,400	2,297,000	2,435,600	2,484,900	2,432,500	2,385,700
Non-Oper. Rev. - Interest on Operating	11,500	14,000	11,600	12,100	12,200	12,300
Non-Oper. Rev. - Interest on Reserves	70,300	67,700	68,800	47,600	45,600	43,600
Margins Available For Debt Service	2,311,200	2,378,700	2,516,000	2,544,600	2,490,300	2,441,600
Interest for Long-Term Debt	(175,300)	(178,300)	(246,000)	(233,300)	(220,200)	(206,600)
Cash From Operations	2,135,900	2,200,400	2,270,000	2,311,300	2,270,100	2,235,000
Depreciation Expense	(1,013,700)	(1,090,500)	(1,195,600)	(1,290,600)	(1,411,500)	(1,518,000)
Net Margins ($)	$ 1,122,200	$ 1,109,900	$ 1,074,400	$ 1,020,700	$ 858,600	$ 717,000
Debt Service Coverage						
Margins Avail. for Debt Service	$ 2,311,200	$ 2,378,700	$ 2,516,000	$ 2,544,600	$ 2,490,300	$ 2,441,600
Total Debt Service	$ 636,300	$ 615,700	$ 760,900	$ 688,500	$ 687,900	$ 687,200
Debt Service Coverage Ratio	3.63	3.86	3.31	3.70	3.62	3.55
Transfer to I & E Fund - Wastewater	$ 1,200,000	$ 1,330,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 2,100,000
Transfer to Capital Asset & Contingency Reserves	$ 22,000	$ -	$ -	$ -	$ -	$ -
Reinvestment of Reserve Interest	$ 70,300	$ 67,700	$ 68,800	$ 47,600	$ 45,600	$ 43,600
Debt Service Principal	$ 441,000	$ 437,400	$ 514,900	$ 455,200	$ 467,700	$ 480,600
Total Cash Budget Requirements	$ 1,733,300	$ 1,835,100	$ 2,383,700	$ 2,302,800	$ 2,313,300	$ 2,624,200
Net Positive/(Negative Cash)	$ 402,600	$ 365,300	$ (113,700)	$ 8,500	$ (43,200)	$ (389,200)

FY16 Forecast - Wastewater Rate Change

- In City
  - From $2.65 to $2.86 or $.21 (5,000 gal customer = $1.05)
- Out of City
  - From $3.98 to $4.30 or $.32 (5,000 gal customer = $1.60)

Electric Fund

Electric Capital Investment Plan

- Meter Replacements with smart meters $150,000
- Increases the transfers to the Improvement & Extension Fund
- All adjustments will be included in the budget ordinance

City of Dover
Sample Customer Analysis of $.03 Tax Increase & Electric Rate Decrease

	Property Taxes	Electric Energy
Transmission		
Transmission #1	$5,869.59	($520,120.29)
Transmission #2	$3,533.40	($171,292.71)
Primary Sample		
Primary #1	$3,406.62	($96,136.95)
Primary #2	$24,607.68	($287,285.92)
Primary #3	$2,782.41	($16,881.05)
Primary #4	$3,616.80	($28,578.49)
Large Commercial Sample		
Large Commercial #1	$2,301.36	($20,748.74)
Large Commercial #2	$3,213.96	($28,035.94)
Large Commercial #3	$2,662.59	($17,240.52)
Large Commercial #4	$3,403.74	($28,902.62)
Residential Sample		
Residential #1	$65.67	($206.68)
Residential #2	$15.03	($92.33)
Residential #3	$45.63	($162.22)
Residential #4	$96.81	($159.34)
Residential #5	$68.61	($289.98)
Residential #6	$71.22	($176.10)
Residential #7	$54.36	($230.40)
Residential #8	$45.93	($84.01)
Residential #9	$49.32	($131.54)
Residential #10	$16.83	($194.12)