# COUNCIL FINANCIAL RETREAT

The Council Financial Retreat was held on November 9, 2011 at 5:07 p.m. with Council President Leary presiding. Council members present were Mrs. Russell, Dr. McGlumphy, Mr. Lynn, Mr. Bonar, Mrs. Williams, Mr. Hare, and Mr. Hutchison. Mr. Anderson was absent.

Council staff members present were Police Chief Hosfelt, Ms. Russell, Mrs. Mitchell, Mrs. Townshend, Mr. Koenig, and Mrs. McDowell. Mrs. Kay Dietz-Sass, Public Affairs Coordinator, was also present and served as facilitator.

## AGENDA ADDITIONS/DELETIONS

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

## INTRODUCTION - WHY IS THIS RETREAT DIFFERENT?

Mr. Scott Koenig, Interim City Manager, advised members that the purpose of the Financial Retreat was to review all financial models related to the electric system, the water and sewer system, and the general fund. He noted that a substantial amount of information was provided and there would be many challenges for the City. He anticipated that Council would have questions to which staff would not be prepared to respond, explaining that due to the detail involved, staff would need the opportunity to develop solutions through modeling for presentation at a later date.

Ms. Kay Dietz-Sass, Public Affairs Coordinator, noted that, in order to keep the meeting flowing, all members were provided tablets to write their questions down during the presentation. She reminded members that Council and staff were working toward the same goal.

## REVIEW OF FINANCIAL MODEL - ELECTRIC FUND

Mrs. Donna Mitchell, Controller/Treasurer, reviewed a Presentation - City of Dover Electric Revenue Fund - Updated Financial Projections for 2012 - 2016 ***(Exhibit #1)***.

In response to Mrs. Williams regarding the Capacity Charges (Page 5 of Exhibit #1), Mrs. Mitchell explained that not all the figures listed were open positions and could be indicative of the amount budgeted for those charges. She stated that she was unable to determine if any of the capacity charges had increased; however, in most instances, it was the result of "open positions." Mrs. Mitchell indicated she would be able to determine if these were open positions or if there are other factors playing into capacity charges in the near future.

Referring to Page 6 of Exhibit #1, Mrs. Mitchell noted that the rate trends provided reflect the conclusion of the City's agreement with Duke Energy and its transition to open market rates. It was her opinion that the City should conduct an electric rate study. She noted that the Power Cost Adjustment (PCA) credit provided each year is based on energy; therefore, none of the demands are being factored. Mrs. Mitchell felt that, due to changes in volume, a cost of service study should be conducted to "true up" the rates by class of customer. She stated that staff had a database that was set up by Burns and McDonnell and that once the kilowatt information was reconciled, she could obtain a quote for the cost to update the database. This would allow staff to "true up" the rates without having to go through a complete study (as is being done for the electric utility) and would be far less expensive.

Responding to Mr. Hutchison, Mrs. Mitchell felt that the cost of service study could be completed in time for rates to be effective on July 1, 2012.

**REVIEW OF FINANCIAL MODEL - WATER/SEWER FUND**

Mrs. Mitchell reviewed a Presentation - City of Dover Water and Wastewater Fund - Updated Financial Projections for 2012 - 2016 ***(Exhibit #2)***.

In response to Mrs. Williams, Mrs. Mitchell confirmed that 6.2% of the City's water customers reside out of the city limits.

Mr. Koenig advised members that during the last 15-20 years, there have not been substantial increases in water usage, explaining that the business sector has made processing improvements which, in some instances, have caused major changes in the City's revenues. He stated that during the early 1980s, the Power Plant was pulling two (2) million gallons of water per day out of the system. Then operations went to Duke Energy and, over the years, the use of the Power Plant decreased. Noting that residential homes use an average of 300-500 gallons per day, he stated that there would need to be an astronomical number of houses in the City to compensate for this difference. Since the City sells less water than it did 20 years ago, the only means to increase revenue is to increase impact fees, rates, etc. Mr. Koenig explained that this trend has continued throughout the years, noting that in the early 2000s, Scott Paper made their own paper onsite and when this process ceased, the City's revenue decreased by 600,000 gallons of water each day. When there has been an increase in T/gallons (thousands of gallons), he stated that this has been due to the weather. He stated that although a business may come to the City that would increase T/gallon sales, staff cannot develop the Capital Improvement Plan (CIP) based on this expectation and must consider an increase in rates, customer charges, impact fees, etc.

Mrs. Williams questioned the possibility of increasing the rate for State of Delaware properties and the amount that would be required to avoid increasing rates for residents. Responding, Mr. Koenig stated his belief that the rate could not be raised high enough without the State contacting the Public Service Commission. Mrs. Williams felt that it would be necessary to become creative in developing rates in order to acquire the necessary funds. She relayed frustration with the State taking an enormous amount of land in parking around State buildings and noted that the City of Wilmington charges parking fees; however, Dover does not charge for parking. She reiterated the need to be creative in developing sources of revenue other than City customers and citizens.

Mr. Hare noted that State facilities, churches, and other non-profit organizations are charged the same water rate as residents and that, unlike residents, these organizations are not subject to property taxes. He advised members that the University of Delaware provides the City of Newark approximately $1M in lieu of taxes each year. Although the State of Delaware provides the City of Dover $300,000 in lieu of taxes, very few of these other organizations pay any taxes.

Mr. Koenig suggested that a change could be made to the structure to provide for different rate classifications for water based on the size of the meter. He cautioned members that this would also affect businesses such as Dover Downs, the Dover Mall, etc. Such a change would "eliminate" the

municipal utility and create more of a public utility arena. Responding, Mr. Hare questioned the possibility of creating a new classification for non-taxpaying entities.

Mr. Koenig suggested that staff review the suggestions discussed to determine if there would be any legal issues.

**REVIEW OF GRANT FUNDS**

Mrs. Mitchell reviewed a Presentation - City of Dover Overview of Special Revenue Funds - Police, Library, Housing, & Other Programs as of June 30, 2011 ***(Exhibit #3)***. She noted that although these numbers were final as of June 30, 2011, the audit had not been completed.

Referring to the Red Light Street Cameras, Police Chief Hosfelt indicated that the State selects the locations for the cameras. Mr. Bonar suggested that the City reintroduce legislation to allow for red light street cameras in the City this year. If that was not possible, he suggested that the City take action to have it instituted in January 2013.

Responding to Mr. Lynn, Mrs. Mitchell stated that a Receipts/Expenditure Chart was not developed in connection with the Girls Circle and GAMES grant because there was only one (1) receipt and one (1) expenditure involved. For clarification, Mrs. Williams indicated that she does not receive any compensation for this program.

Referring to the third bullet on Page 9 of Exhibit #3, Mr. Bonar questioned the possibility of charging for interfund services. Responding, Mrs. Mitchell stated that calculations would be necessary to determine amounts and noted that sometimes such amounts are based on grant fund stipulations. She noted that allocating indirect costs for federal funds would probably be more onerous to calculate than any amount gained to charge to the federal funds. However, she felt this could be beneficial for State funds.

By unanimous consent, members took a brief recess.

Meeting recessed at 6:43 p.m. and reconvened at 6:59 p.m.

**REVIEW OF FINANCIAL MODEL - GENERAL FUND**

Mrs. Mitchell reviewed a Presentation - City of Dover General Fund - Updated Financial Projections for 2012 - 2016 ***(Exhibit #4)***. She noted that conceptual ideas were included in the projections that would require additional staff work to finalize. Therefore, she emphasized that the information provided was not a final "picture" of where the City would be in 2013 and that direction from Council will be required.

In response to Mr. Hare, Mr. Koenig stated that health insurance proposals should be received in early December for review by staff and that a recommendation to Council would be presented in January 2012.

Due to increased needs for manpower inside City limits and general budget constraints, Mr. Koenig stated that the City was exiting the business of providing trash collection services to those who reside outside the City.

Referring to the Sanitation Department, Mr. Koenig explained the concept of moving the department from the General Fund and creating an enterprise fund for the sanitation utility. He noted that this would relieve a $1M stress on the General Fund. In order for the service to be self-supporting, he stated that staff estimated the need for a monthly increase of $7.69. In addition, he stated that although he did not feel that privatization of sanitation was an option at this time, it may be something to consider in the future. Mr. Koenig stated that the creation of an enterprise fund would allow for a better evaluation to determine if privatization should be considered at a later date.

Responding to Mrs. Williams, Mr. Koenig estimated a cost of $250,000 to provide curbside recycling to over 8,000 customers. He stated that the rules regarding recycling and yard waste separation would remain, regardless of privatization.

Mrs. Mitchell referred to Page 6 of Exhibit #4 and relayed concern regarding the increase in expense and decrease in revenues. She explained that these recreation trends would require additional analysis and provided members with a memo dated October 24, 2011 from Mr. Zach Carter, Recreation Director, including attachments ***(Exhibit #5)***. Since attendance has been one-fourth to one-third of what was projected, she stated that there may be a need to consider raising fees for programs, marketing programs, etc.

Mr. Koenig suggested a review of "in City" rates versus "out of City" rates. Noting that the last recreation study was conducted in 2004, he stated that the trends in recreation and programs offered have changed substantially since the study was completed, explaining that the desires of the recreation customers are constantly changing. It was his feeling that a financial goal should be established, such as to break even, operate at somewhat of a loss, etc., and some parameters should be laid out. He stated that this matter has not been reviewed since the opening of the Pitts Center and that there is a need to develop specific goals.

In regard to the School Resource Officers (see Page 7 of Exhibit #4), Chief Hosfelt advised members that the City had a three (3) year Memorandum of Understanding (MOU) with both Dover High School and Central Middle School which expired in the last fiscal year. He stated that when he realized the date of the MOU's expiration, it was too late in the year to approach the school district. He assured members that a meeting has been scheduled with Dr. Michael Thomas, Capital School District Superintendent, to resolve this matter.

Responding to Mr. Bonar, Chief Hosfelt stated that when the School Resource Officers Program was initiated, there was an astronomical number of arrests and that arrests continue to decline each year.

Mr. Hare questioned the possibility of utilizing retired police officers to serve as school resource officers in an attempt to reduce costs. Responding, Chief Hosfelt stated that the State of Delaware attempted to utilize retired police officers for such positions; however, they were not permitted since legislators had approved the use of retired officers for the sex offender program but not the school

resource program. At the suggestion of Mr. Hare, Chief Hosfelt stated that he would review the possibility of hiring part-time, temporary police officers to serve in this capacity.

Responding to Council President Leary, Chief Hosfelt stated that reimbursement of only one-half of the fees is customarily entered into the contract and explained that this could be adjusted.

Mr. Hutchison relayed his support for school resource officers and explained his opinion that officers should be certified and not retired. Concurring, Mr. Lynn stated that it would be desirable to have officers in these positions to build rapport with the students and felt that this would be more difficult for retired officers.

Although he also concurred with the need for the program, Mr. Hare explained his concern that the City of Dover could not afford to fund the program, whereas the school district could, and he suggested that payment be renegotiated for the future.

Mrs. Mitchell referred to the Debt Service Options (Page 8 of Exhibit #4) and explained that in order to keep the new debt service level with the current debt service, there would be a 13 year payback.

Mrs. Mitchell noted that Pages 8 and 9 of Exhibit #4 were provided at the request of City Council members (Page 8 - Mr. Hutchison and Page 9 - Mr. Bonar). She reiterated that the figures provided for the cost savings for payroll and Other Post-Employment Benefits (OPEB) were very, very rough estimates.

In response to Mr. Hutchison, Mrs. Mitchell stated that, currently, the City pays 92% and employees pay 6.7% of monthly health insurance premiums. Requiring employees to pay 15% of the monthly premium would reduce the City's payment to 85%. She stated that an analysis has been conducted on what the rate changes would be and it was determined that employees with family coverage would realize a cost savings and those with individual coverage would have an increase in cost (approximately $92 per month).

Responding to Mr. Bonar, Mrs. Mitchell stated that currently, $1M is due to the City for property tax revenues; however, she stated that it was still very early in the year and anticipated that this amount would be greatly reduced by the end of the fiscal year. She noted that the outstanding balance was provided to members in the monthly report and that delinquent property taxpayers are listed on the City's website.

Mrs. Mitchell reviewed the Forecasting and Trend (Municast Program) and explained that a consultant created the program (Excel spreadsheet and database) which allows adjustments to be made to provide different scenarios and options to provide revenue and expense amounts based on selections.

Responding to Mr. Lynn, Mrs. Mitchell stated that she would determine if there were any licensing issues and, if not, she would provide members the program so that each can "play" with the numbers and select different options and scenarios.

Mrs. Mitchell indicated that staff would like to formalize some of the ideas and options to present to Council in the near future upon receipt of Council's direction (to be incorporated in the model).

Clarifying, Mr. Koenig noted that there was a $3.4M gap in one of the scenarios for the General Fund and felt that the gap could not be eliminated by "cutting" expenses; therefore, he anticipated that the scenario for eliminating the gap would include a full bundle of changes, including elimination of positions as well as rate and fee increases. He stated that he would like direction from Council in this regard.

After much discussion, Council President Leary noted that Mrs. Mitchell would determine if the Municast Program could be provided to members of Council and, if so, each member would be provided a copy. Staff would develop a proposal and, in the meantime, Council could give staff input on different scenarios. Another Retreat session could then be scheduled to allow Council and staff to review this matter more thoroughly.

Mrs. Kay Sass-Dietz relayed appreciation for the presentation provided by Mrs. Mitchell and the transparency of the information provided to members.

**There being no objections, Council President Leary declared the meeting adjourned.**

Meeting Adjourned at 8:36 P.M.

Respectfully submitted,

Thomas J. Leary
Council President

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*Exhibits (attached to original and file copy)*

*Exhibit #1 - Presentation - City of Dover Electric Revenue Fund - Updated Financial Projections for 2012 - 2016*
*Exhibit #2 - Presentation - City of Dover Water and Wastewater Fund - Updated Financial Projections for 2012 - 2016*
*Exhibit #3 - Presentation - City of Dover Overview of Special Revenue Funds - Police, Library, Housing, & Other Programs as of June 30, 2011*
*Exhibit #4 - Presentation - City of Dover General Fund - Updated Financial Projections for 2012 - 2016*
*Exhibit #5 - Memo Dated October 24, 2011 from Mr. Zach Carter, Recreation Director (including attachments)*

# City of Dover
# Electric Revenue Fund
# Updated Financial Projections
# 2012 - 2016

Council Retreat
November 9, 2011
Prepared by Finance Department

**EXHIBIT #1**
Council Financial Retreat of 11/09/2011

# Key Assumptions

- kWh demand forecast for FY12 increased 1.2%
  - Aligned with FY10 and FY11 original budget
  - FY11 actual was higher due to high seasonal heat rate
- kWh demand for FY13 – FY16 kept flat
- Continues current PCA credit 6.3% through FY15; 5.5% in FY16
- Continues current rates by customer class
- Interest rates lowered to 1.25%
- Projected Operating Expenses reported at FY12 level with the following exceptions:
  - Currently no pay increases
  - Increased health insurance premiums 6.0% (including retirees)
  - Increased Pension normal cost 2%
  - Increased OPEB normal cost 1.3%
  - Continue to fully fund Electric Fund OPEB liability
  - Pension contribution for unfunded liability as per previous actuary analysis
- No new debt issuance
- Adjustments to the previous annual appropriation to I & E Fund for CIP
- Use of reserves to partially fund CIP

## Projected Net Margins
## 11/9/2011

| $6,098,900 pca = (.00857) or 6.3% credit for FY13 | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 | Yr 1 - Yr 5 Total |
|---|---|---|---|---|---|---|
| **Net Margins** | | | | | | |
| Operating Revenue - Retail Rates | $ 96,808,700 | $ 96,808,700 | $ 96,808,700 | $ 96,808,700 | $ 96,808,700 | $ 484,043,500 |
| Operating Revenue - Power Cost Adjustment | (6,084,466) | (6,098,900) | (6,098,900) | (6,098,900) | (5,324,500) | (29,705,666) |
| Operating Revenue - Miscellaneous Receipts | 1,509,603 | 1,444,400 | 1,444,400 | 1,444,400 | 1,444,400 | 7,287,203 |
| Operating Revenue - Utility Tax | 1,929,400 | 1,929,100 | 2,068,200 | 2,217,300 | 2,397,400 | 10,541,400 |
| Total Revenue | 94,163,237 | 87,984,400 | 88,123,500 | 88,272,600 | 90,001,500 | 448,545,237 |
| Power Supply & Generation | (65,168,619) | (59,004,539) | (58,043,400) | (57,273,007) | (59,101,492) | (298,591,058) |
| Operating Expenses | (15,104,692) | (14,776,410) | (15,082,800) | (15,403,500) | (15,800,200) | (76,167,602) |
| Operating Transfers - Out (General Fund) | (7,876,288) | (7,860,200) | (7,860,200) | (7,860,200) | (7,860,200) | (39,317,088) |
| Total Operating Expenses | (88,149,599) | (81,641,149) | (80,986,400) | (80,536,707) | (82,761,892) | (414,075,748) |
| Operating Margin | 6,013,637 | 6,343,251 | 7,137,100 | 7,735,893 | 7,239,608 | 34,469,489 |
| Non-Oper. Rev. - Interest on Operating | 259,800 | 270,900 | 248,700 | 241,900 | 244,400 | 1,265,700 |
| Non-Oper. Rev. - Interest on Reserves | 408,300 | 376,000 | 374,200 | 364,800 | 362,700 | 1,886,000 |
| **Margins Available For Debt Service** | 6,681,737 | 6,990,151 | 7,760,000 | 8,342,593 | 7,846,708 | 37,621,189 |
| Interest for Long-Term Debt | (1,276,800) | (1,222,600) | (1,158,000) | (1,073,200) | (966,000) | (5,696,600) |
| Cash From Operations | 5,404,937 | 5,767,551 | 6,602,000 | 7,269,393 | 6,880,708 | 31,924,589 |
| Non Cash Income/Loss & Reserve Transfers | | | | | | |
| Transfer from Rate Stabilization Reserve | 1,000,000 | - | - | - | - | 1,000,000 |
| Debt Issue Cost Amort.- 2004 Bonds | (104,300) | (104,300) | (104,300) | (104,300) | (104,300) | (521,500) |
| Debt Issue Cost Amort.- 2008 Bonds | (8,900) | (8,900) | (8,900) | (8,900) | (8,900) | (44,500) |
| Depreciation Expense | (4,793,700) | (4,971,200) | (5,178,500) | (5,388,200) | (5,593,300) | (25,924,900) |
| Net Margins ($) | $ 1,498,037 | $ 683,151 | $ 1,310,300 | $ 1,767,993 | $ 1,174,208 | $ 6,433,689 |
| **Debt Service Coverage** | | | | | | |
| Margins Avail. for Debt Service | 6,681,737 | 6,990,151 | 7,760,000 | 8,342,593 | 7,846,708 | 37,621,189 |
| Total Debt Service | 3,336,800 | 3,332,600 | 3,328,000 | 3,333,200 | 3,331,000 | 16,661,600 |
| Debt Service Coverage Ratio (Required 1.25) | 2.00 | 2.10 | 2.33 | 2.50 | 2.36 | 2.26 |
| Transfer to I & E Fund | $ 3,500,000 | $ 3,000,000 | $ 4,000,000 | $ 4,000,000 | $ 3,500,000 | $ 18,000,000 |
| Transfer from Rate Stabilization Reserve | $ (1,000,000) | $ - | $ - | $ - | $ - | $ (1,000,000) |
| Reinvestment of Reserve Interest | $ 432,100 | $ 411,100 | $ 387,100 | $ 370,900 | $ 371,300 | $ 1,972,500 |
| Debt Service Principal | $ 2,060,000 | $ 2,110,000 | $ 2,170,000 | $ 2,260,000 | $ 2,365,000 | $ 10,965,000 |
| Total Cash Budget Requirements | $ 4,992,100 | $ 5,521,100 | $ 6,557,100 | $ 6,630,900 | $ 6,236,300 | $ 29,937,500 |
| Net Positive/(Negative Cash) | $ 412,837 | $ 246,451 | $ 44,900 | $ 638,493 | $ 644,408 | $ 1,987,089 |

## Projected Energy Sales and Supply Requirements
## 11/9/2011

| | Actual 2010 | Preliminary 2011 | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 |
|---|---|---|---|---|---|---|---|
| **Energy Sales and Supply** | | | | | | | |
| Sales (kWh) | 708,530,322 | 734,102,972 | 709,972,734 | 709,972,734 | 709,972,734 | 709,972,734 | 709,972,734 |
| Sales Percentage Increase | -1.59% | 3.61% | -3.29% | 0.00% | 0.00% | 0.00% | 0.00% |
| Street Lighting Sales (kWh) | 6,839,519 | 6,839,519 | 6,839,519 | 6,839,519 | 6,839,519 | 6,839,519 | 6,839,519 |
| Line Losses and Unaccounted Energy (kWh) | 35,880,159 | 27,311,509 | 33,484,318 | 33,484,318 | 33,484,318 | 33,484,318 | 33,484,318 |
| Total Requirement (kWh) | 751,250,000 | 768,254,000 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 |
| Supply Percentage Increase | 0.01% | 2.26% | -2.34% | 0.00% | 0.00% | 0.00% | 0.00% |
| Purchased Power (kWh) | 751,250,000 | 768,254,000 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 |
| Generation (kWh) | - | - | - | - | - | - | - |
| Total Supply (kWh) | 751,250,000 | 768,254,000 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 |
| Sales (%) | 94.31% | 95.55% | 94.63% | 94.63% | 94.63% | 94.63% | 94.63% |
| Street Lighting Sales | 0.91% | 0.89% | 0.91% | 0.91% | 0.91% | 0.91% | 0.91% |
| Line Losses and Unaccounted Energy (%) | 4.78% | 3.56% | 4.46% | 4.46% | 4.46% | 4.46% | 4.46% |
| Total Requirements (%) | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Purchased Power (%) | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Generation (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Supply (%) | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| **kWh Sales by Class of Customer** | | | | | | | |
| DAFB, P & G, Kraft, 1st State Power | 128,628,155 | 128,146,159 | 128,628,155 | 128,628,155 | 128,628,155 | 128,628,155 | 128,628,155 |
| Primary | 148,381,527 | 153,879,249 | 148,381,527 | 148,381,527 | 148,381,527 | 148,381,527 | 148,381,527 |
| Commercial | 237,608,938 | 243,985,517 | 239,051,350 | 239,051,350 | 239,051,350 | 239,051,350 | 239,051,350 |
| Residential | 193,911,702 | 208,092,047 | 193,911,702 | 193,911,702 | 193,911,702 | 193,911,702 | 193,911,702 |
| Total | 708,530,322 | 734,102,972 | 709,972,734 | 709,972,734 | 709,972,734 | 709,972,734 | 709,972,734 |
| **kWh Sales % of Change by Class of Customer** | | | | | | | |
| DAFB, P & G, Kraft, 1st State Power | 7.27% | -0.37% | 0.38% | 0.00% | 0.00% | 0.00% | 0.00% |
| Primary | -4.94% | 3.71% | -3.57% | 0.00% | 0.00% | 0.00% | 0.00% |
| Commercial | -4.48% | 2.68% | -2.02% | 0.00% | 0.00% | 0.00% | 0.00% |
| Residential | -0.65% | 7.31% | -6.81% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total | -1.59% | 3.61% | -3.29% | 0.00% | 0.00% | 0.00% | 0.00% |

## Projected Purchased Power Expense
## 11/9/2011

| | Actual 2010 | Preliminary 2011 | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 |
|---|---|---|---|---|---|---|---|
| **Energy Purchases (kWh) [1]** | | | | | | | |
| | 0.01% | 2.26% | -2.34% | 0.00% | 0.00% | 0.00% | 0.00% |
| Long Term Energy Supply | 751,250,000 | 768,254,000 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 |
| (Source: PACE Projection January 2011) | | | | | | | |
| Total Energy Purchases (kWh) | 751,250,000 | 768,254,000 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 | 750,296,571 |
| **Purchased Power Cost ($/kWh) [2]** | | | | | | | |
| Power Supply | 0.07404 | 0.06189 | 0.05649 | 0.04928 | 0.02813 | 0.00892 | 0.00081 |
| Dover Sun Park | - | - | 0.00218 | 0.00249 | 0.00265 | 0.00290 | 0.00310 |
| Power Supply Management | 0.00399 | 0.00307 | 0.00157 | 0.00162 | 0.00167 | 0.00172 | 0.00177 |
| PJM Charges - Load | 0.00965 | 0.01959 | 0.01804 | 0.02103 | 0.03573 | 0.05490 | 0.06522 |
| Capacity Charges | 0.01799 | 0.01607 | 0.01143 | 0.01638 | 0.02272 | 0.01680 | 0.01685 |
| Generation Fuels | 0.00047 | 0.00480 | 0.00089 | 0.00078 | 0.00068 | 0.00060 | 0.00053 |
| PJM Credits | (0.00106) | (0.00890) | (0.00173) | (0.00157) | (0.00143) | (0.00132) | (0.00122) |
| Capacity Credits | (0.01615) | (0.01485) | (0.00993) | (0.01924) | (0.02061) | (0.01595) | (0.01600) |
| Total Purchased Power Cost ($/kWh) | 0.08893 | 0.08166 | 0.07894 | 0.07077 | 0.06954 | 0.06857 | 0.07106 |
| **Purchased Power Expense ($) [4]** | | | | | | | |
| Power Supply | $55,619,481 | $47,543,983 | $42,384,253 | $36,974,615 | $21,105,843 | $ 6,692,645 | $ 607,740 |
| Dover Sun Park | - | - | 1,618,924 | 1,854,901 | 1,974,257 | 2,156,663 | 2,304,553 |
| Power Supply Management | 3,000,000 | 2,355,630 | 1,170,000 | 1,170,000 | 1,170,000 | 1,170,000 | 1,170,000 |
| PJM Charges - Load | 7,247,049 | 15,051,912 | 13,535,350 | 15,778,737 | 26,808,096 | 41,191,282 | 48,934,342 |
| Capacity Charges | 13,516,203 | 12,344,169 | 8,575,890 | 12,289,858 | 17,046,738 | 12,604,982 | 12,642,497 |
| Generation Fuels | 355,428 | 3,685,199 | 667,764 | 585,231 | 510,202 | 450,178 | 397,657 |
| PJM Credits | (793,599) | (6,834,780) | (1,298,013) | (1,177,966) | (1,072,924) | (990,391) | (915,362) |
| Capacity Credits | (12,133,292) | (11,407,201) | (7,450,445) | (14,435,706) | (15,463,612) | (11,967,230) | (12,004,745) |
| Total Purchase Power Expense ($) | $66,811,270 | $62,738,912 | $59,203,723 | $53,039,670 | $52,078,599 | $51,308,129 | $53,136,683 |
| **Power Cost (% of Chg)** | **-1.1%** | **-6.1%** | **-5.6%** | **-10.4%** | **-1.8%** | **-1.5%** | **3.6%** |
| **Cumulative Chg** | | **-7.2%** | **-11.4%** | **-20.6%** | **-22.1%** | **-18.2%** | **-10.2%** |

## Rate Trends

| Date | Average $ Increase | Average % Increase | Average PCA Adj | Average % Adj |
|---|---|---|---|---|
| 7/1/05 | .0222 | 31.0% | --- | --- |
| 1/1/06 | .0072 | 6.0% | --- | --- |
| 7/1/07 | .0125 | 10.3% | --- | --- |
| 7/1/08 | .0107 | 8.0% | --- | --- |
| 7/1/10 | --- | --- | -.0028 | -2.3% |
| 7/1/11 | --- | --- | -.00857 | -6.3% |
| Annual Chg. | .0526 | 55.3% | -.01137 | -8.6% |

Fiscal Year 2006 – Retail Revenues $56.1 million
Fiscal Year 2012 – Retail Revenues $99.9 million
Increase 78.1% attributed to cost of power and increase demand

# City of Dover
# Water and Wastewater Fund
# Updated Financial Projections
# 2012 – 2016

Council Retreat
November 9, 2011
Prepared by Finance Department

**EXHIBIT #2**
Council Financial Retreat of 11/09/2011

# Key Assumptions

- T/Gallons Growth
  - 2011 +5.0% over FY10 (Power Plant running attributed to approx. 2.5%)
  - 2012 Projection -2.5% under FY11
  - 2013 – 2016 Level with 2012
- Rate or fee increases projected for operating increases and financing capital projects
- Continues the groundwater inflow surcharge to cover cost of County treatment fees and reduce budget deficit
- Continues prior level of capital improvements to replace failing infrastructure
- Projected Operating Expenses reported at same level as FY12 with the following exceptions:
  - Currently no pay increases
  - Increased health insurance premiums 6%
  - Increased Pension Normal Cost 2%
  - 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 FY11
- General Fund transfer is in accordance with policy 4.5% across all years
- Impact Fees are projected to be used to pay debt service and some project cost
- Includes transfers to Capital Project Fund each year for water quality and inflow/infiltration projects

## Projected Net Margins - Water & Wastewater
## 11/9/2011

| Net Margins - Combined Water & Wastewater | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 | Yr 1 - Yr 5 Total |
|---|---|---|---|---|---|---|
| Water Fees | $ 4,828,700 | $ 4,824,500 | $ 4,824,500 | $ 4,824,500 | $ 4,824,500 | $ 24,126,700 |
| Wastewater Fees | 3,939,300 | 3,934,900 | 3,934,900 | 3,934,900 | 3,934,900 | 19,678,900 |
| Treatment Fees - Kent County | 4,707,000 | 4,707,000 | 4,707,000 | 4,707,000 | 4,707,000 | 23,535,000 |
| Miscellaneous Income - Water | 336,600 | 354,500 | 363,200 | 371,400 | 381,300 | 1,807,000 |
| Miscellaneous Income - Wastewater | 29,000 | 29,000 | 29,000 | 29,000 | 29,000 | 145,000 |
| Imapct Fees - Water | 357,000 | 357,000 | 357,000 | 357,000 | 357,000 | 1,785,000 |
| Impact Fees - Wastewater | 323,000 | 323,000 | 323,000 | 323,000 | 323,000 | 1,615,000 |
| Total Revenue | 14,520,600 | 14,529,900 | 14,538,600 | 14,546,800 | 14,556,700 | 72,692,600 |
| Treatment Fees - Kent County | (4,235,400) | (4,707,000) | (4,707,000) | (4,707,000) | (4,707,000) | (23,063,400) |
| Operating Expenses - Water | (3,583,400) | (3,754,700) | (3,846,100) | (3,939,900) | (4,035,800) | (19,159,900) |
| Operating Expenses - Wastewater | (2,177,300) | (2,313,400) | (2,363,900) | (2,415,600) | (2,468,300) | (11,738,500) |
| Operating Transfers - Out (4.5%) Water | (238,842) | (249,600) | (250,000) | (250,400) | (250,800) | (1,239,642) |
| Operating Transfers - Out (4.5%) Wastewater | (185,666) | (193,700) | (193,700) | (193,700) | (193,700) | (960,466) |
| Total Operating Expenses | (10,420,608) | (11,218,400) | (11,360,700) | (11,506,600) | (11,655,600) | (56,161,908) |
| Operating Margin | 4,099,992 | 3,311,500 | 3,177,900 | 3,040,200 | 2,901,100 | 16,530,692 |
| Non-Oper. Rev. - Interest on Operating | 29,000 | 29,100 | 29,100 | 29,100 | 29,100 | 145,400 |
| Non-Oper. Rev. - Interest on Reserves | 78,800 | 61,100 | 60,000 | 43,400 | 43,700 | 287,000 |
| Margins Available For Debt Service | 4,207,792 | 3,401,700 | 3,267,000 | 3,112,700 | 2,973,900 | 16,963,092 |
| Interest for Long-Term Debt | (293,800) | (351,900) | (387,500) | (443,900) | (508,200) | (1,985,300) |
| Cash From Operations | 3,913,992 | 3,049,800 | 2,879,500 | 2,668,800 | 2,465,700 | 14,977,792 |
| Non Cash Investment Income/(Loss) | | | | | | |
| Debt Issue Cost Amort.-Outstanding Debt | (31,600) | (31,600) | (31,600) | (31,600) | (16,500) | (142,900) |
| Depreciation Expense | (1,754,400) | (2,001,600) | (2,216,700) | (2,436,300) | (2,681,100) | (11,090,100) |
| Net Margins ($) | $ 2,127,992 | $ 1,016,600 | $ 631,200 | $ 200,900 | $ (231,900) | $ 3,744,792 |
| **Debt Service Coverage** | | | | | | |
| Margins Avail. for Debt Service | $ 4,207,792 | $ 3,401,700 | $ 3,267,000 | $ 3,112,700 | $ 2,973,900 | $ 16,963,092 |
| Total Debt Service | $ 768,400 | $ 1,090,200 | $ 1,242,900 | $ 1,423,400 | $ 1,398,300 | $ 5,923,200 |
| Debt Service Coverage Ratio | 5.48 | 3.12 | 2.63 | 2.19 | 2.13 | |
| Transfer to I & E Fund - Combined | $ 1,750,000 | $ 1,750,000 | $ 2,000,000 | $ 2,000,000 | $ 1,725,000 | $ 9,225,000 |
| Transfer to Impact Fee Reserve - Combined | $ 58,100 | $ - | $ - | $ - | $ - | $ 58,100 |
| Transfer to Cap Asset & Cont. Reserve - Combined | $ 400,000 | $ 90,000 | $ - | $ - | $ - | $ 490,000 |
| Reinvestment of Reserve Interest - Combined | $ 78,800 | $ 61,100 | $ 60,000 | $ 43,400 | $ 43,700 | $ 287,000 |
| Debt Service Principal - Combined | $ 474,514 | $ 738,239 | $ 855,437 | $ 979,465 | $ 890,194 | $ 3,937,850 |
| Total Cash Budget Requirements - Combined | $ 2,761,400 | $ 2,639,300 | $ 2,915,400 | $ 3,022,900 | $ 2,658,900 | $ 13,997,950 |
| Net Positive/(Negative Cash) | $ 1,152,592 | $ 410,500 | $ (35,900) | $ (354,100) | $ (193,200) | $ 979,842 |

# Projected Net Margins - Water
## 11/9/2011

| Net Margins - Water | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 | Yr 1 - Yr 5 Total |
|---|---|---|---|---|---|---|
| Water Fees | $ 4,828,700 | $ 4,824,500 | $ 4,824,500 | $ 4,824,500 | $ 4,824,500 | $ 24,126,700 |
| Miscellaneous Income - Water | 336,600 | 354,500 | 363,200 | 371,400 | 381,300 | 1,807,000 |
| Imapct Fees - Water | 357,000 | 357,000 | 357,000 | 357,000 | 357,000 | 1,785,000 |
| Total Revenue | 5,522,300 | 5,536,000 | 5,544,700 | 5,552,900 | 5,562,800 | 27,718,700 |
| Operating Expenses - Water | (3,583,400) | (3,754,700) | (3,846,100) | (3,939,900) | (4,035,800) | (19,159,900) |
| Operating Transfers - Out (4.5%) Water | (238,842) | (249,600) | (250,000) | (250,400) | (250,800) | (1,239,642) |
| Total Operating Expenses | (3,822,242) | (4,004,300) | (4,096,100) | (4,190,300) | (4,286,600) | (20,399,542) |
| Operating Margin | 1,700,058 | 1,531,700 | 1,448,600 | 1,362,600 | 1,276,200 | 7,319,158 |
| Non-Oper. Rev. - Interest on Operating | 11,000 | 11,100 | 11,100 | 11,100 | 11,100 | 55,400 |
| Non-Oper. Rev. - Interest on Reserves | 18,000 | 12,200 | 13,300 | 13,400 | 13,600 | 70,500 |
| Margins Available For Debt Service | 1,729,058 | 1,555,000 | 1,473,000 | 1,387,100 | 1,300,900 | 7,445,058 |
| Interest for Long-Term Debt | (83,600) | (147,800) | (180,400) | (183,900) | (216,900) | (812,600) |
| Cash From Operations | 1,645,458 | 1,407,200 | 1,292,600 | 1,203,200 | 1,084,000 | 6,632,458 |
| Debt Issue Cost Amort.-Outstanding Debt | (19,000) | (19,000) | (19,000) | (19,000) | (9,900) | (85,900) |
| Depreciation Expense | (803,900) | (947,600) | (1,024,600) | (1,164,000) | (1,331,800) | (5,271,900) |
| Net Margins ($) | $ 822,558 | $ 440,600 | $ 249,000 | $ 20,200 | $ (257,700) | $ 1,274,658 |
| **Debt Service Coverage** | | | | | | |
| Margins Avail. for Debt Service | $ 1,729,058 | $ 1,555,000 | $ 1,473,000 | $ 1,387,100 | $ 1,300,900 | $ 7,445,058 |
| Total Debt Service | $ 298,909 | $ 442,188 | $ 578,658 | $ 617,446 | $ 558,928 | $ 2,496,128 |
| Debt Service Coverage Ratio | 5.78 | 3.52 | 2.55 | 2.25 | 2.33 | |
| Transfer to I & E Fund - Water | $ 750,000 | $ 750,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 4,500,000 |
| Transfer to Impact Fee Reserve - Water | $ 58,091 | $ - | $ - | $ - | $ - | $ 58,091 |
| Transfer to Capital Asset & Contingency Reserves | $ 100,000 | $ 70,000 | $ - | $ - | $ - | $ 170,000 |
| Reinvestment of Reserve Interest | $ 18,000 | $ 12,200 | $ 13,300 | $ 13,400 | $ 13,600 | $ 70,500 |
| Debt Service Principal | $ 215,263 | $ 294,364 | $ 398,291 | $ 433,539 | $ 342,077 | $ 1,683,532 |
| Total Cash Budget Requirements | $ 1,141,354 | $ 1,126,564 | $ 1,411,591 | $ 1,446,939 | $ 1,355,677 | $ 6,482,123 |
| Net Positive/(Negative Cash) | $ 504,104 | $ 280,636 | $ (118,991) | $ (243,739) | $ (271,677) | $ 150,335 |

## Projected Net Margins - Wastewater
## 11/9/2011

| Net Margins - Wastewater | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 | Yr 1 - Yr 5 Total |
|---|---|---|---|---|---|---|
| Wastewater Fees | $ 3,939,300 | $ 3,934,900 | $ 3,934,900 | $ 3,934,900 | $ 3,934,900 | $ 19,678,900 |
| Treatment Fees - Kent County | 4,707,000 | 4,707,000 | 4,707,000 | 4,707,000 | 4,707,000 | 23,535,000 |
| Miscellaneous Income - Wastewater | 29,000 | 29,000 | 29,000 | 29,000 | 29,000 | 145,000 |
| Impact Fees - Wastewater | 323,000 | 323,000 | 323,000 | 323,000 | 323,000 | 1,615,000 |
| Total Revenue | 8,998,300 | 8,993,900 | 8,993,900 | 8,993,900 | 8,993,900 | 44,973,900 |
| Treatment Expense - Kent County | (4,235,400) | (4,707,000) | (4,707,000) | (4,707,000) | (4,707,000) | (23,063,400) |
| Operating Expenses - Wastewater | (2,177,300) | (2,313,400) | (2,363,900) | (2,415,600) | (2,468,300) | (11,738,500) |
| Operating Transfers - Out (4.5%) Wastewater | (185,666) | (193,700) | (193,700) | (193,700) | (193,700) | (960,466) |
| Total Operating Expenses | (6,598,366) | (7,214,100) | (7,264,600) | (7,316,300) | (7,369,000) | (35,762,366) |
| Operating Margin | 2,399,934 | 1,779,800 | 1,729,300 | 1,677,600 | 1,624,900 | 9,211,534 |
| Non-Oper. Rev. - Interest on Operating | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 90,000 |
| Non-Oper. Rev. - Interest on Reserves | 60,800 | 48,900 | 46,700 | 30,000 | 30,100 | 216,500 |
| Margins Available For Debt Service | 2,478,734 | 1,846,700 | 1,794,000 | 1,725,600 | 1,673,000 | 9,518,034 |
| Interest for Long-Term Debt | (210,200) | (204,100) | (207,100) | (260,000) | (291,300) | (1,172,700) |
| Cash From Operations | 2,268,534 | 1,642,600 | 1,586,900 | 1,465,600 | 1,381,700 | 8,345,334 |
| Debt Issue Cost Amort.-Outstanding Debt | (12,600) | (12,600) | (12,600) | (12,600) | (6,600) | (57,000) |
| Depreciation Expense | (950,500) | (1,054,000) | (1,192,100) | (1,272,300) | (1,349,300) | (5,818,200) |
| Net Margins ($) | $ 1,305,434 | $ 576,000 | $ 382,200 | $ 180,700 | $ 25,800 | $ 2,470,134 |
| **Debt Service Coverage** | | | | | | |
| Margins Avail. for Debt Service | 2,478,734 | 1,846,700 | 1,794,000 | 1,725,600 | 1,673,000 | $ 9,518,034 |
| Total Debt Service | 469,494 | 647,971 | 664,213 | 805,937 | 839,387 | $ 3,427,002 |
| Debt Service Coverage Ratio | 5.28 | 2.85 | 2.70 | 2.14 | 1.99 | |
| Transfer to I & E Fund - Wastewater | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 1,000,000 | $ 725,000 | $ 4,725,000 |
| Transfer to Impact Fee Reserve - Wastewater | $ - | $ - | $ - | $ - | $ - | $ - |
| Transfer to Capital Asset & Contingency Reserves | $ 300,000 | $ 20,000 | $ - | $ - | $ - | $ 320,000 |
| Reinvestment of Reserve Interest | $ 60,800 | $ 48,900 | $ 46,700 | $ 30,000 | $ 30,100 | $ 216,500 |
| Debt Service Principal | $ 259,251 | $ 443,876 | $ 457,147 | $ 545,926 | $ 548,118 | $ 2,254,318 |
| Total Cash Budget Requirements | $ 1,620,051 | $ 1,512,776 | $ 1,503,847 | $ 1,575,926 | $ 1,303,218 | $ 7,515,818 |
| Net Positive/(Negative Cash) | $ 648,483 | $ 129,824 | $ 83,053 | $ (110,326) | $ 78,482 | $ 829,516 |

# Kent County Treatment Fees

## Trend of City Receipts & Expenses

| Fiscal Year Ended June 30 | Beginning Budget Balance | Annual Revenues | Annual Charges | Ending Budget Balance |
|---|---|---|---|---|
| 1997 | $0 | $2,399,975 | $3,664,852 | ($1,264,877) |
| 1998 | ($1,264,877) | $2,436,182 | $2,653,835 | ($1,482,530) |
| 1999 * | ($1,482,530) | $2,452,087 | $2,284,788 | ($1,315,232) |
| 2000 | ($1,315,232) | $2,512,562 | $2,516,910 | ($1,319,580) |
| 2001 | ($1,319,580) | $2,686,790 | $2,603,943 | ($1,236,733) |
| Rolled into Total Budget Balance | ($1,236,733) | $1,236,733 | $0 | $0 |
| 2002 | $0 | $2,814,587 | $2,811,939 | $2,648 |
| 2003 | $2,648 | $2,778,521 | $3,442,420 | ($661,251) |
| 2004 | ($661,251) | $2,743,359 | $3,829,289 | ($1,747,181) |
| Rolled into Total Budget Balance | ($1,747,181) | $1,747,181 | $0 | $0 |
| 2005 | $0 | $2,611,290 | $3,470,312 | ($859,022) |
| 2006 | ($859,022) | $3,865,684 | $3,628,056 | ($621,394) |
| 2007 | ($621,394) | $3,854,100 | $3,702,815 | ($470,109) |
| 2008 | ($470,109) | $4,109,166 | $3,633,731 | $5,326 |
| 2009 | $5,326 | $3,733,644 | $3,585,791 | $153,179 |
| 2010 | $153,179 | $3,100,547 | $4,575,155 | ($1,321,429) |
| 2011 | ($1,872,081) | $4,230,032 | $3,601,194 | ($1,243,243) |

In 1999 our credit rating was downgraded due to missing our debt covenant in 1997 and 1998. The downgrading was largely attributed to two factors (1) Kent County changed their billing from quarterly to monthly which increased the cost for 1997 and (2) inflow infiltration associated with both years due to higher water tables.

Prior to 2005 City billed the rate paid to Kent County for treatment with no markup for Inflow/Infiltration

2005 - County rate = $1.85 per thousand gallons
2005 - City implemented a $.25 sewer rate increase to pay down budget deficit
2006 - County rate = $2.13 per thousand gallons; $.28 increase
2006 - City implemented a $.20 sewer rate increase to pay down budget deficit
2008 - County increased treatment fee rate $.21; New rate $2.34
2011 - City implemented Groundwater Adjustment Charge $1.05 per thousand gallons included above

# Comparative CIP & Debt Projections

| Projected Capital Improvement Outlays | | | |
|---|---|---|---|
| **Previous Forecast** | | **Current Forecast** | |
| 2010 Actual | $ 1,808,525 | 2010 Actual | $ 1,808,652 |
| 2011 LE | 8,881,049 | 2011 Actual | 5,192,000 |
| | | | |
| 2012 | 4,224,140 | 2012 | 7,357,440 |
| 2013 | 5,705,400 | 2013 | 5,705,400 |
| 2014 | 5,154,000 | 2014 | 5,154,000 |
| 2015 | 3,923,900 | 2015 | 3,923,900 |
| 2016 | 4,675,600 | 2016 | 4,425,600 |
| Total FY12 - FY16 | $ 23,683,040 | Total FY12 - FY16 | $ 26,566,340 |
| | | | |
| **Projected Debt Issuance** | | | |
| **Previous Forecast** | | **Current Forecast** | |
| 2010 Actual | $ 344,525 | 2010 Actual | $ 344,525 |
| 2011 LE | 6,967,033 | 2011 Actual | 4,457,212 |
| | | | |
| 2012 | 3,800,000 | 2012 | 4,309,821 |
| 2013 | 2,840,000 | 2013 | 4,840,000 |
| 2014 | 2,000,000 | 2014 | - |
| 2015 | 2,500,000 | 2015 | 4,500,000 |
| 2016 | - | 2016 | - |
| Total FY12 - FY16 (47.0% of CIP) | $ 11,140,000 | Total FY12 - FY16 (51.4% of CIP) | $ 13,649,821 |
| | | | |
| FY12 - FY16 CIP Transfers | $9.7 Million | FY12 - FY16 CIP Transfers | $9.2 Million |
| FY12 - FY16 Revenue | $69.5 Million | FY12 - FY16 Revenue | $72.7 Million |

## City of Dover, Delaware
## Water/Wastewater Revenue Bonds
## Debt Service Reserve Fund Requirement

| | | | State of Delaware Revolving Fund Loans or Bond Issues | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending | Series 2003 | Series 2000 | Series 2009 Wastewater | Series 2010 Water | Series 2011 Wastewater | Series 2013 Water | Series 2013 Wastewater | Series 2015 Water | Series 2015 Wastewater | Total Debt Service | Debt Service Reserve Fund Requirement [1] |
| 6/30/2012 | $411,372.50 | $52,929.00 | $200,000.00 | $55,055.55 | $26,998.12 | $0.00 | $0.00 | $0.00 | $0.00 | $746,355.17 | $746,355.17 |
| 6/30/2013 | 410,997.50 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 45,793.95 | 35,288.89 | 0.00 | 0.00 | 1,114,020.17 | $1,114,020.17 |
| 6/30/2014 | 409,812.50 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 91,587.91 | 70,577.79 | 0.00 | 0.00 | 1,193,918.02 | $1,193,918.02 |
| 6/30/2015 | 407,782.50 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 40,311.58 | 35,288.89 | 1,429,654.19 | $1,429,654.19 |
| 6/30/2016 | 223,490.00 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 80,623.16 | 70,577.79 | 1,320,962.16 | $1,320,962.16 |
| 6/30/2017 | 222,267.50 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,470,940.61 | $1,470,940.61 |
| 6/30/2018 | 220,685.00 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,469,358.11 | $1,469,358.11 |
| 6/30/2019 | 223,583.75 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,472,256.86 | $1,472,256.86 |
| 6/30/2020 | 220,995.00 | 52,929.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,469,668.11 | $1,469,668.11 |
| 6/30/2021 | 222,945.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,418,689.11 | $1,420,679.11 |
| 6/30/2022 | 224,265.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,420,009.11 | $1,420,679.11 |
| 6/30/2023 | 224,935.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,420,679.11 | $1,420,679.11 |
| 6/30/2024 | 220,052.50 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,415,796.61 | $1,415,796.61 |
| 6/30/2025 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2026 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2027 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2028 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2029 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2030 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2031 | 0.00 | 0.00 | 361,963.62 | 153,050.95 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 1,195,744.11 | $1,195,744.11 |
| 6/30/2032 | 0.00 | 0.00 | 161,963.62 | 97,995.40 | 53,996.24 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 940,688.55 | $940,688.55 |
| 6/30/2033 | 0.00 | 0.00 | 0.00 | 0.00 | 26,998.12 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 653,731.41 | $940,688.55 |
| 6/30/2034 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 183,175.81 | 141,155.58 | 161,246.32 | 141,155.58 | 626,733.29 | $940,688.55 |
| 6/30/2035 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 45,793.95 | 16,852.73 | 161,246.32 | 141,155.58 | 365,048.57 | $940,688.55 |
| 6/30/2036 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 161,246.32 | 141,155.58 | 302,401.89 | $940,688.55 |
| 6/30/2037 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40,311.58 | 35,288.90 | 75,600.48 | $940,688.55 |
| 6/30/2038 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | $0.00 |
| 6/30/2039 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | $0.00 |
| **Total** | **$3,643,183.75** | **$476,361.00** | **$7,239,272.49** | **$3,061,019.00** | **$1,133,921.11** | **$3,846,692.10** | **$2,945,831.00** | **$3,386,172.63** | **$2,964,267.17** | **$28,696,720.24** | |

*(1) Maximum annual debt service on City of Dover, Water/Wastewater Revenue Bonds measured on fiscal year basis.*

**City of Dover, Delaware**
**Revenue Bond Coverage - Water/Wastewater Bonds**

**Last Ten Fiscal Years**

| Fiscal Year | Gross Revenue | Direct Operating Expenses | Net Revenue Available For Debt Service | Maximum Requirements: Maximum Debt Service Requirement | Actual Coverage | Coverage Required |
|---|---|---|---|---|---|---|
| 2001 | $ 8,932,763 | $ 6,620,732 | $ 2,312,031 | $ 1,524,280 | 1.52% | 1.20% |
| 2002 | 9,639,256 | 6,185,232 | 3,454,024 | 1,524,380 | 2.27% | 1.20% |
| 2003 | 10,604,052 | 7,180,175 | 3,423,877 | 1,472,412 | 2.33% | 1.20% |
| 2004 | 10,101,660 | 7,608,196 | 2,493,464 | 1,553,713 | 1.60% | 1.20% |
| 2005 | 10,619,688 | 7,223,283 | 3,396,405 | 1,553,713 | 2.19% | 1.20% |
| 2006 | 12,372,563 | 7,805,396 | 4,567,167 | 1,551,228 | 2.94% | 1.20% |
| 2007 | 12,294,847 | 8,242,898 | 4,051,949 | 797,748 | 5.08% | 1.20% |
| 2008 | 11,594,402 | 8,763,407 | 2,830,995 | 797,748 | 3.55% | 1.20% |
| 2009 | 11,067,901 | 9,510,814 | 1,557,087 | 797,708 | 1.95% | 1.20% |
| 2010 | 11,204,911 | 10,319,728 | 885,183 | 416,423 | 2.13% | 1.20% |

Source: City of Dover Financial Records.

| CAPITAL PROJECTS | Fiscal Year 2010 Actual | Fiscal Year 2011 Actual | w/ C/F Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 | Fiscal Year 2015 | Fiscal Year 2016 | Yr 11 - Yr 15 Total |
|---|---|---|---|---|---|---|---|---|
| Vehicles & Equipment (Split W/WW 50%) Eng/Insp/Mtrng | 127 | - | - | 23,400 | - | - | 27,000 | 50,400 |
| **Water, Water Construction & Water Treatment** | | | | | | | | |
| Vehicles & Equipment - Water | 43,721 | - | 114,240 | 211,050 | 128,400 | 467,250 | 529,750 | 1,450,690 |
| Bayard Avenue Water Quality Improvements - DWSRF | - | 280,300 | 204,120 | - | - | - | - | 204,120 |
| Route 13 Water Quality Improvements - DWSRF ($391.9 CIT | 56,599 | 288,814 | 1,869,872 | - | - | - | - | 1,869,872 |
| East side N. State Street - DWSRF | - | 148,175 | - | - | - | - | - | - |
| Pear Street | 203,694 | - | - | - | - | - | - | - |
| 1.0 MG Elevated Storage Tank (Bonded) | 2,878 | 14,461 | 178,916 | 2,000,000 | 390,000 | - | - | 2,568,916 |
| Piney Point Well (Bonded) | 22,930 | 15,207 | 147,319 | 450,000 | - | - | - | 597,319 |
| South Governors Avenue Water Main Upgrade | 2,664 | 81,535 | - | - | - | - | - | - |
| **Location/Well to be Determined** | | | | | | | | |
| Emergency Generators (Homeland Security Grant) | - | - | - | 80,000 | 80,000 | - | - | 160,000 |
| Wellhead Redevelopment | 70,238 | 59,336 | 65,000 | 70,000 | 75,000 | 80,000 | 82,500 | 372,500 |
| Remote Control & Well Monitor | 23,104 | 31,896 | - | - | - | - | - | - |
| Misc. Distribution Improvements | 21,188 | 11,353 | 60,000 | 70,000 | 75,000 | 75,000 | 75,000 | 355,000 |
| Water Quality Improvements - DWSRF | 119,363 | 121,626 | 500,000 | 750,000 | 1,000,000 | 1,000,000 | 1,250,000 | 4,500,000 |
| SCADA Upgrades | - | - | - | - | - | 80,000 | 80,000 | 160,000 |
| Treatment Plant Improvements | - | - | - | - | 150,000 | 350,000 | 550,000 | 1,050,000 |
| Total Water | **566,379** | **1,052,703** | **3,139,467** | **3,631,050** | **1,898,400** | **2,052,250** | **2,567,250** | **13,288,417** |
| **Wastewater** | | | | | | | | |
| Vehicles & Equipment - Wastewater | 19,010 | - | 31,000 | 244,050 | 255,000 | 151,650 | 123,850 | 805,550 |
| Dover East Pump Station & Force Main | - | - | - | 40,000 | 213,800 | - | - | 253,800 |
| U S 13 East Dover Bypass DSRLF | 660,546 | 2,077,438 | 295,721 | - | - | - | - | 295,721 |
| South Governors Avenue Sewer Main Upgrade | 1,844 | 1,805 | - | - | - | - | - | - |
| Tar Ditch Interceptor Upgrade (Impact Fees) | 1,449 | 21,422 | 495,359 | - | - | - | - | 495,359 |
| SCADA System Technology Upgrade | 64,149 | 76,264 | 84,900 | 87,900 | - | - | - | 172,800 |
| Delaware State University Pump Station Replacmnt DSRLF | 120,149 | 175,552 | - | - | - | - | - | - |
| Weaver Street Pump Station Replacement | - | - | - | - | - | - | - | - |
| Fox Hall Retreat Force Main Rerouting DSRLF | 186,773 | 20,351 | - | - | - | - | - | - |
| Acorn Lane Pump Station Replacement DSRLF | 125,872 | 146,397 | - | - | - | - | - | - |
| Fox Hall Pump Station Replacement DSRLF | 1,856 | 48,357 | 360,687 | - | - | - | - | 360,687 |
| Heatherfield Force Main DSRLF | 1,284 | 47,411 | 237,506 | - | - | - | - | 237,506 |
| Brandywine Pump Station Replacement | - | - | 52,000 | 350,000 | - | - | - | 402,000 |
| Lepore Road Pump Station Replacement DSRLF | - | 55,536 | 350,000 | - | - | - | - | 350,000 |
| Rolling Acres Pump Station Replacement | - | - | - | - | - | - | 52,000 | 52,000 |
| Dover Brook Gardens Pump Station Upgrade | - | - | 15,000 | 50,000 | - | - | - | 65,000 |
| Wilmington College Pump Station Upgrade | - | - | 25,000 | 100,000 | - | - | - | 125,000 |
| McKee Road Pump Station Communicator Replacement | - | - | 10,000 | 45,000 | - | - | - | 55,000 |
| Westover Pump Station & Force Main Upgrade - Impact Fee | - | - | - | 65,000 | 703,800 | - | - | 768,800 |
| Lakeview Drive Pump Station Replacement | - | - | - | - | 52,000 | 450,000 | - | 502,000 |
| Hazlettville Road Interceptor - Impact Fees | - | - | - | 30,000 | 740,000 | - | - | 770,000 |
| Retreat Pump Station Replacement | - | - | - | - | - | 52,000 | 360,500 | 412,500 |
| **Location/Pump Station to be Determined** | | | | | | | | |
| DOE Grant - Energy efficient motor replacements | - | 28,877 | - | - | - | - | - | - |
| Inflow/Infiltration Removal/System Improvements DSRLF | 1,553 | 1,356,335 | 2,223,800 | 1,000,000 | 1,250,000 | 1,175,000 | 1,250,000 | 6,898,800 |
| Inflow/Infiltration Removal/System Improvements | - | 42,400 | - | - | - | - | - | - |
| Misc. Sewer System Improvements | 7,969 | 41,152 | 37,000 | 39,000 | 41,000 | 43,000 | 45,000 | 205,000 |
| Total Wastewater | **1,242,146** | **4,139,297** | **4,217,973** | **2,050,950** | **3,255,600** | **1,871,650** | **1,831,350** | **13,227,523** |
| Total | $ 1,808,652 | $ 5,192,000 | $ 7,357,440 | $ 5,705,400 | $ 5,154,000 | $ 3,923,900 | $ 4,425,600 | $ 26,566,340 |

# Revenue Requirements

- Option 1 – Annual incremental increases attributed to debt service and operating cost
  - Alt. A – Customer Charge from $1.25 to $2.50
  - Alt. B – Rate Increase (no customer charge increase)
    - FY14 – Water 8%
    - FY15 – Wastewater 5%
- Option 2 – One-time increase to cover additional $1 Million per utility for water quality and inflow/infiltration line maintenance projects that will continue every year (rather than debt service)
  - Alt. A – Customer Charge from $1.25 to $2.50
    - FY13 – Water 20%
    - FY13 – Wastewater 22%
  - Alt. B – No change in Customer Charge
    - FY13 – Water 25%
    - FY13 – Wastewater 28%
- Option 3 – Increase out of City rate at a greater percentage than in City rate

*Note – The City has 6.2% more water customers so the revenue ratios will differ*

# Projected Net Margins - Water & Wastewater
## 11/9/2011

| Fully Funding Water Quality & Inflow/Infiltration<br>**Net Margins - Combined Water & Wastewater** | Projection 2012 | Projection 2013 | Projection 2014 | Projection 2015 | Projection 2016 | Yr 1 - Yr 5 Total |
|---|---|---|---|---|---|---|
| Water Fees | $ 4,828,700 | $ 5,981,600 | $ 5,981,600 | $ 5,981,600 | $ 5,981,600 | $ 28,755,100 |
| Wastewater Fees | 3,939,300 | 4,985,200 | 4,985,200 | 4,985,200 | 4,985,200 | 23,880,100 |
| Treatment Fees - Kent County | 4,707,000 | 4,707,000 | 4,707,000 | 4,707,000 | 4,707,000 | 23,535,000 |
| Miscellaneous Income - Water | 336,600 | 354,500 | 363,200 | 371,400 | 381,300 | 1,807,000 |
| Miscellaneous Income - Wastewater | 29,000 | 29,000 | 29,000 | 29,000 | 29,000 | 145,000 |
| Imapct Fees - Water | 357,000 | 357,000 | 357,000 | 357,000 | 357,000 | 1,785,000 |
| Impact Fees - Wastewater | 323,000 | 323,000 | 323,000 | 323,000 | 323,000 | 1,615,000 |
| Total Revenue | 14,520,600 | 16,737,300 | 16,746,000 | 16,754,200 | 16,764,100 | 81,522,200 |
| Treatment Fees - Kent County | (4,235,400) | (4,707,000) | (4,707,000) | (4,707,000) | (4,707,000) | (23,063,400) |
| Operating Expenses - Water | (3,583,400) | (3,754,700) | (3,846,100) | (3,939,900) | (4,035,800) | (19,159,900) |
| Operating Expenses - Wastewater | (2,177,300) | (2,313,400) | (2,363,900) | (2,415,600) | (2,468,300) | (11,738,500) |
| Operating Transfers - Out (4.5%) Water | (238,842) | (301,800) | (302,200) | (302,600) | (303,000) | (1,448,442) |
| Operating Transfers - Out (4.5%) Wastewater | (185,666) | (241,100) | (241,100) | (241,100) | (241,100) | (1,150,066) |
| Total Operating Expenses | (10,420,608) | (11,318,000) | (11,460,300) | (11,606,200) | (11,755,200) | (56,560,308) |
| Operating Margin | 4,099,992 | 5,419,300 | 5,285,700 | 5,148,000 | 5,008,900 | 24,961,892 |
| Non-Oper. Rev. - Interest on Operating | 29,000 | 33,500 | 33,500 | 33,500 | 33,500 | 163,000 |
| Non-Oper. Rev. - Interest on Reserves | 78,800 | 61,100 | 60,000 | 43,400 | 43,700 | 287,000 |
| Margins Available For Debt Service | 4,207,792 | 5,513,900 | 5,379,200 | 5,224,900 | 5,086,100 | 25,411,892 |
| Interest for Long-Term Debt | (293,800) | (311,000) | (289,800) | (267,300) | (242,300) | (1,404,200) |
| Cash From Operations | 3,913,992 | 5,202,900 | 5,089,400 | 4,957,600 | 4,843,800 | 24,007,692 |
| Non Cash Investment Income/(Loss) | | | | | | |
| Debt Issue Cost Amort.-Outstanding Debt | (31,600) | (31,600) | (31,600) | (31,600) | (16,500) | (142,900) |
| Depreciation Expense | (1,754,400) | (2,001,600) | (2,216,700) | (2,436,300) | (2,681,100) | (11,090,100) |
| Net Margins ($) | $ 2,127,992 | $ 3,169,700 | $ 2,841,100 | $ 2,489,700 | $ 2,146,200 | $ 12,774,692 |
| **Debt Service Coverage** | | | | | | |
| Margins Avail. for Debt Service | $ 4,207,792 | $ 5,513,900 | $ 5,379,200 | $ 5,224,900 | $ 5,086,100 | $ 25,411,892 |
| Total Debt Service | $ 768,400 | $ 1,027,500 | $ 1,026,000 | $ 1,023,500 | $ 839,900 | $ 4,685,300 |
| Debt Service Coverage Ratio | 5.48 | 5.37 | 5.24 | 5.10 | 6.06 | |
| Transfer to I & E Fund - Combined | $ 1,750,000 | $ 3,750,000 | $ 4,000,000 | $ 4,000,000 | $ 3,725,000 | $ 14,500,000 |
| Transfer to Impact Fee Reserve - Combined | $ 58,100 | $ - | $ - | $ - | $ - | $ 370,352 |
| Transfer to Cap Asset & Cont. Reserve - Combined | $ 400,000 | $ 90,000 | $ - | $ - | $ - | $ 708,000 |
| Reinvestment of Reserve Interest - Combined | $ 78,800 | $ 61,100 | $ 60,000 | $ 43,400 | $ 43,700 | $ 295,323 |
| Debt Service Principal - Combined | $ 474,514 | $ 716,568 | $ 736,232 | $ 756,142 | $ 597,583 | $ 3,010,835 |
| Total Cash Budget Requirements - Combined | $ 2,761,400 | $ 4,617,700 | $ 4,796,200 | $ 4,799,500 | $ 4,366,300 | $ 18,884,500 |
| Net Positive/(Negative Cash) | $ 1,152,592 | $ 585,200 | $ 293,200 | $ 158,100 | $ 477,500 | $ 5,123,192 |

# City Rate Trends

| Water | In City | Out City | $ Chg | % Chg |
|---|---|---|---|---|
| 2005 | $2.35 | $3.53 | | |
| 2006 | $2.45 | $3.68 | .10 - .15 | 10.5% |
| 2007 | $2.45 | $3.68 | | |
| 2008 | $2.45 | $3.68 | | |
| 2009 | $2.45 | $3.68 | | |
| 2010 | $2.70 | $4.05 | .25 - .37 | 10.2% |
| 2011 | $3.00 | $4.50 | .30 - .45 | 11.0% |
| | | | | |
| 2006 | Implemented $1.25 customer charge | | | |
| | | | | |
| | | | | |

| Sewer | In City | Out City | $ Chg | % Chg |
|---|---|---|---|---|
| 2005 | $1.90 | $2.85 | | |
| 2006 | $2.10 | $3.15 | .20 - .30 | 10.5% |
| 2007 | $2.10 | $3.15 | | |
| 2008 | $2.10 | $3.15 | | |
| 2009 | $2.10 | $3.15 | | |
| 2010 | $2.10 | $3.15 | | |
| 2011 | $2.65 | $3.98 | .55 - .83 | 26.2% |
| | | | | |
| 2006 | Implemented $1.25 customer charge | | | |
| 2011 | Implemented $1.05 groundwater charge | | | |
| | | | | |

# Expense Budgets – 2008 thru 2012

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| SALARIES | $1,671,791 | $1,750,878 | $1,701,266 | $1,696,773 | $1,664,191 |
| OVERTIME | 64,235 | 38,321 | 70,603 | 95,000 | 62,900 |
| FICA TAXES | 130,604 | 134,695 | 134,735 | 127,581 | 128,240 |
| HEALTH INSURANCE | 377,191 | 385,364 | 380,866 | 420,184 | 430,488 |
| LID INSURANCE | 9,049 | 10,370 | 10,010 | 9,394 | 8,681 |
| WORKERS COMPENSATION | 52,603 | 62,030 | 59,481 | 51,437 | - |
| EDUCATIONAL ASSISTANCE | - | 1,150 | 5,341 | 9,850 | 6,000 |
| PENSION | 402,136 | 390,379 | 393,750 | 71,852 | 80,307 |
| OPEB | - | 43,772 | - | - | 88,132 |
| TOTAL PERSONNEL & BENEFITS | 2,707,609 | 2,816,959 | 2,756,052 | 2,482,071 | 2,468,939 |
| MATERIALS & SUPPLIES | 460,483 | 359,350 | 315,029 | 309,601 | 324,361 |
| ADMINISTRATIVE EXPENSES | 1,147,429 | 1,215,325 | 1,074,024 | 1,125,974 | 1,124,422 |
| TOTAL OPERATING BUDGETS | 4,315,521 | 4,391,634 | 4,145,105 | 3,917,646 | 3,917,722 |
| DEBT SERVICE (1) | 180,877 | 835,600 | 832,951 | 562,601 | 736,936 |
| GENERAL FUND TRANSFERS (2) | 565,000 | 564,810 | 548,020 | - | 424,508 |
| INTERFUND SERVICE CHARGES | 1,363,424 | 1,320,565 | 1,262,456 | 1,272,331 | 1,228,596 |
| KENT COUNTY SEWER FEE | 4,065,467 | 3,644,430 | 3,435,430 | 4,235,403 | 4,235,403 |
| RETIREE HEALTH CARE | 113,730 | 128,515 | 134,680 | 177,427 | 190,830 |
| PENSION FUND APPROP | 30,600 | - | - | 372,000 | 228,400 |
| WRITEOFFS BAD DEBT & INVENTORY | - | - | - | - | 15,000 |
| TOTAL OTHER FUND EXPENSES | 6,884,098 | 7,058,730 | 6,761,557 | 6,619,762 | 7,484,181 |
| CAPITAL PROJECTS | 3,435,800 | 700,000 | 700,000 | 1,000,000 | 1,750,000 |
| IMPACT FEE RESERVE TRANSFER | 384,650 | 378,260 | 110,062 | 117,399 | 36,147 |
| CAPITAL ASSET RESERVE TRANSFER | - | - | - | 200,000 | 400,000 |
| TOTAL CAPITAL & RESERVE TRANSFERS | 3,820,450 | 1,078,260 | 810,062 | 1,317,399 | 2,186,147 |
| TOTAL FUND EXPENSES | $10,704,548 | $8,136,990 | $7,571,619 | $7,937,161 | $9,670,328 |
| | | | | | |
| NOTES - (1) 2008 was reduced due to overage in bond reserves; (2) 2010 was reduced due to minimize rate increases; | | | | | |

# City of Dover
# Overview of Special Revenue Funds
# Police, Library, Housing, & Other Programs
# As of June 30, 2011

Council Retreat
November 9, 2011
Prepared by Finance Department

**EXHIBIT #3**
Council Financial Retreat of 11/09/2011

# Special Revenue Funds – June 30, 2011

| | Police Grants | Library Grants | Municpal Steet Aid | CDBG/ NSP Housing Grants | Girls Circle, Games & Youth Conn. Grant | State D.O.T. Grants | Substance Abuse Prevention Grant | ERLSP | Garrison Oak Tech. Park | Realty Transfer Tax | Totals |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES:** | | | | | | | | | | | |
| Grants received | $ 560,306 | $ 250,996 | $ 526,814 | $ 710,293 | $ 46,616 | $ 518,249 | $ 91,196 | $ - | $ - | $ - | $ 2,704,470 |
| Recreation revenue | - | - | - | - | - | - | 44,292 | - | - | - | 44,292 |
| Police fines | - | - | - | - | - | - | - | 966,974 | - | - | 966,974 |
| Transfer taxes | - | - | - | - | - | - | - | - | - | 1,461,983 | 1,461,983 |
| Miscellaneous revenue | (5,130) | - | - | - | - | - | - | - | - | - | (5,130) |
| Investment income (loss) | 537 | - | 86 | - | - | 372 | - | 46 | 146 | 163 | 1,350 |
| **TOTAL REVENUES** | $ 555,713 | $ 250,996 | $ 526,900 | $ 710,293 | $ 46,616 | $ 518,621 | $ 135,488 | $ 967,020 | $ 146 | $ 1,462,146 | $ 5,173,939 |
| **EXPENDITURES:** | | | | | | | | | | | |
| Program expenditures | $ 299,113 | $ 239,029 | $ - | $ 700,739 | $ 46,616 | $ 733,273 | $ 133,718 | $ - | $ 72,619 | $ 1,462,154 | $ 3,687,261 |
| **TOTAL EXPENDITURES** | $ 299,113 | $ 239,029 | $ - | $ 700,739 | $ 46,616 | $ 733,273 | $ 133,718 | $ - | $ 72,619 | $ - | $ 2,225,107 |
| Excess (deficiency) of revenues over expenditures | $ 256,600 | $ 11,967 | $ 526,900 | $ 9,554 | $ 0 | $ (214,652) | $ 1,770 | $ 967,020 | $ (72,473) | $ 1,462,146 | $ 2,948,832 |
| Other financing sources (uses): | | | | | | | | | | | |
| Operating transfers-in | - | - | - | 6,314 | - | 459,960 | - | - | - | - | 466,274 |
| Operating transfers-out | (156,932) | - | (527,227) | - | - | (120,000) | - | (967,020) | - | (1,462,146) | (3,233,325) |
| Excess (deficiency) of revenues and other financing sources over expenditures & other uses | $ 99,668 | $ 11,967 | $ (327) | $ 15,868 | $ 0 | $ 125,308 | $ 1,770 | $ - | $ (72,473) | $ - | $ 181,781 |
| **UNRESERVED FUND BALANCE AT BEGINNING OF YEAR** | $ 315,736 | $ 35,505 | $ 429 | $ 61,672 | $ - | $ 309,852 | $ 10,710 | $ 100 | $ 138,205 | $ 100 | $ 872,309 |
| **UNRESERVED FUND BALANCE AT END OF YEAR** | $ 415,404 | $ 47,472 | $ 102 | $ 77,540 | $ 0 | $ 435,160 | $ 12,480 | $ 100 | $ 65,732 | $ 100 | $ 1,054,090 |

# Police Grants – June 30, 2011

- The City of Dover receives law enforcement grants provided by State and Federal Law Enforcement Agencies. Some are for specific designated activities and some are for law enforcement activities or program expenses as approved by the Chief of Police. Some grants are applied for and some are received based on available funding of the other entities. Some funding is received without any specific program in mind, therefore may not have been planned, and some are received as reimbursements to planned expenditures. Future expenses will be categorized by expense type rather than program expenses for clarity.

| | Criminal Justice Council | Judge Advocate General | Federal Cops & Forefeiture | Police Donations Reserve | Total |
|---|---|---|---|---|---|
| Receipts | | | | | |
| State Revenue | $ 171,678 | $ - | $ - | $ - | $ 171,678 |
| Federal Revenue | - | 139,221 | 42,734 | - | 181,955 |
| Federal Revenue Forfeiture Funds | - | - | 206,673 | - | 206,673 |
| Misc Receipts - Insurance Claim | - | (5,130) | - | - | (5,130) |
| Fund Interest Income | 280 | - | 257 | - | 537 |
| Police Special Donations | - | - | - | 2,005 | 2,005 |
| Total Receipts | 171,958 | 134,091 | 249,664 | 2,005 | 557,718 |
| Expenditures | | | | | |
| Operating Transfers - General Fund | 103,718 | 10,162 | 42,734 | - | 156,614 |
| Federal Forfeiture Expenses | - | - | 85,528 | - | 85,528 |
| Program Expenses | 89,974 | 123,929 | - | 2,660 | 216,563 |
| Total Expenditures | 193,692 | 134,091 | 128,262 | 2,660 | 458,705 |
| Change in Net Assets | $ (21,734) | $ - | $ 121,402 | $ (655) | $ 99,013 |
| Beginning Fund Balance | $ 173,957 | $ - | $ 141,779 | $ 15,724 | $ 315,736 |
| Ending Fund Balance | $ 152,223 | $ - | $ 263,181 | $ 15,069 | $ 414,749 |

# Library Grants

- The City receives State Aid for Local Libraries as per Title 29, Chapter 66 – Contracts with Public Library System to promote the establishment and development of public library service
- A formula is specified in the State Code as to the allocation of the State's budgeting funding for Libraries.
  - 40% based upon actual expenditures
  - 40% on a per capita basis for person served
  - 10% to fund statewide library services, cooperative planning and evaluation services, and to enable public libraries to meet standards
  - Up to 10% to fund countywide or regional library services through anchor public libraries
- Limitation on Division expenditures
  - The Division will not pay for more than what was expended by the political subdivision
  - If the state appropriations to the Division for services are not sufficient to meet the cost of approved contracts for services the allocation will be made by the formula as described above.
  - If no monies are appropriated, no public library shall have any claim to any other moneys appropriated to the Division
- This grant is  to assist the City with the cost of providing Library Services and is expected to increase next fiscal year.
- The level of City funding affects the State Aid based on the formula used above

| | Actual 2011 | Budget 2012 |
|---|---|---|
| Receipts | | |
| State Aid Grant | $ 246,996 | $ 280,467 |
| State Children's Resource Grant | 4,000 | - |
| Total Revenues | 250,996 | 280,467 |
| | | |
| Program Expenses | | |
| Materials & Supplies | 46,217 | 22,482 |
| Office Supplies | - | 8,899 |
| Printing & Duplicating | - | 5,933 |
| Postage | - | 500 |
| Books | 96,951 | 112,053 |
| Furniture | 1,094 | 4,907 |
| Audio Visual Supplies | 61,046 | 70,000 |
| Training, Conference, Food & Travel | 2,914 | 2,915 |
| Contractual Services | 8,065 | 4,150 |
| Computer Hardware | 22,742 | 78,796 |
| Total Program Expenses | 239,029 | 310,635 |
| | | |
| Change in Net Assets | $ 11,967 | $ (30,168) |
| | | |
| Beginning Fund Balance | $ 35,505 | $ 47,472 |
| | | |
| Ending Fund Balance | $ 47,472 | $ 17,304 |

# Community Development Block Grant & Neighborhood Stabilization Program – June 30, 2011

- Grant receipts and expenditures represent the activities of the current fiscal year. They will not equal the amount approved in the annual action plans.
- Beginning & Ending Fund Balances represent unexpended grant funds.
- There will always be timing differences between federal grant years (9/30) and the City's fiscal year (6/30).

| | |
|---|---|
| Receipts | |
| Federal CDBG Grant | $ 401,370 |
| Neighborhood Stabilization Program | 308,923 |
| Total Receipts | 710,293 |
| | |
| Expenditures | |
| Fed Program expenses | 407,684 |
| Program expenses | 1,029 |
| NSP Program expenses | 292,026 |
| Total Expenditures | 700,739 |
| | |
| Other financing sources: | |
| Operating Transfer-In General Fund | 6,314 |
| | |
| Change in Net Assets | $ 15,868 |
| | |
| Beginning Fund Balance | $ 61,672 |
| | |
| Ending Fund Balance | $ 77,540 |

# CDBG Budget Development

**FY 2011/2012 BUDGET - CDBG**
**as of 6/30/11**

| G/L A/C | PROJECT NUMBER | PROJECT | PROJECT NUMBER | IDIS ACTIVITY | BUDGET | Prior Years' Unspent |
|---|---|---|---|---|---|---|
| 2005-70-48 | CD0403 | Fair Housing Counseling | CD0403 | 90* | $ 3 | $ 3 |
| 2010-70-42 | CD0901 | Homeownership Assistance Program | CD0901 | 126* | 154 | $ 154 |
| 2011-70-42 | CD1001 | Homeownership Assistance Program | CD1001 | 135* | 23,167 | $ 23,167 |
| 2011-70-45 | CD1002 | Homeowner Rehabilitation Assistance Program | CD1002 | 136* | 25,275 | $ 25,275 |
| 2011-70-59 | CD1005 | First State Resource Conservation & Dev. Council | CD1005 | 140* | 31 | $ 30 |
| 2012 various | | Program Administration ($52,635 eligible) | | 143 | 74,741 | |
| 2012-70-42 | CD1101 | Homeownership Assistance Program | | 142 | 35,000 | |
| 2012-70-43 | CD1102 | Connections Community Support Program | | 145 | 5,000 | |
| 2012-70-44 | CD1103 | Dover Interfaith Mission to the Homeless | | 144 | 34,479 | |
| 2012-70-45 | CD1104 | Homeowner Rehabilitation Assistance Program | | 148 | 38,000 | |
| 2012-70-52 | CD1105 | Community Revitalization Infrastructure | | 147 | 60,081 | |
| 2012-70-59 | CD1106 | First State Resource Conservation & Dev. Council | | 146 | 38,000 | |
| | | TOTAL BUDGET | | | $ 333,931 | |
| | | | | | | |
| 9900-596.12-01 | | Reclass salary to Homeowner Rehab | | | (5,526) | Total |
| 9900-596.12-02 | | Reclass salary to NSP Program | | | (16,580) | $ (22,106) |
| | | TOTAL ADJUSTED BUDGET | | | $ 311,825 | |
| | | | | | | |
| | | **FY 2011/2012 REVENUE - CDBG (7/11- 6/12)** | | | | |
| | | Beginning Balance | | | $ - | |
| | | Federal Grant Current Year Revenue | | | 263,195 | |
| | | Federal Grant Prior Year Revenue rolled over | | | 48,630 | |
| | | TOTAL REVENUE | | | $ 311,825 | |

*Carryover from prior year(s)

1. Federal Grant for current year programs is $247,673

# Girls Circle & GAMES Grant

- Delaware Criminal Justice Council provides grant funding
- Girls Circle Grant is for at-risk girls.
- The purpose of the GAMES Grant (Growing-Up and Meeting Each Success is to encourage youth to place increasing emphasis on academic achievement and positive relationships
- The City is the sub-grantee
- Aid In Dover administers the grants and provides matching funds through in-kind services

- Grant receipts $46,616
- Grant Expenditures
  - Contractual Services provided by Aid In Dover $46,616
- Girls Circle Grant 1/1/10 - 12/31/10 (last yr of 3 yr grant)
  - Total $67,491
  - Federal $44,520
  - Match $22,971
- GAMES 9/1/10 -9/30/11 (1ST yr of 3 yr grant)
  - Total $54,544
  - Federal $31,812
  - Match $22,732

# Substance Abuse Prevention Grants

- Mission
  - To improve community alcohol, tobacco and other drug prevention programming in the City of Dover by providing multi-level program addressing the needs of individuals, families, communities and culture as they related to the problem of alcohol, tobacco and other drug abuse, school violence and teen pregnancy.
- Program expenses consist of bus rental, video games and equipment, children's activities, snacks, drinks, speakers or trainers.
- This program is administered by Recreation staff.

| | |
|---|---|
| Receipts | |
| State Grant In Aid | $ 22,900 |
| State - Youth Connections | 11,813 |
| 21st Century Fund | 60,329 |
| Youth Connections - Participants | 6,042 |
| Camp Small Wonder - Participants | 38,250 |
| Total Receipts | 139,334 |
| | |
| Expenditures | |
| Personnel & Benefits (Part-time) | 49,867 |
| Program expenses | 83,851 |
| Total Expenditures | 133,718 |
| | |
| Change in Net Assets | $ 5,616 |
| | |
| Beginning Fund Balance | $ 10,710 |
| | |
| Ending Fund Balance | $ 16,326 |

# Overall Grant Requirements

- The following grant funds are budgeted –
  - Municipal Street Aid
  - Community Transportation Fund (DEL D.O.T. Grants)
  - Community Development Block Grant
  - Library
  - Police
- Federal OMB Circular A-133 requires audits of State, Local and Non-Profits if the programs are determined to be major programs
- The City has not in the past charged grant funds for interfund services provided as we do the utility funds
- Audit fees for all City funds are budgeted in the Finance Department
- Due to the unexpected fees associated with the federal forfeiture and NSP grants last fiscal year the audit fees were charged to those funds
- Each fund requires a separate set of accounts, monthly review, reconciliation and agency reporting requirements. DEL D.O.T. grants require separate Federal reporting to the U.S. Highway Administration.
- All expenditures have to be certified by the Controller/Treasurer on State Grant reporting

# City of Dover
# General Fund
# Updated Financial Projections
# 2012 – 2016

Legislative, Finance & Administrative Committee
November 9, 2011
Prepared by Finance Department

**EXHIBIT #4**
Council Financial Retreat of 11/09/2011

# Where we left off – June 6, 2011
# General Fund future budgets

- Worker's Compensation $505,000 (based on FY11 payroll)
- Ladder Truck Payment $153,000
- Library additional operating cost approximately $400,000 when fully operational
- Fully funding OPEB $5.9 million as compared to FY12 funding of $1.1 million *for active employees & $1.4 million for retiree's*
- Health Insurance premiums did not increase in FY12; FY13 ?
- Future debt service payments and capital asset replacements is dependent on affordability

# Included in Current Forecast Projection

- All items as noted on June 6
  - Library operating cost increases as projects in the presentation on
  - Re-instated the worker's compensation expenses as a percentage of payroll
  - Increased medical insurance premiums for FY12 based on the State's estimate and the future years based on the actuary's projected rates
  - Increased OPEB cost based on actuary's projected rates for the phase-in plan
  - Ladder Truck is included in the Capital Investment Plan
  - Debt Service increase for the Library and Street repaving program

- Additional items included
  - Insurance Premium increase on general and liability insurance
  - City property reassessment (Range from $60,000 to $130,000); Projected $95,000
  - Utility transfer adjustments based on utility financial models
  - Profit from out of City trash pick up – Discussion Only

# OPEB Rates

Exhibit I - full funding contribution prior to any phase-in

| Fiscal Year Ending | Full Funding Contribution as % of Pay | | | |
|---|---|---|---|---|
| | General | Water | Electric | Total |
| 2011 | 30.8% | 31.8% | 39.3% | 32.2% |
| 2012 | 31.1% | 31.7% | 38.6% | 32.3% |
| 2013 | 31.2% | 31.5% | 37.7% | 32.2% |
| 2014 | 31.1% | 31.1% | 36.7% | 31.9% |
| 2015 | 30.8% | 30.6% | 35.6% | 31.5% |
| 2016 | 30.3% | 30.0% | 34.4% | 30.9% |
| 2017 | 29.8% | 29.3% | 33.2% | 30.3% |
| 2018 | 29.1% | 28.6% | 31.9% | 29.5% |

Exhibit II - Funding Policy Contribution equals full funding contribution less expected premium payments below multiplied by the phase-in percentage, expressed as a percent of pay.

| Fiscal Year Ending | Funding Policy Contribution as % of Pay | | | |
|---|---|---|---|---|
| | General | Water | Electric | Total |
| 2011 | 6.6% | 5.3% | 5.1% | 6.3% |
| 2012 | 8.7% | 6.9% | 6.4% | 8.2% |
| 2013 | 10.7% | 8.4% | 7.4% | 10.1% |
| 2014 | 12.5% | 9.7% | 8.3% | 11.7% |
| 2015 | 14.0% | 10.6% | 8.6% | 13.0% |
| 2016 | 15.2% | 11.5% | 8.8% | 14.0% |
| 2017 | 16.0% | 11.8% | 8.3% | 14.6% |
| 2018 | 16.6% | 11.7% | 7.9% | 15.0% |

# Sanitation Utility Concept

| | | | |
|---|---|---|---|
| Sanitation Budget | (10, 20 & 30 Series) | | $2,330,976 |
| Truck Purchase | (40 Series - Staff Target = $350,000 / Year) | | 350,000 |
| Vehicle Insurance | (14 Trucks @ $265 / Truck) | | 3,710 |
| Vehicle Maintenance | (33% of Divisional Budget ($695,422) | | 229,489 |
| Customer Service | (10% of Divisional Budget ($928,112) | | 92,811 |
| | | | |
| Sub-Total | | | $3,006,986 |
| 5% Administration Overhea | (5% of $3,006,986) | | 150,349 |
| | | | |
| Total Estimated Costs | | | **$3,157,335** |
| | | | |
| Less Current Revenues | | | (2,050,000) |
| | | | |
| Revenue Gap | | | **$1,107,335** |
| | | | |
| | | | |
| Annual Rate Impact: | $1,107,335 / 12,000 Containers | | $92.28 |
| | | | |
| Monthly Rate Impact: | $92.28 / 12 Months | | $7.69 |
| | | | |
| Revised Monthly Rate: | $11.70 + $7.69 | | $19.39 |
| | | | |
| Estimated 3-Year Target: | $20.00 - $21.00 per month (90-gallons) | | |

**City of Dover**
**Recreation Trends**
**Fiscal Years 2002 - 2012**

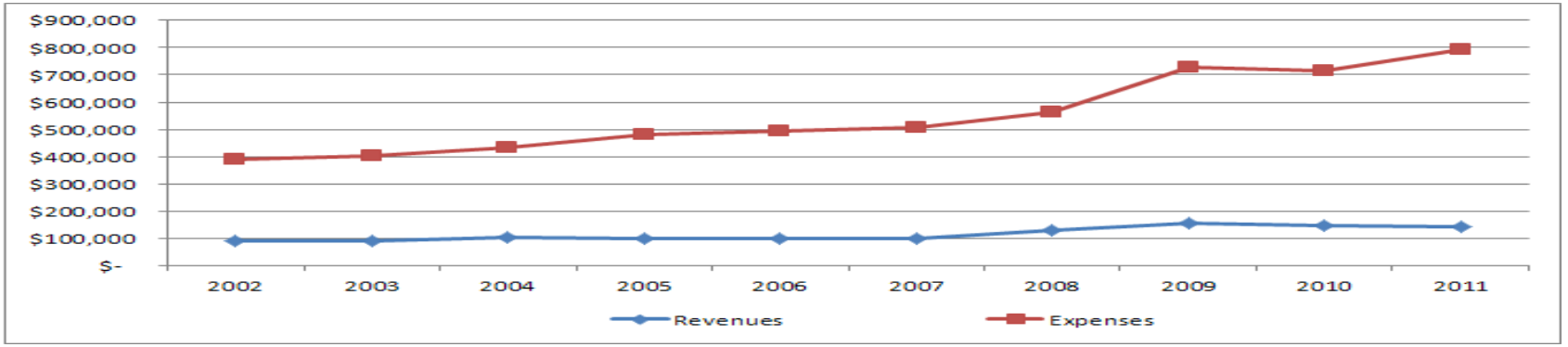
| Fiscal Year | Recreation Revenues | | | | Recreation Operating Expenses | | | |
|---|---|---|---|---|---|---|---|---|
| | Budget | Actual | Act $ Chg | % Chg | Budget | Actual | Act $ Chg | % Chg |
| 2002 | $ 95,260 | $ 88,865 | | | $ 461,839 | $ 391,678 | | |
| 2003 | $ 90,000 | $ 92,699 | $ 3,834 | 4.3% | $ 495,830 | $ 402,674 | $ 10,996 | 2.8% |
| 2004 | $ 90,000 | $ 102,483 | $ 9,784 | 10.6% | $ 467,567 | $ 432,359 | $ 29,685 | 7.4% |
| 2005 | $ 92,700 | $ 101,296 | $ (1,187) | -1.2% | $ 550,974 | $ 480,763 | $ 48,404 | 11.2% |
| 2006 | $ 95,500 | $ 98,254 | $ (3,042) | -3.0% | $ 517,412 | $ 494,754 | $ 13,991 | 2.9% |
| 2007 | $ 95,500 | $ 98,613 | $ 359 | 0.4% | $ 548,886 | $ 507,697 | $ 12,943 | 2.6% |
| 2008 | $ 140,000 | $ 129,101 | $ 30,488 | 30.9% | $ 719,056 | $ 563,644 | $ 55,947 | 11.0% |
| 2009 | $ 187,000 | $ 153,867 | $ 24,766 | 19.2% | $ 870,168 | $ 727,488 | $ 163,844 | 29.1% |
| 2010 | $ 141,500 | $ 148,796 | $ (5,071) | -3.3% | $ 759,477 | $ 715,006 | $ (12,482) | -1.7% |
| 2011 | $ 141,500 | $ 144,114 | $ (4,682) | -3.1% | $ 780,480 | $ 795,074 | $ 80,068 | 11.2% |
| 2012 Projected | $ 152,000 | $ 152,000 | $ 7,886 | 5.5% | $ 789,701 | $ - | $ (5,373) | -100.0% |
| % Change FY08 - FY11 | | | | 46.1% | | | | 56.6% |

JW Pitts Center - Presentation July 2004 - Opened FY08 - 1st full year of operation FY09

The presentation to City Council projected FY09 increased revenues at $87,000 (low) and $142,000 (high). Additional expenses were projected to increase by $209,500 (low) and $278,500 (high). These additions were solely related to the Pitts Center operations. Applying this information to 2008 and forward the budgeted revenues and expenses would be projected in the following ranges using the 2007 Revenue and Expense budgets as the base.

| | 2007 Budget | Low | High |
|---|---|---|---|
| Revenue | $ 95,500 | $ 182,500 | $ 237,500 |
| Expense | $ 548,886 | $ 758,386 | $ 786,197 |

It appears the revenues are not meeting the low amount, yet the expenses are more in line with the high amount. Should we evaulate these programs and their associated fees?



# Capital School District – School Resource Officers

- Two officers assigned to Central Middle and Dover High Schools during the school year; Approx. 9 months
  - Master Corporal – Salary & Benefits $107,580 @ 9 mos. = $80,685
  - Corporal – Salary & Benefits $102,160 @ 9 mos. = $76,620
  - Total $157,305
- Our letter of agreement for this service is negotiated with the School District on an annual basis
- The expiring agreement reimburses the City $73,996 for this service

# General Fund Debt Service Options

| Fiscal Year Ending | Series 2003 Bonds | 2012 Tax- Exempt Loan | 2012 Loan w/Level Debt | Total w/Level Debt (*) |
|---|---|---|---|---|
| 6/30/2013 | $ 327,738 | $ 77,500 | $ 77,500 | $ 405,238 |
| 6/30/2014 | 327,440 | 127,945 | 127,945 | 455,385 |
| 6/30/2015 | 242,950 | 229,851 | 323,864 | 566,814 |
| 6/30/2016 | 244,285 | 229,851 | 323,864 | 568,149 |
| 6/30/2017 | 249,900 | 229,851 | 323,864 | 573,764 |
| 6/30/2018 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2019 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2020 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2021 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2022 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2023 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2024 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2025 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2026 | - | 229,851 | 323,864 | 323,864 |
| 6/30/2027 | - | 229,851 | 323,864 | 323,864 |
| 15 Yr DS | 1,392,313 | 3,193,509 | 4,415,675 | 5,807,987 |
| 6/30/2028 | - | 229,851 | - | - |
| 6/30/2029 | - | 229,851 | - | - |
| 6/30/2030 | - | 229,851 | - | - |
| 6/30/2031 | - | 229,851 | - | - |
| 6/30/2032 | - | 229,851 | - | - |
| 6/30/2033 | - | 229,851 | - | - |
| 6/30/2034 | - | 229,851 | - | - |
| + 7 Yr DS | - | 1,608,957 | - | - |
| Totals | $ 1,392,313 | $ 4,802,466 | $ 4,415,675 | $ 5,807,987 |

* Total Annual Debt Service using 13 Year Payback on 2012 Loan

| Downtown Dover Partnership | | | | |
|---|---|---|---|---|
| Parking Permit Revenues | | | | |
| | | | | |
| | 2009 | 2010 | 2011 | YTD 2012 |
| | | | | |
| Parking Permits | | | | |
| City Hall | $ 30,401 | $ 13,619 | $ 2,627 | $ - |
| Bradford Street | 13,940 | 14,451 | 13,173 | 1,894 |
| Minor Street | 1,122 | 1,080 | 2,088 | 120 |
| Water Street | 17,767 | 20,331 | 5,519 | - |
| Governors Avenue | 5,406 | 7,323 | 6,024 | 1,476 |
| North Street | 1,293 | 3,741 | 5,726 | 1,026 |
| Total Receipts | $ 69,929 | $ 60,545 | $ 35,157 | $ 4,516 |

# Cost Savings – Payroll & OPEB if eliminate Electric Department

| | FY 2012 | FY 2013 | FY2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | 2,866,501 | 2,952,496 | 3,041,071 | 3,132,303 | 3,226,272 | 3,323,060 | 3,422,752 | 3,525,435 | 3,631,198 | 3,740,134 | 3,852,338 |
| Overtime | 149,574 | 154,061 | 158,683 | 163,444 | 168,347 | 173,397 | 178,599 | 183,957 | 189,476 | 195,160 | 201,015 |
| FICA Taxes | 215,257 | 221,715 | 228,366 | 235,217 | 242,274 | 249,542 | 257,028 | 264,739 | 272,681 | 280,862 | 289,287 |
| Health Insurance | 531,409 | 565,950 | 601,605 | 564,356 | 599,346 | 636,506 | 675,969 | 717,879 | 598,782 | 635,906 | 675,332 |
| LID Insurance | 13,163 | 13,558 | 13,965 | 14,384 | 14,815 | 15,260 | 15,717 | 16,189 | 16,674 | 17,175 | 17,690 |
| Workers Compensation | 104,895 | 108,042 | 111,283 | 114,622 | 118,060 | 121,602 | 125,250 | 129,008 | 132,878 | 136,864 | 140,970 |
| Pension | 142,878 | 147,164 | 151,579 | 156,126 | 160,810 | 165,634 | 170,603 | 175,721 | 180,993 | 186,423 | 192,015 |
| OPEB | 150,646 | 161,794 | 175,222 | 190,292 | 207,037 | 224,221 | 241,935 | 261,048 | 281,670 | 303,922 | 327,932 |
| **Total Personnel Costs** | **4,174,322** | 4,324,779 | 4,481,774 | 4,570,743 | 4,736,961 | 4,909,222 | 5,087,854 | 5,273,975 | 5,304,352 | 5,496,446 | 5,696,580 |
| | | | | | | | | | | | |
| Budget FTE Headcount | 47.0 | | | | | | | | | | |
| | | | | | | | | | | | |
| Pension | 751,100 | 773,633 | 796,842 | 820,747 | 845,370 | 870,731 | 896,853 | 923,758 | 951,471 | 980,015 | 1,009,416 |
| OPEB | 269,994 | 289,974 | 314,041 | 341,049 | 371,061 | 401,859 | 433,606 | 467,861 | 504,822 | 544,703 | 587,735 |
| Total Allocated Departments | | 1,063,607 | 1,110,883 | 1,161,796 | 1,216,431 | 1,272,590 | 1,330,459 | 1,391,619 | 1,456,293 | 1,524,718 | 1,597,150 |
| | | | | | | | | | | | |
| Rough Estimate Total | | 5,388,386 | 5,592,658 | 5,732,539 | 5,953,392 | 6,181,812 | 6,418,313 | 6,665,595 | 6,760,645 | 7,021,164 | 7,293,730 |
| | | | | | | | | | | | |
| Does not include other General Fund Personnel at this point; Electric Fund interfund service charges equal approximately 51.8% of the cost of those departments; | | | | | | | | | | | |

# Requires further research and analysis

- Thorough review of current capital investment plan
- Centralized Fleet – Consolidate fleet to reduce vehicle and equipment inventory and future capital cost
  - **Will require more pre-planning for Department Heads**
  - **Will require a centralized location and maintenance shop to handle all inventory**
  - **Possibility to free up existing warehouse space connected to Charter School**
  - **May require financing plan for facility and start up cost**
  - **Planning FY14, Construction FY15 & FY16**
- City Manager's reorganization plan
- Collections of past due fees and fines
- Health Insurance cost sharing – 15% of premium

MEMORANDUM

To: Donna Mitchell

From: Zach Carter

Date: October 24, 2011

RE: Revenue Comparisons

In comparing revenues from FY11 against the presentation made to City Council in July 2004, I have found the following items affecting our revenue projections:

- Sport Leagues revenues are down $11,000 due to reduction in team sponsorships. (Softball League is down $8,000 alone.) Due to the economy sponsor are no longer sponsoring two or three teams per league as they have done in the past.
- Revenue projections for the classroom within the JW Pitts Recreation Center are not reaching our projections. The classroom is too small for rentals and class size is very limited. These factors contribute to the reduced revenue projection approximately $8,000.00.
- The Open Gym program has been offered for free. An Open Gym fee could bring in an additional $9,000, and still be affordable to our customers.
- Due to the economy, we are only getting the minimum number of registrations for activities & classes, not the maximums. The result is loss of revenue.

Please see the attached email except sent from a valued instructor, denoting canceling their class due registration numbers and the economy.

Additionally, costs with closing the Dover Park building are attached for your information as well.

ATTACHMENT

**From:** Ernestine cooper [redacted]
**Sent:** Sunday, October 23, 2011 9:28 PM
**To:** Rachal, Sherwanda
**Subject:** Invoice for C & K Soul Line Dancing - SLD9

Hi Sherwanda,

Hopefully all is well. I'm sending the invoice for session SLD9. I also would like to inform you that due to extremely low attendance, my husband and I have made the decision to postpone all scheduled soul line dance classes until early spring; perhaps March or April of 2012.

It has come to our attention by several members of the class that for various reasons, they will no longer be able to attend regularly. Of course you know that we have been hosting the classes non-stop for about a year now, and unfortunately for the past several sessions we have experienced drastic changes in our attendance census. As much as we love what we do, it becomes quite difficult to commit our time when the interest and/or attendance drops very low for extended periods. We have had very low numbers in our attendance for several months now despite all of our efforts to generate interest. We realize that among many reasons, some may be experiencing hardships due to today's economy and therefore unable to afford the cost of the classes. With this in mind, I thought it might be a good idea for my husband and I to take a break throughout the winter months, cancel the winter classes, and if it's alright with you begin the classes again in the spring. Hopefully by then we can generate a new, fresh interest in soul line dancing throughout the community.

I apologize in advance for any inconveniences that this change may cause. With your permission, we would appreciate the opportunity to continue hosting the classes in the spring of 2012.

Please let me know if this possible. Thank you very much for all of your support. It has truly been a pleasure.

Kelly Cooper

[redacted]

## Closing the Dover Park building

By closing the Dover Park building these are the potential costs savings to the City:

| | | |
|---|---|---|
| Temp Salaries | | $ 12,880.00 |
| FICA (7.65%) | | $ 985.00 |
| Sewer/Water | $ 457.00 | |
| Electric | $ 5,216.00 | |
| Alarm | $ 960.00 | |
| Building Maint. | $ 2,200.00 | |
| Phone / Fax | $ 240.00 | |
| Total | $ 22,938.00 | |

In addition to these cost, the Dover Park building would not longer need custodial services or supplies. Cost savings figure not available at this time.