COUNCIL RETREAT

The Council Retreat was held on March 26, 2012 at 5:00 p.m. with Council President Leary presiding. Council members present were Mr. Anderson (arrived at 5:03 p.m.), Mrs. Russell, Dr. McGlumphy, Mr. Lynn, Mr. Bonar, Mrs. Williams, Mr. Hare, and Mr. Hutchison. Mayor Carey was also present.

Council staff members present were Police Chief Hosfelt, Mrs. Mitchell, Mrs. Townshend, Mr. Koenig, Mrs. McDowell, and Ms. Devine.

INTRODUCTION

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

Mr. Scott Koenig, City Manager, advised members that the purpose of the Council Retreat was to discuss how to set up the Fiscal Year 2012/2013 budget, to review City's economic and organizational standings, and to discuss the direction in which Council would like to see matters progress over the next several months. This would facilitate adoption of the budget and allow staff to progress city services and complete several projects that were underway.

Mr. Koenig reviewed the agenda and informed members that his priorities for FY13 are narrowly focused on issues related to the budget and the organization and infrastructure of the City. He emphasized that his focus would only be expanded with Council direction.

He advised members that the numbers, as presented, were based on departmental budget inputs for FY13 through the first round of budget meetings. He stated that the initial capital plans were included in the budget and an initial review of capital projects was completed. Some capital projects that were included in the FY 2011/2012 budget were removed either because: a) staff believed they were no longer necessary, or b) the projects could be completed in FY12. As an example, he stated that a capital project was scheduled for FY13 for Information Technology; however, staff discovered a less expensive solution to implement the project in FY12, so it was reverted to an expense for this year.

REVIEW OF FINANCIAL MODELS

Mrs. Donna Mitchell, Controller/Treasurer, provided members with a budget summary document entitled 2012-2013 Preliminary Budget ***(Exhibit #1)***. She explained that the budget summaries provided included every fund; however, she would review the financial forecast for each fund separately. She advised members that the presentation included information regarding the current status of the FY13 budget but did not include the out years because staff was still refining the Capital Improvement Projects (CIPs) and debt requirements.

Electric Fund

Mrs. Donna Mitchell, Controller/Treasurer, reviewed the 2012-2013 Preliminary Budget (Exhibit #1). Referring to Page 6, Mrs. Mitchell reviewed the Electric Revenue Fund and reminded members that these were preliminary numbers. She stated that staff was waiting for additional information from The Energy Authority (TEA) and, until that information was received, the Electric Fund could not be finalized.

Mrs. Mitchell explained that the beginning budget balances in Electric and Water/Wastewater were higher than staff had anticipated because some of the revenues for FY11 were higher than projected; for example, the Direct Sales to Customer revenue, which, based on volume, was budgeted at $96,595,300 came in at $99,859,602.

Mrs. Mitchell informed members that she has contacted TEA regarding the Generation Fuels for Power Supply because of her concern that the plant operating costs may have been duplicated in this amount, which would result in the expense being very overstated.

In response to Mrs. Williams, Mrs. Mitchell explained that, according to City Policy, the Electric Fund was favorable by $2,345,150; however, if the generation fuels amount was overstated by as much as $4M, then the City would be $6M over according to the policy. She reminded members that a $6M Power Cost Adjustment (PCA) Credit was included in the Preliminary Budget and that an overestimate of $4M would substantially change the rate. She explained that the rate analysis must be completed and the numbers "sured-up" to really know.

Responding to Mrs. Williams' question regarding the affect on ratepayers if the Electric Fund were $6M over, Mrs. Mitchell stated that the $6M PCA Credit included was approximately 6% (approximately 1% per million) and that another 6% would amount to a total reduction of 12%.

Mrs. Mitchell explained that one of the assumptions built into the budget was a 15% cost-sharing for employee healthcare, which reduced the City's total cost by approximately $250,000.

Mrs. Mitchell informed members that she added a new line item to each of the three (3) funds for Other Employment Expenses. She explained that in the past, each department budgeted for retirement payout and vacation sell-back benefits, the amount budgeted did not always reflect what actually occurred, resulting in the City overbudgeting. Vacation sell-back was overbudgeted by approximately $133,000 in FY12. To eliminate this overbudgeting, Mrs. Mitchell stated that for FY13 the monies for these expenses were budgeted in this separate line item. If a department requires funds for a retirement payout or vacation sell-back, the required funds would be transferred from this line item to the department to cover the expense. By making this change, staff was able to reduce the amount by budgeting based on experience.

In response to Mr. Anderson, Mrs. Mitchell explained the Other Post-Employment Benefits (OPEB) Unfunded Liability was previously budgeted as a lump sum extra amount; however, for FY13, this amount was budgeted in the department expenses as a percentage of the payroll for all of the OPEB; therefore, members will no longer see this line item. The line item will remain for Pension Unfunded Liability because only the normal cost is included in the department expense, not the amortization of the unfunded piece. Mrs. Mitchell stated that this was reflective of the new rules and reminded members that Pension is a closed plan but OPEB is not.

Concurring with Mrs. Williams, Mrs. Mitchell stated that staff has not budgeted for contingencies in Other Employment Expenses and that this was also the approach for the Capital Improvement Projects (CIP). She noted that staff's thought was that if something essential were to break, the City has reserves and staff could then go to Council for approval.

Mr. Scott Koenig, City Manager, reemphasized that the preliminary budget included the premise of 15% employee cost-sharing for healthcare. He stated that there was no increase in healthcare costs passed on by the State; therefore, the total cost of the healthcare package for the City could remain the same in FY13 as it was in FY12; the difference in the amount budgeted for FY13 included the anticipation of a cost-sharing agreement of 15% per employee class.

Mr. Koenig informed members that the preliminary budget included the elimination of two (2) positions in the electric utility: one (1) budget supervisor, which was a non-bargaining position, and one (1) vacant lineman position. Mr. Koenig stated that another administrative assistant in the electric department had assumed the administrative duties which were previously assigned to the budget supervisor.

Mrs. Mitchell reminded members that the high electric revenues for FY12 were the result of the plant being called on extensively last year, including running for approximately one (1) month during the extremely hot summer.

Mrs. Mitchell reviewed the Electric Improvement & Extension (I&E) Fund Summary on Page 7 of the 2012-2013 Preliminary Budget (Exhibit #1), explaining that this is the Capital Fund for the electric utility. She explained that the Transfer From Electric for $4,050,000 was increased from $3,500,000 in FY12 because staff wanted to ensure that the expenses were covered since the CIP was increased. She stated that $550,000 of this amount was budgeted for the VanSant capacity upgrade, which staff anticipated would allow the City to get more capacity out of that plant. However, should Council choose not to transfer the entire $4,050,000, the $550,000 could come out of the Reserve Balances, keeping the amount in the electric fund, which could be given back to the rate payers.

In response to Dr. McGlumphy, Mrs. Mitchell indicated that only specific projects and estimates were being included in the FY13 CIP; contingencies were not being included. Mr. Koenig stated that a final report was pending from TEA regarding investing in the future capacity of the VanSant Plant. Additionally, staff was awaiting an analysis regarding investing in Units 1 and 2. Mr. Koenig stated his belief that the investments for Units 1 and 2 were included in the preliminary budget, pending the analysis. Therefore, he explained that there could be significant changes to the I&E Fund.

While reviewing the information with members, Mrs. Mitchell stated her realization that the Depreciation Reserve Balance was overfunded according to the policy, and that she would take the $550,000 out of that for the VanSant capacity upgrade project.

Mr. Koenig reminded members that the City was receiving pressure from the State of Delaware regarding electric rates; therefore, the status of this fund and the rate study analysis would be very important to the discussion with the Governor's Office about competitive municipal electric rates.

In response to Mrs. Williams, Mr. Koenig concurred that Units 1 and 2 do not have a shelf life and explained that there are differing opinions regarding whether it would be beneficial to open the Units for inspection since they are over 40 years old.

In response to Mrs. Williams, Mrs. Mitchell confirmed that the Power Cost Adjustment would not drop below 6.3%.

Responding to Mr. Anderson, Mrs. Mitchell stated that the Green Energy Payment runs about $129,000 to $130,000 per year and she projected that it would stay about the same.

Water/Sewer Fund

Mrs. Donna Mitchell, Controller/Treasurer, reviewed the Water/Wastewater Fund 2012-2013 Preliminary Budget (Exhibit #1, Page 4).

Mr. Scott Koenig, City Manager, informed members that the employee headcount related to Water/Wastewater will remain relatively static; however, there were two (2) open positions, one (1) Heavy Equipment Operator position in water construction and one (1) Water Serviceman position in the Water Department, which staff will be requesting to reclassify/downgrade to Equipment Operator I positions in order to get a crew back in on the jet trucks to jet sewer lines and continue with an aggressive maintenance program for the sewer system. Mr. Koenig stated that this would improve the amount of lines jetted and help with the identification of I&I, which would allow staff to be more realistic about the condition of the system.

Mr. Koenig stated that there will also be two (2) retirements, one (1) at the water treatment plant and one (1) in the pump station crews, which staff would request to fill. He reminded members of the importance of having the pump station crews filled because they rotate between the 45 pump stations and, in anticipation of the future development of the Calpine project, it will be essential to fill the water treatment plant position because there could be as much as an additional 1.2M gallons of extra water into the system per day.

Regarding the Other Expenses line items, Mrs. Mitchell explained that, due to retirements, the amount for Retirees' Healthcare would increase in all funds, particularly in the General Fund. Therefore, although there were savings in the operating department, these were offset by the payment of retiree healthcare.

Mrs. Mitchell advised members that allocations in the CIP are currently higher than normal because debt service has lagged. She indicated that this will reduce future debt service needs; therefore, she believed that the City could sustain the debt service in the future and rates should not have to be increased.

Mr. Koenig informed members of two (2) items not included in the proposed budget. He indicated that Council voted several few weeks ago to invest up to $6M in the Calpine project, and that some those funds may relate to water infrastructure investment. He stated that if the City were to issue debt for this, it might be possible to incorporate the debt service into the existing rate and a rate increase might not be necessary. He noted that improvements may potentially be required for the Calpine project, including the extension of a water line, a water tower, and enhancements to the water treatment plant. These water projects were not incorporated in the CIP because the costs and details had not yet been determined.

Mr. Koenig stated that the Calpine project would also require improvements to the sewer infrastructure, and the City has had preliminary discussions with Kent County about the possibility of the County owning the wastewater pump station. He stated that, ideally, the pump station would be the first connection off the East Dover Bypass Line and, traditionally, the County has wanted to own those stations that have direct access to lines, so there might be capacity in the existing rates to expand debt to cover those types of infrastructure improvements without expanding the actual rate. He reminded members that Council recently voted to turn the Dover East Pump Station over to Kent County, which allowed the City to move the design and construction of a pump station located in East Lake Gardens (that had caused some complaints) forward in the Capital Plan by one (1) year, without negatively affecting the Capital Plan.

Mr. Koenig advised members that the aforementioned changes were some of the adjustments being made to the Capital Plan after consideration of the needs of the system, customer complaints, and the City's ability to utilize the rate.

Mrs. Mitchell stated that, once the CIP was "trued up," she would be able to provide members with an updated Five (5) Year Forecast in May.

Mrs. Mitchell reviewed the Water/Wastewater Improvement and Extension Fund Summary, 2012-2013 Preliminary Budget (Exhibit #1, Page 5), stating that there were positive budget balances and no financing needed for this Fund in FY13.

In response to Dr. McGlumphy, Mr. Koenig stated that staff was not anticipating any rate increases for Water/Wastewater for FY13.

General Fund

Mrs. Donna Mitchell, Controller/Treasurer, provided members a FY 12 - Summary of General Fund Adjustments and potential impact on FY13 ***(Exhibit #2)*** and reviewed the changes, which resulted in a reduction in the General Fund of nearly $2M.

Mrs. Mitchell reviewed the General Fund Cash Receipt Summary, 2012-2013 Preliminary Budget (Exhibit #1, Page 1). She stated the there were increases and decreases in the projected revenue for FY13 and that the most significant increase was projected for Police Extra Duty. She explained that the 2012/13 Preliminary amount of $574,400 covered extra duty wages and that an additional $80,000 (calculated based on the previous year's extra duty hours) was also included in order to bill the customer a flat rate.

Mrs. Mitchell explained that Investment Income was decreased because investment earnings are down and that the revenue for Trash Fees decreased because out-of-City service was discontinued to several areas; however, the Receipts Subtotal reflected an overall revenue increase in the amount of $33,187.

In regard to the Interfund Service Receipts, Mrs. Mitchell informed members that the Interfund Service charges were decreased due to the fact that the City reduced the headcount and operating expenses and, as a result, not as much was being charged to the utilities.

In response to Mr. Anderson regarding the Capital School District Revenue line item under Grants, Chief James Hosfelt, Police Department, stated that the Capital School District agreed to fully fund one (1) of the two (2) School Resource Officers.

Responding to Mrs. Russell and Mr. Anderson, Mrs. Mitchell stated that the Recreation Grants funding was for the reimbursement of the State of Delaware Department of Natural Resources and Environmental Control (DNREC) stewardship of the Silver Lake Grant for two (2) years, which has been completed.

Mrs. Mitchell provided members with a three (3) page Transfer Tax Update ***(Exhibit #3)***. She explained that she increased the projected transfer from Transfer Taxes to $1.2M for FY13 based on her anticipation that the previous years' trend will continue.

Mrs. Mitchell continued to review the General Fund Expense Summary, 2012-2013 Preliminary Budget (Exhibit #1, Page 2). She explained that the proposed budget included an increase in Debt Service for the street program and library as well as an anticipated increase in Insurance.

Mrs. Mitchell stated that, as proposed, the budget projects a shortfall of $1,763,264.

Mrs. Mitchell reviewed the Governmental Capital Projects Fund Summary, 2012-2013 Preliminary Budget (Exhibit #1, Page 3).

Mrs. Mitchell discussed staff ideas for reducing the budget. In regard to the Recreation Program, Mrs. Mitchell reminded members of the email they received regarding a program revenue analysis completed by Mr. Zachery Carter, Director of Parks and Recreation. She asked for Council's thoughts regarding the possibility of closing the White Oak Facility. She stated that money would be saved on utilities and staff time for evening hours because the staff would be relocated to the Pitts Center at Schutte Park and programs would be offered only at this location. Mrs. Mitchell explained that, as a result, the City may need to reduce the number of programs offered, beginning with the less profitable programs. She informed members that she briefly reviewed Kent County's program fees and determined that a thorough review would be necessary to determine if the City offers duplicate programs and whether the program fees are comparable.

Mrs. Mitchell requested that members provide their opinion regarding this matter.

In response to Mr. Hare, Mr. Koenig stated that the open-gym rate for the Pitts Center does not differ for City residents and non-residents. Mr. Hare inquired if staff has ever considered charging non-residents and suggested a $2.00 to $3.00 charge.

Mr. Leary requested that Mr. Carter and his staff review the prices.

Mr. Koenig explained that the White Oak facility needs either investment or progression toward closing. He explained that closing this facility would eliminate all facilities that address residents on the east side of the City and there could be possible transportation and access issues with all residents using the Pitts Center.

Mr. Koenig reiterated that the options were to invest in the building or close it; however, the City would continue to maintain the playgrounds and ballfields at White Oak Park.

Mrs. Williams observed that the park at Silver Lake, besides the Pitts Center, was used the most and does not have a building and inquired about the possibility of constructing a pavilion or "rain haven" at the White Oak Park site. In response, Mr. Koenig stated that there was not a pavilion in the back of the White Oak Park site but that one (1) was located behind the building, and confirmed that a building was not a prerequisite for City of Dover residents to use parks.

Mrs. Williams stated that the City forces those with deteriorating buildings to make repairs or demolish their buildings and questioned why the City would not do the same. In response, Mr. Koenig stated that staff would not object to demolishing the White Oak facility but that it would need to be a conscious decision with the support of Council.

In response to Mr. Leary, Mr. Koenig stated that he and Mrs. Mitchell were of the opinion that if the building were closed, this would be a permanent decision, and Mrs. Mitchell reminded members that the building has an aging HVAC system.

Mr. Bonar requested staff to provide utilization figures for members' consideration prior to making any decision in regard to the White Oak facility, stating that this area has been targeted as a place where children need activities, and transporting them from the White Oak/Towne Point area would be problematic.

Mrs. Russell reminded members that representatives of the Boys and Girls Club did not want a facility located at White Oak Park because they felt that it was a bad area; however, she stated that if the building were closed, the City would not be providing the youth on that side of Dover recreational opportunities. She stated that if staff were to establish recreation in all areas of the City, that they should start investing in something that they believe in because children deserve these types of services.

Mr. Koenig explained that the building at White Oak Park has no basketball court or indoor recreational opportunities like the Pitts Center, rather it has meeting space and staff offices. He stated that another possible option, which had not yet been investigated, would be to close City programming at the facility, move staff out, and offer it to a non-profit organization that would run programs there and be willing to maintain it to a reasonable standard in accordance with all building codes. He explained that this option had not been explored outside of conversations between he and representatives of the Boys and Girls Club, who want to build a new facility on the west side of the City. Mr. Koenig stated that Council would have to decide whether the City should make a conscious decision to pull staff from the White Oak facility and not program for public use for the building, and then either: a) develop a closure and demolition plan, or b) seek a third party non-profit group that would be interested in leasing the facility. He cautioned that this would place the City in a landlord situation, which not be ultimately advantageous to the City.

Mrs. Williams suggested that staff consider contacting Dover Housing Authority since they have an adjacent property and have funds for recreational programs for children.

In response to Mr. Leary, Mr. Koenig and Mrs. Mitchell stated that the White Oak facility costs between $30,000 and $50,000 per year, from an operating standpoint.

Mr. Koenig stated that staff would prepare a cost-benefit analysis regarding the closure of the White Oak facility.

In response to Mr. Anderson, Mr. Koenig explained that there was a $30,000 roof planned for the White Oak building; however, there were ongoing costs associated with operating and maintaining the facility, including heat and air conditioning.

PILOT PROGRAM

Mrs. Donna Mitchell, Controller/Treasurer, provided members an email from Mr. James Keener, Assessor's Office, dated March 26, 2012 regarding the PILOT (Payment In Lieu of Taxes) Program ***(Exhibit #4).*** She explained that the City's PILOT Program still must be developed and brought to Council for consideration; however, she wanted members to receive Mr. Keener's comments. She highlighted that the *Mayor's PILOT Task Force Final Report* emphasized the importance of working with the affected constituency to reach agreement in developing a program.

Mrs. Williams stated her opinion that the City should not accept the State's formula for PILOT. It was her opinion that if the City's policy states that PILOT payments are determined based on a percentage of the overall operating budget, the State should be held accountable to this policy and staff should ensure that payment is received.

In response to Dr. McGlumphy, Mr. Koenig stated that, currently, there were 33 vacant positions throughout City operations and staff recommended the complete deletion of 12 positions; zero (0) in the Water/Wastewater Fund, two (2) in the Electric Fund, and ten (10) which are either allocated among the funds or General Fund. He explained that, as prepared, the budget anticipated the elimination of 12 out of 27 full-time vacant positions, reminding members that six (6) of the 33 vacant positions were part-time.

Mr. Koenig advised members that the City currently has a $1.7M gap in the budget, including a reduction in the head count in the General Fund, 15% cost-sharing for healthcare (which he indicated is a large number), and bonding of the street program for the next two (2) years. Although there were no capital maintenance costs for the streets program included in the number, the budget was still $1.7M short.

Mr. Koenig explained that the sanitation budget revenue has decreased because out-of-City trash customers have decreased from approximately 700 to 200. He noted that approximately 200 individuals in Little Creek and Kitts Hummock (the City's electric service territory) have City electric service and were kept on as trash collection customers because their electric service could be cut for non-payment of trash services; therefore, the cost to collect from those customers was not very high. Mr. Koenig stated that if the crunch with personnel issues continues, these 200 out-of-city trash customers would be the first to be cut in order to reduce the stress on the manpower in sanitation.

Mrs. Mitchell informed members that there were no raises for any labor category or non-bargaining employees included in this budget.

In response to Dr. McGlumphy, Mr. Koenig stated that there was no trash fee increase included in this budget with the $1.7M gap; however, a document was provided in regard to potential trash fee increases which would be discussed later in the evening.

Responding to Mr. Lynn, Mrs. Mitchell reported that the 15% healthcare cost-sharing would save $256,778. Mr. Koenig stated that a key part of the proposal, if implemented, was staff's recommendation that anyone who retires after July 1, 2012 would continue to contribute 15% of their healthcare premiums for life.

In response to Mrs. Williams, Mr. Koenig stated that there would be approximately 40 employees eligible for retirement in FY13 and that there was an anticipated concern that if the 15% healthcare cost-sharing were implemented, especially beginning July 1, at least half of those employees would retire.

Responding to Mr. Lynn, Police Chief Hosfelt stated that there would be 16 employees eligible for retirement in the Police Department in FY13 and that, currently, six (6) of those were definite.

Mrs. Mitchell reminded members that union negotiations and Health Benefits Committee discussions were ongoing and that the 15% healthcare cost-sharing proposal had not been finalized.

Mr. Koenig stated that from a budgeting standpoint, the 15% healthcare cost-sharing created a significant savings in the budget; however, real organizational issues could result.

Mr. Koenig provided members and reviewed a document regarding trash service, entitled "City of Dover, Sanitation Department, FY 2011 Actual and FY 2012 Budget" ***(Exhibit #5)***. He reminded members that during the Council Retreat of November 9, 2011, the creation of a Trash Utility and Enterprise Fund was discussed as one of the ways to help decrease the $1.7M gap in the General Fund. However, he stated that staff has gravitated slightly away from turning it into an Enterprise Fund at this time because an Enterprise Fund requires a great deal of accounting, which would increase the workload of the Finance Department. Mr. Koenig stated that one of the ways to close the $1.7M gap in the General Fund would be to raise $1M related to the trash service. He explained that under the current rates, staff estimated $1.85M in revenue, and increasing the rate to raise an additional $1M would equate to $2.8M in revenue, which would basically cover the expenses in the Sanitation Department (although it would not cover all of the allocated expenses for items such as vehicle maintenance, billing, or collection of revenue associated with the sanitation fee). He stated that this proposal would result in an increase in the average composite rate of $14.37 to $22.13; therefore, the average residential account would increase from approximately $11.70 to $18.02. He stated that this type of trash fee increase could have negative implications, including complaints from some residents on fixed incomes and members of the business community; however, noted that this was one way to reduce obligations under the City's trash collection system.

Mr. Koenig reminded members that the City's trash collection system had become more complicated in the last five (5) years due to the additions of curbside recycling and yard waste. He stated that there was an assumption that the nation would be starting to come out of recession during FY13 and that one of the "street level" indicators would be more trash, which would result in an increase in the amount of tonnage taken to the landfill.

Mr. Koenig explained that the City's system was designed around residential collection; however, there were 400 to 500 commercial customers receiving City trash service. If the City were to release these customers to the private sector, their costs would likely go up and their service would be different. However, these customers might benefit by gaining more space on their parking lots since the private sector uses front overhead dump mechanisms while the City utilizes a side-loader, which requires more maneuverability. He reminded members that the City does not typically provide trash service to newly constructed commercial buildings; they are required to hire a private hauler.

Mr. Koenig stated that considering an increase in trash collection fees to recover $1M, versus considering an increase in the tax rate, would result in an approximate 50% increase in the trash collection fee.

Responding to Mr. Anderson, Mr. Koenig stated that, at this point, staff has not considered privatization of the whole operation, explaining that Kent County contracts the whole operation for about $4.10 per housing unit, and the difference between the County and the City is density and maneuverability. The City would still have costs related to managing the contract and customers.

In response to Mr. Hare, Mr. Koenig confirmed that the current residential trash service costs $4.00 per container and that the City does not offer pay-as-you go.

Mr. Koenig stated that the City currently uses a private collector for recycling, with the City owning the containers and the private collector providing the truck and manpower to pick up the container and take the trash to the transfer facility, and, generally, staff does not receive many complaints about the service.

Mr. Koenig advised members that the City would lose approximately one-third (1/3) of its snow plowing operation if trash collection were privatized.

Responding to Mrs. Williams, Mr. Koenig stated that for FY13 staff proposed that instead of purchasing two (2) new trucks, two (2) automated trucks be refurbished at a cost of $250,000. If the City were to replace the entire fleet, at the present time it would cost between $2M and $3M in vehicles, plus the percentage rate for yearly maintenance.

Mr. Koenig voiced his opinion that trash is a signature service for the City of Dover and that he would put the City's manpower up against any private sector area.

Confirming Mr. Leary's statement, Mr. Koenig stated that privatization of the City's trash collection would be an irrevocable decision due to the costs involved to resume.

Dr. McGlumphy stated that during the Council Retreat of November 9, 2011, raising the trash fee by $7.69 was discussed, and he questioned the amount of the current proposal. Responding, Mr. Koenig stated that this proposal would result in an average differential of $7.66 and that the $11.70 rate would be increased to $18.02 for residential collection; resulting in an increase of $6.32. Mr. Koenig reiterated that this would be one way to close the gap by a little more than 50%.

By unanimous consent, members took a brief recess.

Meeting recessed at 6:35 p.m. and reconvened at 6:50 p.m.

STAFFING LEVELS AND RECOMMENDATIONS

Mr. Scott Koenig, City Manager, provided members with and reviewed a five (5) page document regarding staffing levels and organizational needs ***(Exhibit #6)***.

Mrs. Mitchell stated that the total headcount for FY13 was projected at 351 full-time employees, with 270 in the General Fund, 36 in the Water/Wastewater Fund, and 45 in the Electric Fund; and 26 part-time temporary employees, including committee and commission members. She indicated that the current total was 363 employees.

Mr. Koenig explained that there were currently 33 vacant positions throughout the City, that staff's proposal was for the elimination of 12 full-time positions, and that these were reflected in the current FY13 proposed budget. He reviewed the recommendation for each vacant position, explaining the organizational and departmental personnel changes that occurred during FY12. He stated that since July 1, 2012, five (5) positions have been filled and reminded members that staff was currently recruiting for four (4) additional positions.

Mr. Koenig stated that in order to bring forward requests to hire, three (3) tiers of positions were created. The Tier I positions, which were critical to service delivery, were scheduled for consideration at the Special Legislative, Finance, and Administration Committee meeting scheduled for March 27, 2012, the Tier II positions were anticipated to be considered at the April 23, 2012 Legislative, Finance, and Administration Committee meeting, and no time line had been set for the Tier III positions.

Mr. Hutchison stated his opinion that Council should consider the creation of a Financial Advisory Committee, consisting of three (3) to four (4) people with extensive backgrounds in finance and business, to serve as advisors to the Controller/Treasurer.

Mr. Koenig explained that the Public Utilities and Public Works Director positions were recommended as Tier III positions and were included in the budget proposal with a target start date of October 1, 2012. He anticipated bringing these positions forward for permission to recruit in June or July 2012, as it would take several months to recruit and fill these positions.

Responding to Mr. Lynn, Mr. Koenig clarified that the positions related to the Library would need to be included in the FY13 budget and filled in advance of moving into the new Library facility because the Library Pages will assist with the moving process.

In response to Mrs. Williams' question regarding the status of the sale of the current Library facility, Mr. Koenig stated that the State of Delaware has performed an appraisal of the facility; however, the component of the State that was planning to utilize the facility wanted to turn it into a Gold-Certified Leadership in Energy and Environment Design (LEED) Building. This would increase the price of purchase plus improvements a significant amount, which did not meet the Governor's cut for the Governor's budget; therefore, the purchase of the library was not included in the Governor's budget package. Staff has since met with Senators Bushweller, Ennis, Bonini, and Representative Carson. In meeting with Senator Bonini, a State Bond Bill Committee member, staff requested that he write the language for the purchase of the property into the Bond Bill, which he had indicated he was working on.

Responding to Mrs. Williams, Mr. Koenig stated that the sale of old library was intended to pay down the debt of the short term loans for the financing of the library.

In response to Mrs. Williams, Mr. Koenig indicated that all of these positions were included in the budget, as presented with a $1.7M shortfall.

Mr. Hare stated his opinion that in addition to filling positions, there were a number of inequities throughout City personnel that needed to be examined and addressed.

In response to Mr. Anderson, Mr. Koenig stated that the average department head salary was above $80,000.

Mr. Koenig reviewed Pages 3 through 5 of the document regarding staffing levels and organizational needs (Exhibit #6) and indicated that these pages outlined the current distribution of employee divisions under each Council appointee and included two (2) scenarios for possible reorganization. He explained that these scenarios should be discussed by Council, as he would not be comfortable implementing these organizational changes, which include Council appointed employees, without Council's consent. Mr. Koenig stated his intent to reduce the number of department directors in an effort to allow directors to function as directors, with the ability to delegate work down to mid- and low-level management. He emphasized that the City has reached the point in which members of staff are struggling to accomplish their work, and this was beginning to affect their work and personal lives.

DISCUSSION ABOUT REVENUES

Mr. Koenig reiterated that the proposed budget includes a $1.7M gap in the General Fund, which would be 6¢ on the tax rate; however, if the trash fee increase were adopted, that would reduce the gap by $1M; therefore, the tax rate could be increased by only 3¢.

Responding to Mr. Lynn, Mrs. Mitchell stated that the maximum amount of funds that could be transferred from the Electric Fund to the General Fund without affecting the City's bond rating would be 8%, which was included in the proposed budget. She indicated that she would not recommend going any higher, although Council would be authorized to do so if desired.

Mr. Koenig stated his opinion that there were no significant gains to be made by reducing staff and that the City had gone as far as it could in staff reductions.

Mr. Koenig stated that large sources of revenue did not include building permits or business license fees but did include the trash fee. He indicated that Council has not considered an increase in property taxes in two (2) years. Members discussed the merits and demerits of increasing trash fees and property taxes.

Mr. Anderson stated his opinion that an Enterprise Fund made sense because the City would break even and questioned where staff would be able to cut $700,000 from the proposed budget. Responding, Mr. Koenig stated that it would be difficult; however, possibilities could include reducing the trash truck refurbishment by 50%, eliminating vehicle replacements, and eliminating the additional police officer position and possibly one (1) additional General Fund position.

PRIORTIES FOR NEXT YEAR

Priorities for next year were not discussed.

OPEN DISCUSSION

There was no open discussion.

By unanimous consent, Council President Leary declared the meeting adjourned.

Meeting adjourned at 8:32 P.M.

Respectfully submitted,

Thomas J. Leary
Council President

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Exhibits to Original Minutes
Exhibit #1 - 2012-2013 Preliminary Budget
Exhibit #2 - FY12 - Summary of General Fund Adjustments and Potential Impact on FY13
Exhibit #3 - Transfer Tax Update
Exhibit #4 - Email from Mr. James Keener, Assessor's Office, dated March 26, 2012 Regarding the PILOT Program
Exhibit #5 - City of Dover, Sanitation Department, FY 2011 Actual and FY 2012 Budget
Exhibit #6 - Staffing Levels and Organizational Needs

GENERAL FUND
CASH RECEIPT SUMMARY

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS PRELIMINARY	% DIFFERENCE BUDGET VS PRELIMINARY
RECEIPTS						
BEGINNING BALANCE	2,277,575	2,655,562	3,561,837	2,754,300	(807,537)	-22.7%
FINES AND POLICE REVENUE	536,502	621,911	579,000	579,000	-	0.0%
911 FEE	45,000	76,611	60,000	63,000	3,000	5.0%
INVESTMENT INCOME	224,000	49,779	215,900	75,000	(140,900)	-65.3%
LIBRARY REVENUES	64,189	53,593	44,100	50,000	5,900	13.4%
KENT COUNTY BOOK REIMBURSEMENT	460,000	390,862	405,900	405,900	-	0.0%
BUSINESS LICENSES	1,523,675	1,467,382	1,523,675	1,455,000	(68,675)	-4.5%
PERMITS AND OTHER LICENSES	934,000	949,982	934,000	963,000	29,000	3.1%
MISCELLANEOUS CHARGES	54,250	197,585	165,750	165,800	50	0.0%
POLICE EXTRA DUTY	300,000	334,023	300,000	574,400	274,400	91.5%
PROPERTY TAXES	10,982,634	10,855,007	11,133,367	11,200,000	66,633	0.6%
BID REVENUE	52,692	49,902	51,821	50,000	(1,821)	-3.5%
RECREATION REVENUE	141,500	144,114	152,000	132,000	(20,000)	-13.2%
FRANCHISE FEE	486,000	549,353	520,000	550,000	30,000	5.8%
TRASH FEES	2,244,511	2,031,798	2,050,000	1,851,600	(198,400)	-9.7%
DSWA TRASH FEE REBATE	143,000	141,635	-	-	-	0.0%
RENT REVENUE - GARRISON FARM	87,000	64,217	87,000	75,000	(12,000)	-13.8%
COURT OF CHANCERY FEES	645,000	766,340	690,000	756,000	66,000	9.6%
RECEIPTS SUBTOTAL	**18,923,953**	**18,744,094**	**18,912,513**	**18,945,700**	**33,187**	**0.2%**
INTERFUND SERVICE RECEIPTS						
INTRAFUND SERVICE RECEIPTS W/WW	972,889	892,538	988,393	836,500	(151,893)	-15.4%
INTRAFUND SERVICE RECEIPTS ELECTRIC	3,374,945	3,150,761	3,370,778	2,909,500	(461,278)	-13.7%
INTERFUND SERVICE RECEIPTS SUBTOTAL	**4,347,834**	**4,043,299**	**4,359,171**	**3,746,000**	**(613,171)**	**-14.1%**
GRANTS:						
POLICE RELATED	138,350	83,114	60,000	85,000	25,000	41.7%
CAPITAL SCHOOL DISTRICT REVENUE	73,500	73,500	73,500	73,500	-	0.0%
POLICE PENSION GRANT	620,000	538,136	620,000	620,000	-	0.0%
RECREATION GRANTS	-	58,550	35,383	-	(35,383)	-100.0%
MISC GRANT REVENUE	-	21,978	79,873	-	(79,873)	-100.0%
HOMELAND SECURITY GRANT	-	187,874	104,676	-	(104,676)	-100.0%
GRANTS SUBTOTAL	**831,850**	**963,152**	**973,432**	**778,500**	**(194,932)**	**-20.0%**
TRANSFERS FROM:						
TRANSFER TAX	1,000,000	1,462,154	900,000	1,200,000	300,000	33.3%
MUNICIPAL STREET AID	526,843	527,226	658,574	527,000	(131,574)	-20.0%
CIVIL TRAFFIC PENALTIES	930,000	967,020	1,000,000	1,000,000	-	0.0%
WATER/WASTEWATER	-	-	424,508	626,700	202,192	47.6%
ELECTRIC	8,856,000	8,856,000	7,876,288	7,394,400	(481,888)	-6.1%
VERIZON AND CI RESERVES	-	4,679	-	-	-	0.0%
LIBRARY RESERVE	-	46,355	-	-	-	0.0%
CONTINGENCY FUND (Calc after complete)		-	-	-	-	0.0%
TRANSFERS FROM SUBTOTAL	**11,312,843**	**11,863,434**	**10,859,370**	**10,748,100**	**(111,270)**	**-1.0%**
TOTAL REVENUES	**35,416,480**	**35,613,979**	**35,104,486**	**34,218,300**	**(886,186)**	**-2.5%**
TOTAL BEGINNING BALANCE & REVENUE	**37,694,055**	**38,269,541**	**38,666,323**	**36,972,600**	**(1,693,723)**	**-4.4%**

GENERAL FUND
EXPENSE SUMMARY

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS PRELIMINARY	% DIFFERENCE BUDGET VS PRELIMINARY
DEPARTMENT EXPENSES:						
CITY CLERK	287,403	268,348	296,393	364,000	67,607	22.8%
COUNCIL	130,769	115,379	120,699	114,300	(6,399)	-5.3%
TAX ASSESSOR	197,249	270,570	213,175	187,300	(25,875)	-12.1%
FIRE	709,862	654,036	684,725	666,100	(18,625)	-2.7%
GROUNDS MAINTENANCE	1,055,557	983,732	979,922	997,900	17,978	1.8%
LIBRARY	1,126,227	1,033,149	1,159,087	1,236,500	77,413	6.7%
RECREATION	778,469	795,672	823,144	819,300	(3,844)	-0.5%
LIFE SAFETY	501,835	517,806	473,096	470,500	(2,596)	-0.5%
CODE ENFORCEMENT	276,481	280,350	284,489	293,400	8,911	3.1%
PLANNING	423,193	403,328	422,781	457,300	34,519	8.2%
INSPECTIONS	494,807	541,987	553,907	592,600	38,693	7.0%
ECONOMIC DEVELOPMENT	247,488	219,854	223,717	230,600	6,883	3.1%
POLICE	12,458,373	12,220,661	12,955,807	13,090,500	134,693	1.0%
POLICE EXTRA DUTY	449,516	562,448	430,600	579,400	148,800	34.6%
STREETS	802,029	835,415	914,055	756,600	(157,455)	-17.2%
SANITATION	2,347,344	2,181,006	2,410,849	2,199,000	(211,849)	-8.8%
CITY MANAGER	561,572	574,437	622,127	458,800	(163,327)	-26.3%
INFORMATION TECHNOLOGY	748,214	674,316	685,871	642,600	(43,271)	-6.3%
FINANCE	827,169	798,185	852,283	908,200	55,917	6.6%
PUBLIC SERVICES - ADMINISTRATION	369,752	388,662	472,692	425,800	(46,892)	-9.9%
FACILITIES MANAGEMENT	990,757	910,730	952,693	678,700	(273,993)	-28.8%
CENTRAL SERVICES	669,977	645,888	693,339	581,100	(112,239)	-16.2%
FLEET MAINTENANCE	761,929	706,270	695,422	715,800	20,378	2.9%
CUSTOMER SERVICES	869,404	852,059	928,112	901,400	(26,712)	-2.9%
HUMAN RESOURCES	358,890	331,227	384,758	305,800	(78,958)	-20.5%
MAYOR	88,341	85,673	81,154	80,000	(1,154)	-1.4%
DEPARTMENT SUBTOTALS	**28,532,607**	**27,851,188**	**29,314,897**	**28,753,500**	**(561,397)**	**-1.9%**
OTHER EXPENDITURES:						
DEBT SERVICE	331,800	335,225	327,270	455,800	128,530	39.3%
INSURANCE	600,000	529,537	550,000	600,000	50,000	9.1%
RETIREES HEALTH CARE	1,297,509	1,297,509	1,374,709	1,620,600	245,891	17.9%
OTHER EMPLOYMENT EXPENSES	-	-	-	624,000	624,000	0.0%
GENERAL PENSION UNFUNDED LIABILITY	995,000	1,449,978	1,450,000	1,310,500	(139,500)	-9.6%
POLICE PENSION FUND	620,000	538,136	620,000	500,000	(120,000)	-19.4%
POLICE PENSION UNFUNDED LIABILITY	95,000	95,000	95,000	95,000	-	0.0%
UNCOLLECTIBLES - TRASH AND OTHER	10,000	110,000	10,000	10,000	-	0.0%
OPEB UNFUNDED LIABILITY	-	-	239,532	-	(239,532)	-100.0%
STREET LIGHTS	985,000	968,562	960,000	990,000	30,000	3.1%
OTHER EXPENSE SUBTOTAL	**4,934,309**	**5,323,947**	**5,626,511**	**6,205,900**	**579,389**	**10.3%**
TRANSFERS						
TRANSFER TO CAPITAL ASSET RESERVE	-	-	200,000	39,000	(161,000)	-80.5%
TRANSFER TO CAPITAL FUND - PROJECTS	1,307,839	1,354,194	770,607	1,000,000	229,393	29.8%
TRANSFER TO CONTINGENCY	-	172,061	-	-	-	0.0%
TRANSFER TO CDBG FUND	6,000	6,314	-	-	-	0.0%
TRANSFERS SUBTOTAL	**1,313,839**	**1,532,569**	**970,607**	**1,039,000**	**(160,407)**	**7.0%**
TOTAL EXPENDITURES	**34,780,755**	**34,707,704**	**35,912,015**	**35,998,400**	**(142,415)**	**0.2%**
BUDGET BALANCE	**2,913,300**	**3,561,837**	**2,754,308**	**974,200**	**-**	**-64.6%**
TOTAL BUDGET BALANCE & EXPENDITURES	**37,694,055**	**38,269,541**	**38,666,323**	**36,972,600**	**(142,415)**	**-4.4%**

				$ DIFFERENCE	(1,763,264)
	2010/11	2011/12	2012/13	BUDGET VS	
RESERVE BALANCES	ACTUAL	AMENDED	PRELIMINARY	PRELIMINARY	POLICY
CONTINGENCY	725,554	711,747	684,400	(27,347)	2% OF REVENUE
			Calculated based on Policy		

GOVERNMENTAL CAPITAL PROJECTS

FUND SUMMARY

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMDENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	% DIFFERENCE BUDGET VS AMENDED
BEGINNING BALANCE - PROJECTS	65,479	262,175	357,354	398,400	41,046	11.5%
REVENUES						
STATE GRANTS	3,343,520	2,016,321	7,117,183	800,000	(6,317,183)	-88.8%
LIBRARY FOUNDATION	1,000,000	76,355	484,961	-	(484,961)	-100.0%
INCOME FROM SALE OF ASSETS	-	26,100	1,200,000	1,200,000	-	0.0%
PROPOSED BOND/BANK PROCEEDS - Library	-	-	1,500,000	-	(1,500,000)	-100.0%
PROPOSED BOND/BANK PROCEEDS - Street Program	-	-	2,000,000	-	(2,000,000)	-100.0%
KENT COUNTY CONTRIBUTION	-	-	1,000,000	-	(1,000,000)	-100.0%
DEMEC GRANT	-	-	215,000	-	(215,000)	-100.0%
BTTOP & GREENHOUSE GAS REDUCTION GRANTS	-	-	90,000	-	(90,000)	-100.0%
MISCELLANEOUS RECEIPTS - DEVELOPER CONTRIB	-	5,745	-	-	-	0.0%
POLICE GRANTS	18,000	20,000	-	-	-	0.0%
INTEREST EARNINGS	10,900	2,244	10,900	10,900	-	0.0%
TRANSFER FROM GENERAL FUND FOR PROJECTS	1,307,839	1,307,839	623,847	1,000,000	376,153	60.3%
TRANSFER FROM PARKLAND RESERVE	-	28,629	-	-	-	0.0%
TRANSFER FROM LIBRARY RESERVE	2,343,519	683,187	2,590,784	-	(2,590,784)	-100.0%
TRANSFER FROM COMMUNITY TRANSPORTATION	-	120,000	-	-	-	0.0%
TOTAL REVENUES	**8,163,778**	**4,286,420**	**16,832,675**	**3,010,900**	**(13,821,775)**	**-82.1%**
TOTAL BEGINNING BALANCE & REVENUES	**8,229,257**	**4,548,595**	**17,190,029**	**3,409,300**	**(13,780,729)**	**-80.2%**
EXPENDITURES						
FIRE	288,210	223,399	244,820	238,500	(6,320)	-2.6%
GROUNDS MAINTENANCE	63,675	46,549	-	112,000	112,000	0.0%
LIBRARY	6,687,039	2,829,484	14,298,890	2,000,000	(12,298,890)	-86.0%
RECREATION	45,000	38,453	30,000	30,000	-	0.0%
POLICE	282,380	301,818	65,000	253,600	188,600	290.2%
STREETS	481,055	454,599	1,980,027	112,000	(1,868,027)	-94.3%
SANITATION	246,075	212,446	136,500	250,000	113,500	83.2%
INFORMATION TECHNOLOGY	12,000	6,680	6,400	-	(6,400)	-100.0%
FACILITIES MANAGEMENT	-	-	220,000	220,000	-	0.0%
MAYOR	31,500	52,198	-	33,000	33,000	0.0%
DEPARTMENT SUBTOTAL	**8,136,934**	**4,165,626**	**16,981,637**	**3,249,100**	**(13,732,537)**	**-80.9%**
TRANSFERS & MISCELLANEOUS EXPENSES						
LOAN ISSUANCE COST	-	-	30,000	-	(30,000)	-100.0%
TRANSFER TO LIBRARY RESERVE	-	615	-	-	-	0.0%
TRANSFER TO COMMUNITY TRANS FUND 318	-	25,000	-	-	-	0.0%
TRANSFERS & MISCELLANEOUS SUBTOTAL	**-**	**25,615**	**30,000**	**-**	**(30,000)**	**-100.0%**
TOTAL EXPENDITURES	**8,136,934**	**4,191,241**	**17,011,637**	**3,249,100**	**(13,762,537)**	
BUDGET BALANCE - BOND PROCEEDS	-	-	220,000	-	(220,000)	-100.0%
BUDGET BALANCE -PROJECTS	92,323	357,354	178,392	160,200	(18,192)	-10.2%
TOTAL BUDGET BALANCE & EXPENDITURES	**8,229,257**	**4,548,595**	**17,190,029**	**3,409,300**	**(13,780,729)**	**-80.2%**

RESERVE BALANCES	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	POLICY
CAPITAL ASSET RESERVE	460,920	460,900	500,000	39,100	See note
LIBRARY RESERVE (FY11 Revised = Current balance)	2,594,860	-	-	-	N/A
PARKLAND/RECREATION	191,522	197,272	197,300	28	N/A

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

WATER/WASTEWATER FUND

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	% DIFFERENCE BUDGET VS AMENDED
BEGINNING BALANCE - WATER	943,545	1,236,546	2,567,172	2,738,400	171,228	6.7%
BEGINNING BALANCE - WASTEWATER	585,053	912,803	1,931,514	1,855,130	(76,384)	-4.0%
BEGINNING BALANCE - KCSA	(1,632,876)	(1,872,081)	(1,243,243)	(365,400)	877,843	-70.6%
TOTAL BEGINNING BALANCES	**(104,278)**	**277,268**	**3,255,443**	**4,228,130**	**972,687**	
BASE REVENUE:						
WATER FEES	4,206,700	4,945,385	4,603,400	4,484,300	(119,100)	-2.6%
WASTEWATER FEES	3,308,300	3,694,020	3,756,700	3,813,350	56,650	1.5%
WASTEWATER ADJUSTMENT FEES	4,275,600	3,058,656	3,090,900	3,140,500	49,600	1.6%
GROUNDWATER INFLOW ADJUSTMENT		1,171,376	1,386,900	1,407,300	20,400	1.5%
WATER TANK SPACE LEASING	299,400	300,137	307,600	325,500	17,900	5.8%
SEWER IMPACT FEES	323,000	354,825	323,000	323,000	-	0.0%
WATER IMPACT FEES	357,000	393,750	357,000	357,000	-	0.0%
INTEREST - WATER	680	4,904	10,600	5,000	(5,600)	-52.8%
INTEREST - WASTEWATER	835	4,904	17,200	5,000	(12,200)	-70.9%
MISCELLANEOUS SERVICE FEE	71,000	83,056	58,000	65,000	7,000	12.1%
TOTAL REVENUES	**12,842,515**	**14,011,013**	**13,911,300**	**13,925,950**	14,650	**0.1%**
TOTAL BEGINNING BALANCE & REVENUES	**12,738,237**	**14,288,281**	**17,166,743**	**18,154,080**	**987,337**	**5.8%**
DIRECT EXPENSES:						
ENGINEERING & INSPECTION	642,878	488,090	622,230	571,300	(50,930)	-8.2%
WATER CONSTRUCTION	392,561	389,807	440,088	346,100	(93,988)	-21.4%
WATER DEPARTMENT	412,588	379,271	382,655	334,100	(48,555)	-12.7%
WATER TREATMENT PLANT	1,499,857	1,457,505	1,543,114	1,525,800	(17,314)	-1.1%
WASTEWATER DEPARTMENT	969,762	909,547	959,735	1,068,900	109,165	11.4%
DIRECT EXPENDITURE SUBTOTAL	**3,917,646**	**3,624,220**	**3,947,822**	**3,846,200**	**(101,622)**	**-2.6%**
OTHER EXPENSES:						
DEBT SERVICE - WATER	246,403	318,897	320,853	461,100	140,247	43.7%
DEBT SERVICE - WASTEWATER	316,198	295,086	416,083	660,500	244,417	58.7%
RETIREES HEALTH CARE	177,427	177,427	190,830	220,000	29,170	15.3%
OTHER EMPLOYMENT EXPENSES	-	-	-	31,831	31,831	0.0%
OPEB UNFUNDED LIABILITY	-	-	372,417	-	(372,417)	-100.0%
PENSION UNFUNDED LIABILITY	372,000	372,000	228,400	309,800	81,400	35.6%
KENT COUNTY TREATMENT CHARGE	4,235,403	3,601,194	3,600,000	3,600,000	-	0.0%
INTRAFUND SERVICE FEES	1,272,331	1,042,762	1,228,596	836,500	(392,096)	-31.9%
UNCOLLECTIBLES	-	71,000	5,000	5,000	-	0.0%
INVENTORY/FIXED ASSET WRITEOFFS	-	-	10,000	-	(10,000)	-100.0%
OTHER EXPENSES SUBTOTAL	**6,619,762**	**5,878,366**	**6,372,179**	**6,124,731**	**(247,448)**	**-3.9%**
TRANSFER TO:						
GENERAL FUND FROM WATER	-	-	238,842	234,200	(4,642)	-1.9%
GENERAL FUND FROM WASTEWATER	-	-	185,666	392,500	206,834	111.4%
WATER IMP AND EXT	500,000	500,000	750,000	3,000,000	2,250,000	300.0%
WASTEWATER IMP AND EXT	500,000	500,000	1,000,000	2,200,000	1,200,000	120.0%
SEWER IMPACT FEE RESERVE	6,802	178,796	-	-	-	0.0%
WATER IMPACT FEE RESERVE	110,597	133,456	36,147	-	(36,147)	-100.0%
TRANSFER TO CONTINGENCY WASTEWATER		18,000	8,000	-	(8,000)	-100.0%
CAPITAL ASSET RESERVE WATER	100,000	100,000	100,000	85,000	(15,000)	-15.0%
CAPITAL ASSET RESERVE WASTEWATER	100,000	100,000	300,000	32,000	(268,000)	-89.3%
TRANSFER TO SUBTOTAL	**1,317,399**	**1,530,252**	**2,618,655**	**5,943,700**	3,325,045	**127.0%**
TOTAL EXPENSES	**11,854,807**	**11,032,838**	**12,938,656**	**15,914,631**	**2,975,975**	**23.0%**
BUDGET BALANCES						
BUDGET BALANCE WATER	1,348,501	2,567,172	2,738,400	1,146,350	(1,592,050)	-58.1%
BUDGET BALANCE WASTEWATER	1,127,608	1,931,514	1,855,130	1,093,099	(762,031)	-41.1%
BUDGET BALANCE KCSA	(1,592,679)	(1,243,243)	(365,443)	202,000	567,443	-155.3%
BUDGET BALANCE SUBTOTALS	**883,430**	**3,255,443**	**4,228,087**	**2,441,449**	**(1,786,638)**	**-42.3%**
TOTAL BUDGET BALANCES & EXPENSES	**12,738,237**	**14,288,281**	**17,166,743**	**18,356,080**	**1,189,337**	**6.9%**

RESERVE BALANCES	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	POLICY
CONTINGENCY - WATER	106,352	109,543	104,100	(5,443)	2% OF REVENUE
CONTINGENCY - WATER/WASTEWATER	175,160	179,975	174,400	(5,575)	2% OF REVENUE

WATER/WASTEWATER IMPROVEMENT & EXTENSION FUND SUMMARY

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	% DIFFERENCE BUDGET VS AMENDED
BEGINNING BALANCE - WATER	743,431	1,590,874	1,537,774	1,071,800	(465,974)	-30.3%
BEGINNING BALANCE - WASTEWATER	543,668	(45,665)	339,673	13,600	(326,073)	-96.0%
TOTAL BEGINNING BALANCES	**1,287,099**	**1,545,209**	**1,877,447**	**1,085,400**	**(792,047)**	
REVENUES						
STATE LOAN FUND - WATER - 2010 ISSUE	-	480,528	1,923,489	-	(1,923,489)	-100.0%
STATE LOAN FUND - WASTEWATER - 2009 ISSUE	3,016,200	3,976,684	1,259,850	-	(1,259,850)	-100.0%
STATE LOAN FUND - WASTEWATER - 2011 ISSUE	-	-	765,060	-	(765,060)	-100.0%
TRANS FR WATER/WASTEWATER FOR WATER	500,000	500,000	750,000	3,000,000	2,250,000	300.0%
TRANS FR WATER/WASTEWATER FOR WASTEWATER	500,000	500,000	1,000,000	2,200,000	1,200,000	120.0%
TRANSFER FROM IMPACT FEE RESERVE	242,040	-	867,032	-	(867,032)	-100.0%
FEDERAL/STATE GRANTS	-	28,877	-	-	-	0.0%
PROCEEDS FROM SALE OF ASSETS	-	11,529	-	-	-	0.0%
INTEREST INCOME	-	26,620	-	25,000	25,000	0.0%
TOTAL REVENUES	**4,258,240**	**5,524,238**	**6,565,431**	**5,225,000**	**(1,340,431)**	-20.4%
TOTAL BEGINNING BALANCES & REVENUES	**5,545,339**	**7,069,447**	**8,442,878**	**6,310,400**	**(2,132,478)**	**-49.0%**
EXPENSES						
WATER	620,000	1,052,703	3,086,468	3,480,400	393,932	12.8%
WASTEWATER	3,713,840	4,139,297	4,217,976	2,031,800	(2,186,176)	-51.8%
WATER TREATMENT PLANT	-	-	22,900	24,100	1,200	5.2%
WATER CONSTRUCTION	-	-	30,100	31,000	900	3.0%
ENGINEERING & INSPECTION	-	-	-	23,400	23,400	0.0%
TRANSFER TO IMPACT FEE RESERVE	-	-	-	-	(1,766,744)	0.0%
TOTAL EXPENSES	**4,333,840**	**5,192,000**	**7,357,444**	**5,590,700**	**(3,533,488)**	**-24.0%**
BUDGET BALANCE - WATER	623,431	1,537,774	1,071,795	537,100	(534,695)	-49.9%
BUDGET BALANCE - WASTEWATER	588,068	339,673	13,639	182,600	168,961	1238.8%
TOTAL ENDING BUDGET BALANCES	**1,211,499**	**1,877,447**	**1,085,434**	**719,700**	**(365,734)**	
TOTAL BUDGET BALANCES & EXPENSES	**5,545,339**	**7,069,447**	**8,442,878**	**6,310,400**	**(3,899,222)**	**-25.3%**

RESERVE BALANCES	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	POLICY
CAPITAL ASSET RESERVE-WATER	315,694	415,694	500,700	-	MINIMUM $500,000
CAPITAL ASSET RESERVE-WASTEWATER	167,965	467,965	500,000	-	MINIMUM $500,000

ELECTRIC REVENUE FUND

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	% DIFFERENCE BUDGET VS AMENDED
BEGINNING BALANCE	12,086,275	13,537,864	12,440,550	12,225,200	(215,350)	-1.7%
BASE REVENUE:						
DIRECT SALES TO CUSTOMER	96,595,300	99,859,602	95,675,500	96,904,000	1,228,500	1.3%
PURCHASE POWER ADJUSTMENT	(2,000,000)	(2,290,989)	(6,012,000)	(6,012,000)	-	0.0%
UTILITY TAX	1,864,800	1,944,543	1,966,100	1,600,000	(366,100)	-18.6%
MISCELLANEOUS REVENUE	891,200	1,029,887	919,000	919,000	-	0.0%
RENT REVENUE	186,816	215,248	225,000	225,000	-	0.0%
GREEN ENERGY	128,600	136,165	129,000	129,000	-	0.0%
INTEREST EARNINGS	65,700	12,662	264,900	264,900	-	0.0%
TRANSFER FROM RATE STABILIZATION		-	1,000,000	-	(1,000,000)	-100.0%
INTRAFUND SERVICE RECEIPTS W/WW UTILITY	299,442	171,646	240,203	-	(240,203)	-100.0%
TOTAL REVENUES	**98,031,858**	**101,078,764**	**94,407,703**	**94,029,900**	**(377,803)**	**-0.4%**
TOTAL BEGINNING BALANCE & REVENUES	**110,118,133**	**114,616,628**	**106,848,253**	**106,255,100**	**(593,153)**	**-0.6%**
EXPENSES:						
POWER SUPPLY	48,059,699	47,543,983	42,047,430	40,883,416	(1,164,014)	-2.8%
POWER SUPPLY MANAGEMENT	2,280,000	2,355,630	1,170,000	996,000	(174,000)	-14.9%
PJM CHARGES - LOAD	11,850,876	15,051,912	15,043,396	17,508,305	2,464,909	16.4%
CAPACITY CHARGES	11,618,223	12,344,169	8,506,512	12,056,075	3,549,563	41.7%
CONTRACTUAL SERVICES	-	-	265,000	-	(265,000)	-100.0%
SUB-TOTAL POWER SUPPLY	**73,808,798**	**77,295,694**	**67,032,338**	**71,443,796**	**4,411,458**	**6.6%**
PLANT OPERATIONS	5,694,315	6,114,037	5,964,817	5,893,750	(71,067)	-1.2%
GENERATIONS FUELS	297,820	3,685,199	664,641	6,114,039 →	5,449,398	819.9%
PJM CREDITS	(720,797)	(6,834,780)	(1,285,675)	(441,647) Could be wrong	844,028	-65.6%
CAPACITY CREDITS	(11,488,785)	(11,407,201)	(7,388,283)	(14,318,588)	(6,930,305)	93.8%
GENERATION SUBTOTAL	**(6,217,447)**	**(8,442,745)**	**(2,044,500)**	**(2,752,446)**	**(707,946)**	**34.6%**
POWER SUPPLY & GENERATION SUBTOTAL	**67,591,351**	**68,852,949**	**64,987,838**	**68,691,350**	**3,703,512**	**5.7%**
DIRECT EXPENDITURES						
TRANSMISSION/DISTRIBUTION	3,206,515	2,986,828	3,162,026	3,192,900	30,874	1.0%
ELECTRICAL ENGINEERING	1,842,903	1,514,558	1,177,060	1,151,500	(25,560)	-2.2%
ADMINISTRATION	609,169	942,672	602,715	501,300	(101,415)	-16.8%
METER READING	222,908	204,351	215,208	212,600	(2,608)	-1.2%
SYSTEMS OPERATIONS	518,053	486,894	473,895	518,300	44,405	9.4%
DIRECT EXPENDITURE SUBTOTALS	**6,399,548**	**6,135,303**	**5,630,904**	**5,576,600**	**(54,304)**	**-1.0%**
OTHER EXPENSES:						
UTILITY TAX	1,864,800	1,944,543	1,966,100	1,600,000	(366,100)	-18.6%
ALLOW FOR UNCOLLECTIBLES	135,000	310,000	150,000	150,000	-	0.0%
RETIREES HEALTH CARE	639,110	639,110	646,510	696,500	49,990	7.7%
OTHER EMPLOYMENT EXPENSES		-	-	237,400	237,400	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	833,000	1,110,477	1,110,500	1,074,200	(36,300)	-3.3%
OPEB UNFUNDED LIABILITY	1,200,000	1,200,000	1,688,847	-	(1,688,847)	-100.0%
GREEN ENERGY PAYMENT TO DEMEC	128,600	136,165	129,000	129,000	-	0.0%
INTRAFUND SERVICE FEES	3,374,945	3,150,761	3,370,778	2,909,500	(461,278)	-13.7%
INTEREST ON DEPOSITS	54,500	25,389	54,500	35,000	(19,500)	-35.8%
INVENTORY WRITE OFFS	175,000	175,000	175,000	175,000	-	0.0%
DEBT SERVICE	4,058,700	3,590,381	3,336,800	3,315,600	(21,200)	-0.6%
OTHER EXPENSES SUBTOTAL	**12,463,655**	**12,281,826**	**12,628,035**	**10,322,200**	**(2,305,835)**	**-18.3%**
TRANSFER TO:						
IMPROVEMENT & EXTENSION	3,500,000	3,500,000	3,500,000	4,050,000	550,000	15.7%
GENERAL FUND	8,856,000	8,856,000	7,876,288	7,394,400	(481,888)	-6.1%
TRANSFER TO DEPRECIATION RESERVE	1,250,000	1,250,000	-	-	-	0.0%
RATE STABILIZATION RESERVE	1,300,000	1,300,000	-	-	-	0.0%
TRANSFER TO SUBTOTAL	**14,906,000**	**14,906,000**	**11,376,288**	**11,444,400**	**68,112**	**0.6%**
TOTAL EXPENSES	**101,360,554**	**102,176,078**	**94,623,065**	**96,034,550**	**1,411,485**	**1.5%**
BUDGET BALANCE - WORKING CAPITAL	**8,757,579**	**12,440,550**	**12,225,188**	**10,220,550**	**(2,004,638)**	**-16.4%**
TOTAL BUDGET BALANCE & EXPENSES	**110,118,133**	**114,616,628**	**106,848,253**	**106,255,100**	**(593,153)**	**-0.6%**

				$ DIFFERENCE	2,345,150
RESERVE BALANCES	2010/11 REVISED	2011/12 AMENDED	2012/13 PRELIMINARY	BUDGET VS AMENDED	POLICY
CONTINGENCY RESERVE	1,056,788	1,072,700	940,300	(132,400)	1% Revenues
INSURANCE RESERVE	403,334	339,400	350,000	10,600	$350K Min.
RATE STABILIZATION RESERVE	6,160,167	5,252,600	4,088,300	(1,164,300)	3%-10% of PP

ELECTRIC IMPROVEMENT & EXTENSION

FUND SUMMARY

	2010/11 BUDGET	2010/11 ACTUAL	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	% DIFFERENCE BUDGET VS AMENDED
BEGINNING BALANCE	1,688,861	3,845,209	3,175,375	2,728,000	(447,375)	0.0%
REVENUES						
TRANSFER FROM ELECTRIC	3,500,000	3,500,000	3,500,000	4,050,000	550,000	0.0%
TRANSFER FROM DEPRECIATION RESERVE	-	-	300,000	-	(300,000)	0.0%
TRANSFER FROM FUTURE CAPACITY RESERVE		-	-	-	-	0.0%
TRANSFER FROM INSURANCE STABILIZATION		-	70,730	-	(70,730)	0.0%
STATE REIMBURSEMENT FOR GOVS AVE	-	260,441	-	-	-	0.0%
STATE GRANTS	-	306,457	-	-	-	0.0%
INSURANCE CLAIM PROCEEDS	-	274,954	-	-	-	0.0%
INCOME FROM SALE OF ASSETS		11,494			-	0.0%
INTEREST EARNINGS	40,700	7,802	38,400	20,500	(17,900)	0.0%
TOTAL REVENUES	**3,540,700**	**4,361,148**	**3,909,130**	**4,070,500**	**161,370**	**0.0%**
TOTALS	**5,229,561**	**8,206,357**	**7,084,505**	**6,798,500**	(286,005)	0.0%
EXPENSES						
ELECTRIC GENERATION	1,480,068	1,967,543	1,897,455	1,511,300	(386,155)	0.0%
TRANSMISSION AND DISTRIBUTION	739,000	692,823	648,337	741,700	93,363	0.0%
ELECTRICAL ENGINEERING	1,390,429	1,370,616	1,790,716	2,132,300	341,584	0.0%
METER READING	-	-	20,000	-	(20,000)	0.0%
TRANSFER TO DEPRECIATION RESERVE	-	1,000,000	-	-	-	0.0%
TOTAL EXPENSES	**3,609,497**	**5,030,982**	**4,356,508**	**4,385,300**	**28,792**	**-**
BUDGET BALANCE	**1,620,064**	**3,175,375**	**2,727,997**	**2,413,200**	**(314,797)**	**0.0%**
TOTAL BUDGET BALANCE & EXPENSES	**5,229,561**	**8,206,357**	**7,084,505**	**6,798,500**	(286,005)	0.0%

	2010/11 REVISED	2011/12 AMENDED	2012/13 PRELIMINARY	$ DIFFERENCE BUDGET VS AMENDED	POLICY
RESERVE BALANCES					
DEPRECIATION RESERVE	10,412,221	10,412,221	10,412,200	(21)	$10Million Min.
FUTURE CAPACITY RESERVE	9,178,771	9,178,771	9,178,800	29	$10Million Min.

City of Dover

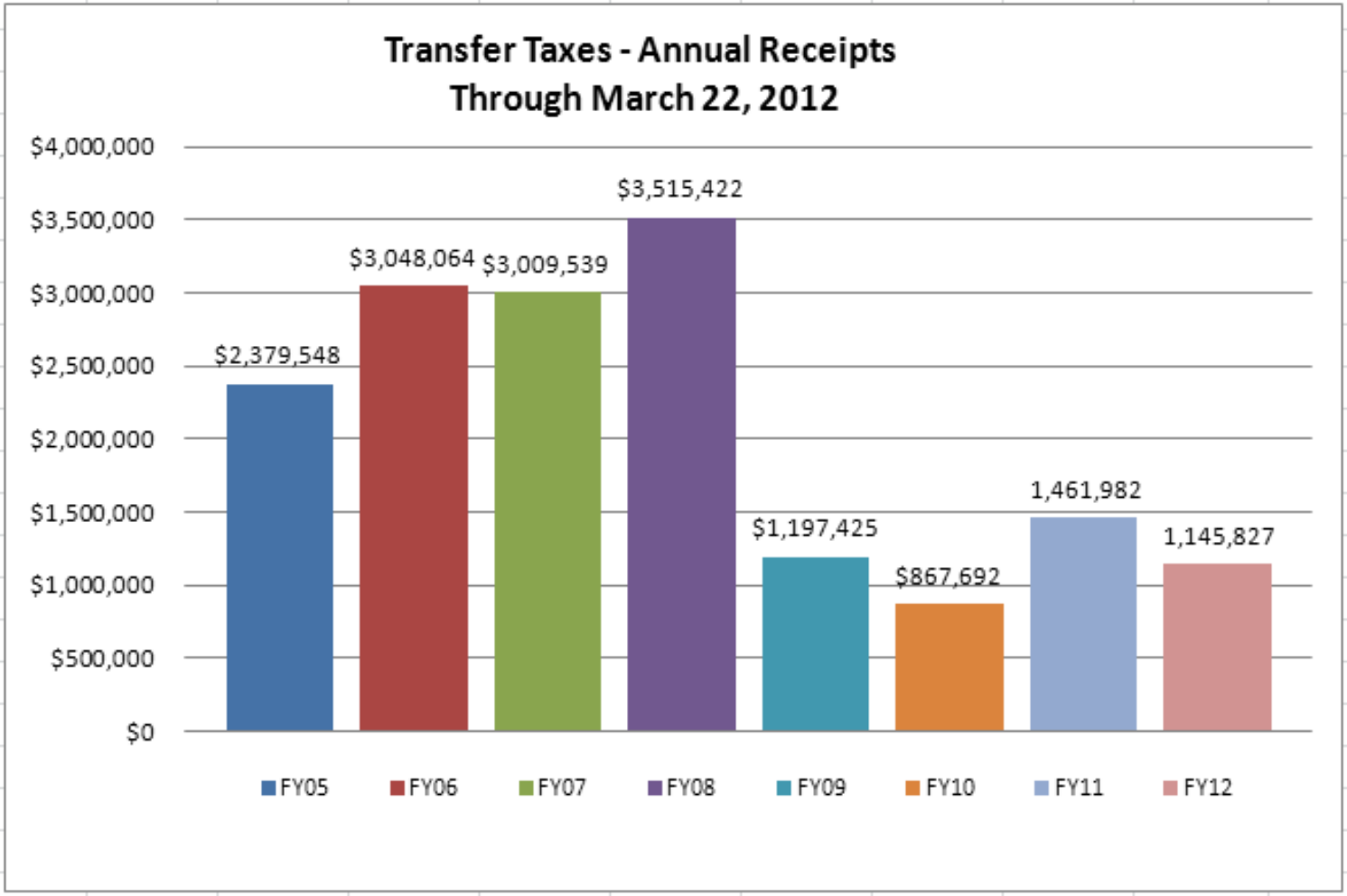
FY 12 - Summary of General Fund Adjustments and potential impact on FY13

*Electric Fund transfer was implemented with a Policy change. Therefore the $1.4 million will continue as additional revenue based on the FY12 Electric Fund Revenues. No negative mpact on FY13.

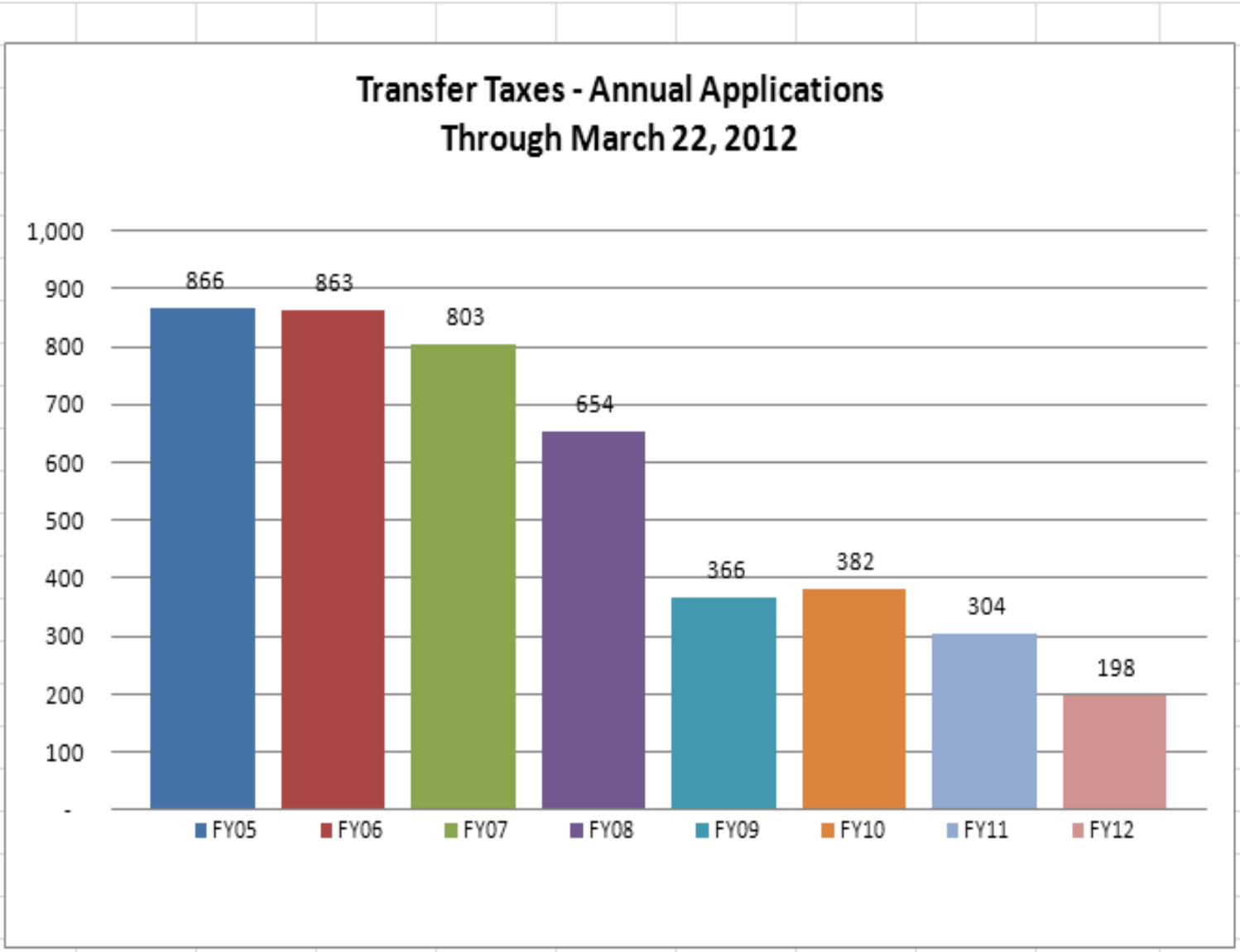
Power Point Presentation - June 6, 2011 (AS ATTACHED)

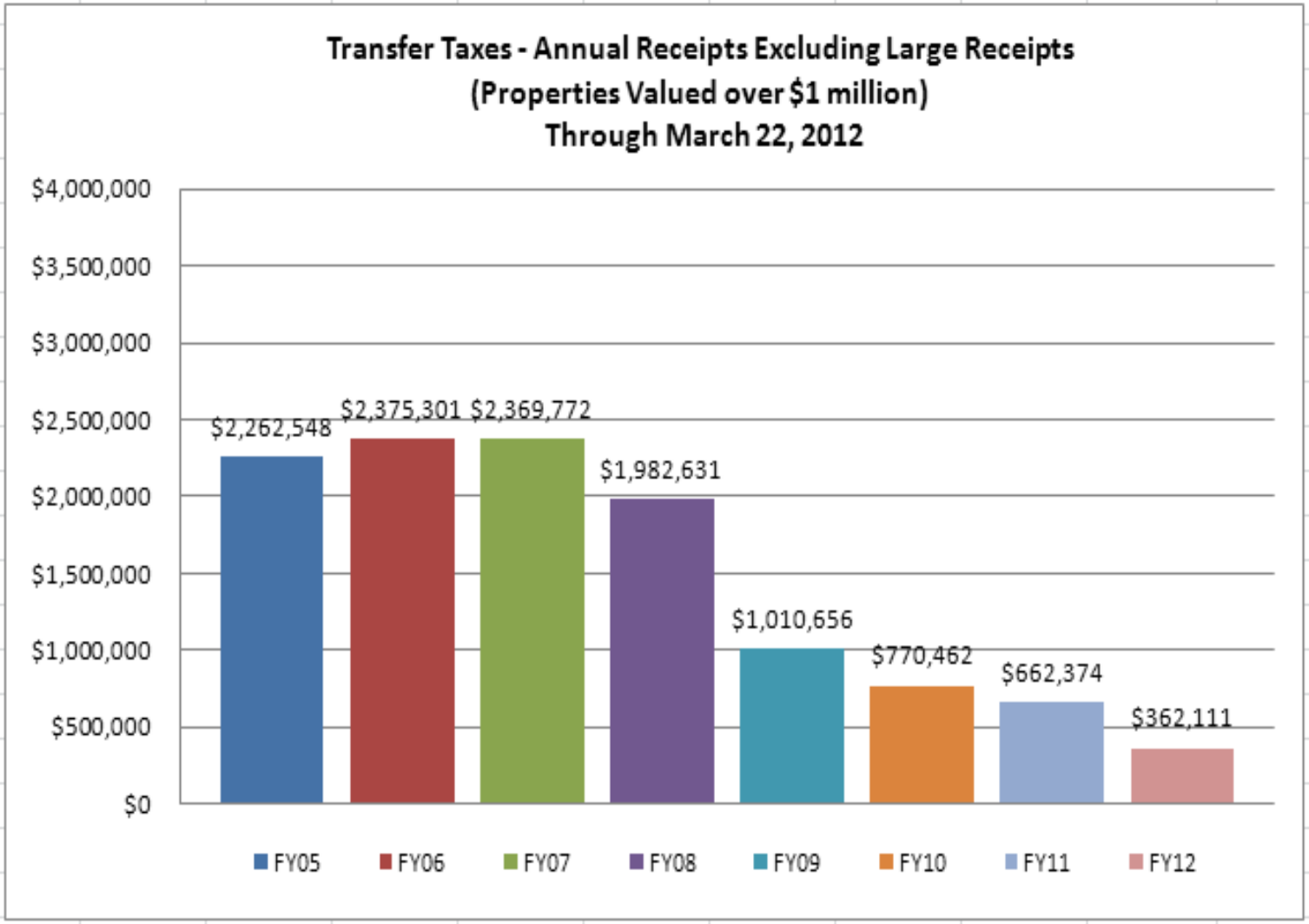
Increase Electric Transfer	$	1,438,888	Revenue Increase
Temporary Cost Reductions		996,580	Add back to FY13
Strategic Adjustments		168,020	Add back to FY13
Capital Outlay Adjustments		1,326,052	CIP
Transfer to Capital Project Fund		(147,191)	CIP
FY12 Adjustments	**$**	**3,782,349**	June 6, 2011 Council Presentation
Electric Fund Transfer		(1,438,888)	Policy was changed to 8%
FY12 Net Temporary Adjustments	$	2,343,461	

			Preliminary FY2013	
FY12 Adjustments with potential to affect FY13 as above:			Item	Variance
Temporary Cost Reductions	$	996,580		
Strategic Adjustments		168,020		
Capital Projects (net adjs)		1,178,861	434,380	(744,481)
Subtotal	$	2,343,461		
FY13 Additional Cost				
Worker's Compensation	$	505,000		
Fire Truck		153,000	-	(153,000)
Library additional cost		400,000	77,413	(322,587)
Total FY13 Additional Cost	$	1,058,000		
Rough estimate of FY13 requirement	$	3,401,461		
		with no raises or benefit cost increases		
Reduction in Personnel - Vacant Positions		655,711	-	(655,711)
Health Insurance 15% Contribution		1,287,694	1,097,678	(190,016)
				(2,065,795)



	2005	2006	2007	2008	2009	2010	2011	2012
Avg. Receipt $	$2,616	$2,768	$2,970	$3,074	$2,777	$2,033	$2,238	$1,906


Transfer Taxes - Annual Applications
Through March 22, 2012
1,000
900
800
700
600
500
400
300
200
100
-
866
863
803
654
366
382
304
198
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12


Transfer Taxes - Annual Receipts Excluding Large Receipts
(Properties Valued over $1 million)
Through March 22, 2012
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$2,262,548
$2,375,301
$2,369,772
$1,982,631
$1,010,656
$770,462
$662,374
$362,111
FY05
FY06
FY07
FY08
FY09
FY10
FY11
FY12

Mitchell, Donna

From: Keener, James C.
Sent: Tuesday, March 20, 2012 1:53 PM
To: Mitchell, Donna
Subject: PILOT Program
Attachments: Mayor's Pilot Task Force Final Report.pdf

Donna,

The *Payments in Lieu of Taxes* report offers many perspectives and examples regarding the pros and cons of different PILOT program methods. I also obtained a *Mayor's PILOT Task Force Final Report* from the City of Boston (attached). Boston not only has one of the oldest and most productive PILOT programs, but its task force recently spent 14 months reviewing and revising its program. Based on these reports, the most equitable and realistic program for the City of Dover seems to be as follows:

- A target PILOT payment amount should be determined for each non-profit institution.
- The target payment amount should be determined as a percentage of the total tax-exempt property assessed value (multiple PILOT payment models have been suggested, but percentage of assessed value most closely matches the City's current tax model and is also the most equitable).
- The actual percentage should be based on the City of Dover's percentage of budget allocated for core services: police protection, fire protection, public works etc.
- Requested/suggested PILOT payment amounts should be gradually phased in; reaching the target amount in 3-5 years (this not only allows non-profits to adjust their budgets gradually, but it also gives the City time to build a solid and well-planned program for long-term success).
- All non-profits should be targeted (this is the most equitable option, even though there still will not be 100% participation).
- Participating institutions should receive public recognition for their positive contributions to the community (i.e. plaques of recognition could be displayed at the library).

There are some additional options that could possibly be implemented to help assure long-term success. There may also be some long-shot alternatives, such as taxing ancillary buildings or state grants to compensate for lost revenue due to state-mandated exemptions. I am going to look into these. Let me know if you have any questions or if you have a specific direction you would like me to head with this project.

Thanks,

James

City of Dover
Sanitation Department
FY 2011 Actual and FY 2012 Budget

REVENUES	FY 2011 Actual	FY 2012 Budget	FY 2013 Projection	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Trash Revenue	2,172,665	2,050,000	1,851,600	1,851,600	1,851,600	1,851,600	1,851,600
Revenue Adjustment	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Revenues	2,172,665	2,050,000	2,851,600	2,851,600	2,851,600	2,851,600	2,851,600
EXPENDITURES							
Personnel Costs	667,518	763,197	630,600	636,906	643,275	649,708	656,205
Materials & Supplies	48,824	122,720	31,400	31,714	32,031	32,351	32,675
Administrative Expenditures	181,635	169,332	226,310	228,573	230,859	233,167	235,499
Contractual Services	1,283,030	1,350,600	1,314,400	1,340,688	1,367,502	1,394,852	1,422,749
Overhead Charges (10%)	-	330,249	330,249	333,551	336,887	340,256	343,658
Depreciation Expense	185,310	185,310	198,282	204,230	210,357	216,668	223,168
Total Expenditures	2,366,317	2,921,408	2,731,241	2,775,663	2,820,911	2,867,002	2,913,954
Gain/(Loss)	(193,652)	(871,408)	120,359	75,937	30,689	(15,402)	(62,354)
Budget FTE Headcount	13	12	11	11	11	11	11

Assumptions & Comments:
Fiscal Year - Budgeted Revenue $2,050,000 or $170,833 per month average = $160,575; Dropped to $152,665 in February;
Assumes 1% increase for expenses starting in 2014, except Contractual Services where a 2% increase is used;
Overhead Calculation = Sanitation ratio of all direct expenses in General Fund Budget; Multiplied 10% by total Budget of Internal Service Divisions that provide administive support; Customer Service, Finance, PW Administration, Central Services & Fleet Maintenance;
Utilizes Temp Agency Help when needed; Budgeted in Administrative Expenses

Current Rates & Revenues

	Rate	**# of Accts.**	**Monthly**	**Annual**
In City Rates	$11.70	9,949	$116,403.30	$1,396,839.60
Rates vary depending on size of can	$15.20	289	4,392.80	52,713.60
and number of pickups/cans	$23.40	15	351.00	4,212.00
	$39.00	253	9,867.00	118,404.00
	$46.80	3	140.40	1,684.80
	$78.00	34	2,652.00	31,824.00
Out of City Rates	$42.75	192	8,208.00	98,496.00
	$142.50	3	427.50	5,130.00
	$2,845.88	1	2,845.88	34,150.56
		10,739	$145,287.88	$1,743,454.56
Bulk Pick Up			$9,000.00	$108,000.00
			$154,287.88	$1,851,454.56
Average Revenue per account			$14.37	$172.40
Average Revenue needed to cover cost of service			$22.13	$265.52
% Increase			54.0%	

Overhead
(from the budget report)

Non Allocated Departments	Operating	I & E	Total
Tax Assessor	270,570		270,570
Fire	654,036	223,399	877,435
Library	1,033,149	2,829,484	3,862,633
Recreation	795,672	38,453	834,125
Planning Commission	403,328		403,328
Public Inspections	541,987		541,987
Life Safety	517,806		517,806
Code Enforcement	280,350		280,350
Economic Development	219,854		219,854
Police	12,783,109	301,818	13,084,927
Streets	835,415	454,599	1,290,014
Sanitation	2,181,006	212,446	2,393,452
	20,516,282	4,060,199	24,576,481
Sanitation %	10%		

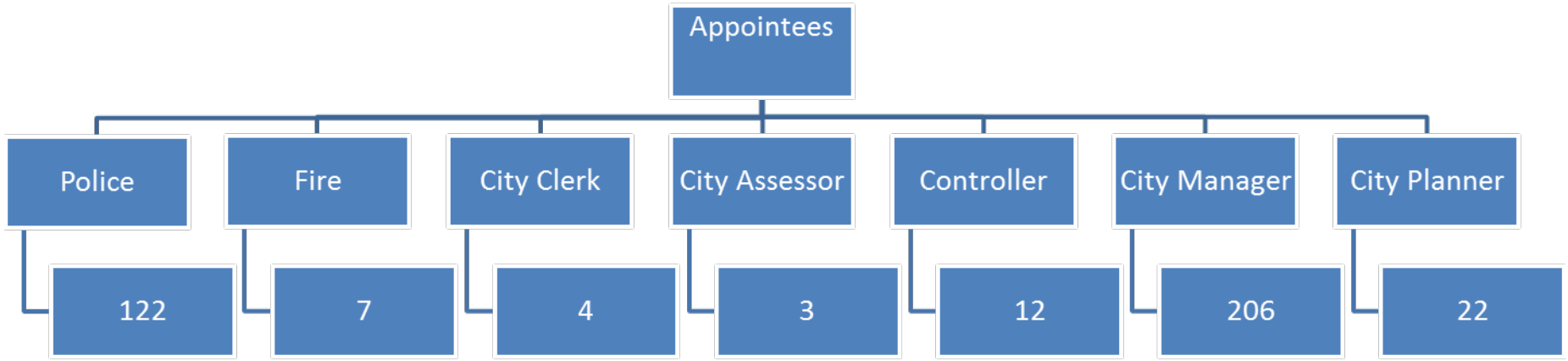
Allocated Departments	Operating	I & E	Total	Sanitation
Human Resources	331,227		331,227	-
Customer Services	852,059		852,059	82,980
City Manager	574,437		574,437	-
Information Technology	674,316	6,680	680,996	-
Finance	798,185		798,185	77,734
Public Services-Administration	388,662		388,662	37,851
Facilities Management	910,730		910,730	-
Central Services	645,888		645,888	62,902
Vehicle Maintenance	706,270		706,270	68,782
City Clerk	268,348		268,348	-
Mayor	85,673	52,198	137,871	-
Council	115,379		115,379	-
Grounds Maintenance	983,732	46,549	1,030,281	-
Insurance	529,537		529,537	-
	7,864,443	105,427	7,969,870	330,249
	3,391,064			

EXHIBIT #6

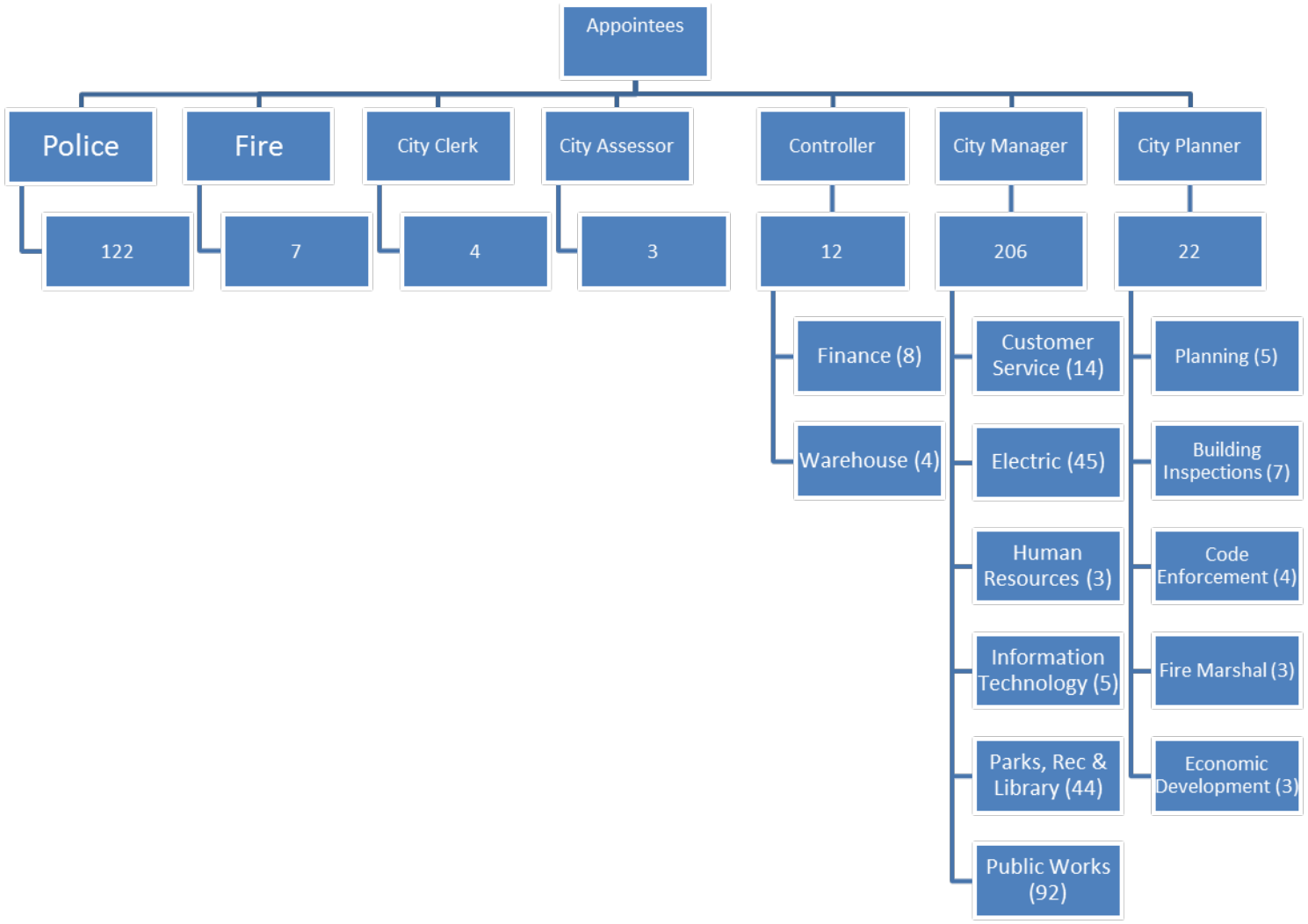
Council Retreat of 03/26/2012

	Date	Employee Name	Department	Job Title	Salary	Benefits	Total	Recommendation / Status
1	6/10/2011	Ed Baker	Facilities Management	Central Services Director	94,623.97	25,324.77	123,670.12	Delete From Budget
2	6/24/2011	Ron Swaggard	PS- Streets	Field Supervisor 1	51,947.08	14,546.65	66,493.73	Delete From Budget
3	6/24/2011	Elaine Edwards	Human Resources	Human Resources Coordinator	53,133.66	17,956.40	72,137.41	Recommend Filling - Tier 3
4	7/14/2011	Christopher Boyce	Police -Uniform	Police Officer	49,912.23	29,842.08	79,754.31	Recommend Filling - Tier 3
5	8/31/2011	Terry Tieman	City Manager	Senior City Administrator	96,220.97	24,838.42	124,852.72	Delete From Budget
6	8/31/2011	Leigh Ann Goulet	Library	Library Page - PT (18 hours/wk)	10,239.81	783.44	11,023.25	Recommend Filling - Tier 3 - Change Hourly Rate (Union)
7	9/2/2011	Amber Clendaniel	City Clerk	Administrative Assistant	38,190.95	12,636.22	50,827.17	Recommend Filling - Tier 1
8	9/7/2011	Robert Perry	PS-Sanitation	Motor Equipment Operator I	36,312.28	14,529.98	50,842.26	Delete From Budget
9	9/12/2011	Shawn Smith	PS-Sanitation	Motor Equipment Operator II	31,118.85	13,948.17	45,067.02	Recommend Filling - Tier 2
10	9/21/2011	Michael Albert	Planning	Planner II	40,963.52	13,541.08	55,312.05	Filled by Tracy Harvey as Planner I
11	9/30/2011	Randy Boyd	PU - Electric	1st Class Linemen	66,951.00	20,668.98	87,619.98	Delete From Budget
12	10/4/2011	Paul Reichelt	PU - Construction	Heavy Equipment Operator II	51,183.43	19,846.59	80,846.02	Recommend Filling - Tier 2 as an MEO II
13	10/21/2011	Wendy Vossberg	Central Services	Central Mailroom Clerk	29,054.00	10,802.99	41,878.99	Recommend Filling - Tier 2
14	10/28/2011	Jamie Roy	IT	LAN Analyst	48,292.46	14,647.83	62,940.29	Delete From Budget
15	11/15/2011	Scott Koenig	Public Services	Public Services Manager	110,810.56	21,078.79	134,073.60	Recommend Filling - Tier 3
16	11/28/2011	Francis Stevens	Sanitation	Motor Equipment Operator 1	28,657.71	11,281.82	39,939.53	Delete From Budget - $25,000 to Temp Help in Sanitation
17	12/14/2011	Denise Roberson	Library	Library Clerk 1 - PT (18 hours/wk)	18,896.57	1,445.66	20,342.23	Recommend Filling - Tier 1
18	12/17/2011	Daniel Lopez	Library	Library Page - PT (18 hours/wk)	13,881.47	1,061.88	14,943.35	Recommend Filling - Tier 3 - Change Hourly Rate (Union)
19	1/6/2012	Wilber Myers	Facilities Management	Building Craftperson II	51,183.43	14,073.05	65,256.48	Delete From Budget
20	1/9/2012	Ron Lunt	Public Utilities	Public Utilities Manager	116,124.15	26,546.29	144,959.42	Recommend Filling - Tier 3
21	1/27/2012	Lisa Gardner	Electric	Dept. Budget and Support Sup.	46,227.19	14,246.05	62,340.11	Delete From Budget
22	2/4/2012	Douglas Hidgon	Library	Library Clerk 1 - PT (18 hours/wk)	18,896.57	1,504.43	20,401.00	Recommend Filling - Tier 1
23	2/17/2012	Tom Stubbs	Police/Facilities Mgt.	Custodian II	36,687.71	18,535.74	60,148.65	Delete From Budget
24	2/3/2012	John Durk	Water	Water Serviceperson	31,390.00	20,304.76	52,296.76	Recommend Filling - Tier 2 as an MEO I
25	3/16/2012	Jessica Smith	Library	Library Clerk 1 - PT (18 hours/wk)	8,071.71	617.37	8,689.08	Recommend Filling - Tier 1
26	3/23/2012	Joel Martin	Wastewater	Utility Maintenance Mechanic 1	34,935.71	18,534.32	53,470.03	Recommend Filling - Tier 2
27	3/30/2012	James Flint	Fleet	Mechanic 1	42,986.57	13,632.48	56,619.05	Recommend Filling - Tier 3 - Considering Upgrade (6 months
28	3/30/2012	Monica Farling	Library	Library Clerk 1 - PT (18 hours/wk)	12,529.92	958.64	13,488.56	Recommend Filling - Tier 1
29	4/5/2012	Ed Graves	Inspections - Code	Inspector 1	38,356.80	12,795.39	55,028.49	Recommend Filling - Tier 1
30	4/20/2012	Jody Stein	City Clerk	Administrative Assistant	31,443.08	19,996.37	51,439.45	Recommend Filling - Tier 1
31	5/20/2012	Cheryl Jackson	Human Resources	HR Clerk	44,053.86	15,937.29	92,120.91	Recommend Transfer of AA from CM - Budget Neutral
32	5/30/2012	Andrew Polasko	Water Treatment Plant	Water Treatment Operator	46,740.85	19,576.10	67,965.75	Recommend Filling - Tier 2
33	5/31/2012	Floyd Anderson	Central Services	Materials Expediter	44,191.89	13,509.75	61,567.64	Delete From Budget
1	7/7/2011	M. Brad Holloway	Police - Civilian	Communication Operator**				Filled
2	7/20/2011	Harry Whiteman	Police - Civilian	Communication Operator***				Filled
3	6/8/2011	Tony DePrima	City Manager	City Manager				Filled
4	9/30/2011	Matthew Harmon	Police-Uniform	Police Officer***				Filled
5	8/29/2011	Danny Ranger	Police - Uniform	Police Officer***				Filled
6	11/11/2011	Ray Wheatley	Electric Engineering	Substation Relay Foreman				Recruiting
7	11/1/2011	Matthew Carey	Fire	Fire Dispatcher				Recruiting
8	8/31/2011	John Thompson	Public Utilities	Substation Technician II				Recruiting
9	4/5/2012	Tom Embert	Electric Engineering	Substation Technician II				Recruiting

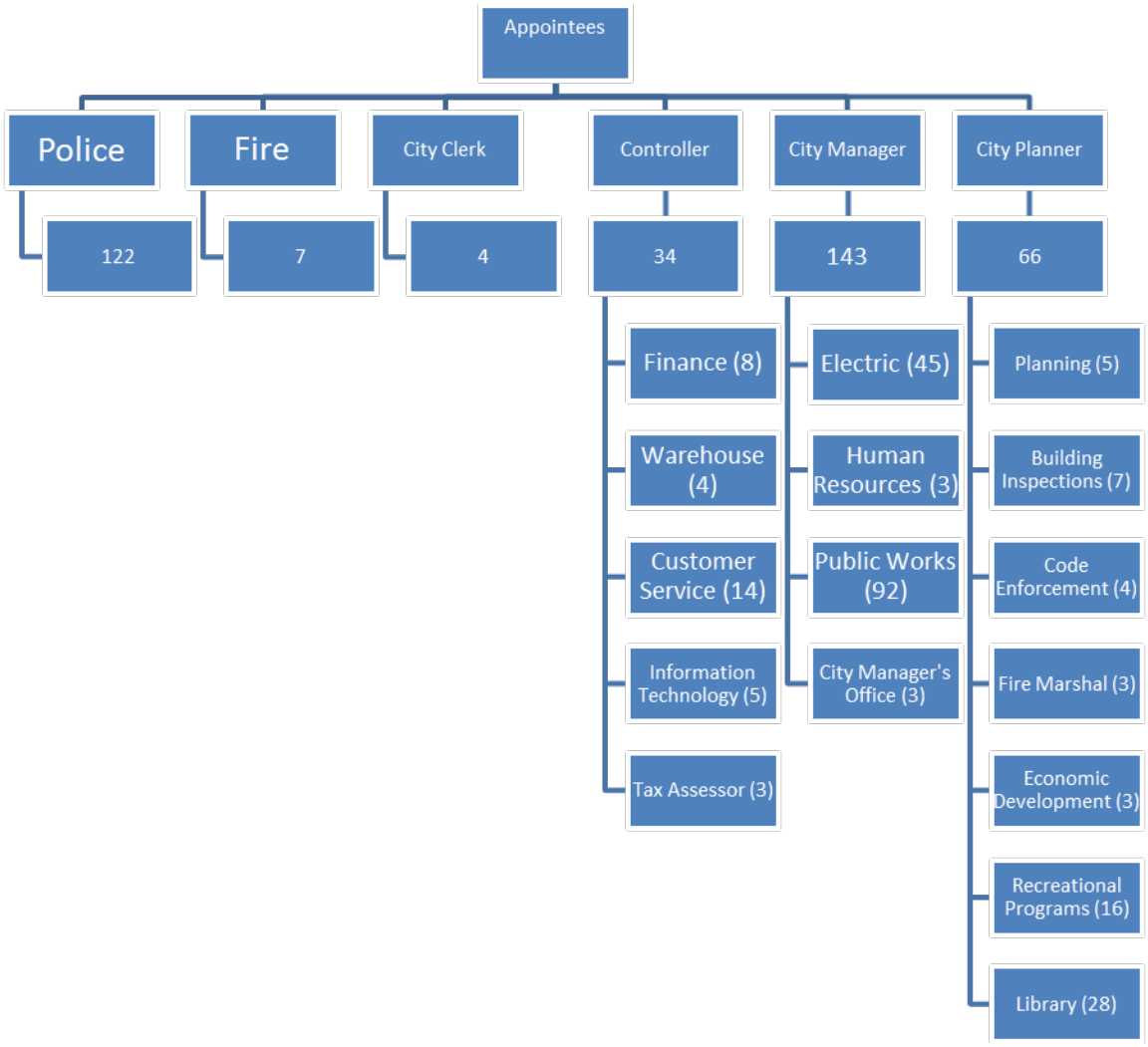
Distribution of Employee Positions Under Each Appointee



Current Distribution of Employee Divisions Under Each Appointee



Proposed Distribution of Employee Divisions Under Each Appointee



Proposed Distribution of Employee Divisions Under Each Appointee (Scenario 2)

