LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

A G E N D A

March 14, 2011 - 6:00 P.M. - Council Chambers - City Hall - City of Dover

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk by phone at 736-7008 or e-mail at CityClerk@dover.de.us, should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. Review and Recommendation - Filling Critical Positions

2. Milliman Actuarial Analysis Updates
   A. Overview of Pension and OPEB (Other Post Employment Benefits) Liability for Fiscal Year 2010/11
   B. Actuarial Pension for Fiscal Year 2010/11 and OPEB Benefit Rates for Fiscal Year 2011/12 Budget

3. Evaluation of Proposals
   A. Investment Manager and Advisory Services
   B. Investment Custody Services

4. Review of Hospitality and Civic Function Policy *(Committee Deferred on February 28, 2011 Pending Additional Information)*

5. FY 2012 Five-Year Capital Investment Plan (CIP)

6. Adjournment by 7:00 P.M.

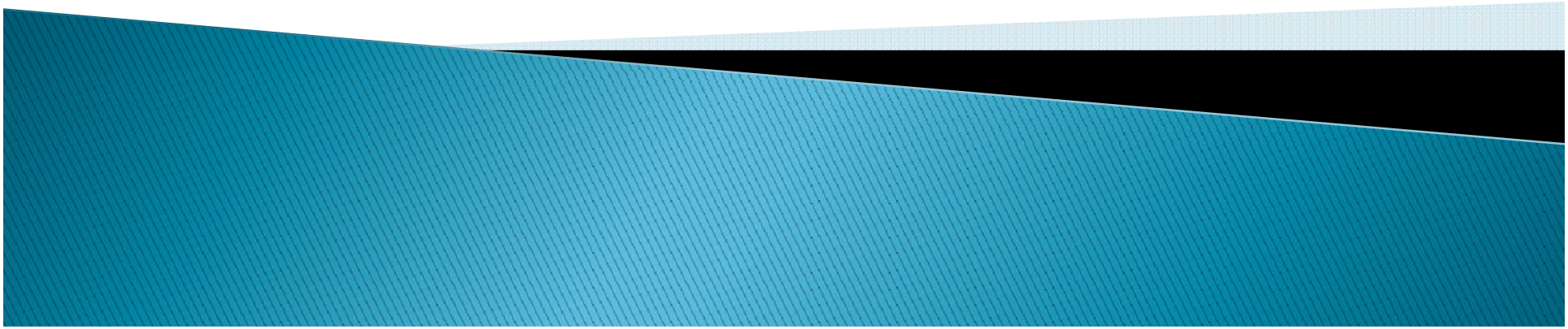
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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

City of Dover

Pension and Other Postemployment Benefits
Actuarial Valuation Updates for Fiscal Year Ending June 30, 2011

Presented on March 14, 2011 by:
Scott F. Porter, F.S.A., Milliman
Donna Mitchell, Controller/Treasurer, City of Dover



Actuary Assumption Changes

- Civilian Pension Plan
  - Investment return lowered from 7.5% to 7.0%; decrease in the salary increase from 4.5% to 4.0%; postretirement mortality table; changes in the retirement, turnover, and disability assumptions. These changes increased the unfunded Actuarial Accrued Liability (AAL) by $4.1 million and the Annual Required Contribution (ARC) by $0.2 million. The amortization of the unfunded AAL has been extended from a 15 year level percent of pay to a 25 year level dollar amortization (closed plan).
- Police Pension Plan
  - Investment return lowered from 7.5% to 7.0%; postretirement mortality table; These changes increased the unfunded Actuarial Accrued Liability (AAL) by $1.9 million and the Annual Required Contribution (ARC) by $0.23 million. The amortization of the unfunded AAL over 30 years beginning 7/1/94 on a closed basis. There are14 years remaining.
- Other Postemployment Benefits (OPEB)
  - Reflects the following assumption changes: investment return lowered from 7.5% to 7.0%; postretirement mortality table; healthcare trend assumption and percentage of members assumed to elect dependent coverage. The amortization of the unfunded AAL over 30 years (open).

Actual Experience for Year Ending June 30, 2010

- Assets – Estimated Investment Return
  - General Plan – 12.3%; 2.6% on actuarial smoothed basis.
  - Police Plan – 12.2%
  - OPEB Plan – 2.2%
- Membership
  - Fewer deaths than expected
  - More retirements than expected
  - Fewer terminations than expected
  - Smaller salary increases than expected
- Contributions
  - Fewer contributions than expected

Actuarial Valuation Results for Fiscal Year Ending June 30, 2011

	General Employee Pension Plan	Police Pension Plan	Other Postemployment Benefits	Total
General Fund				
Actuarial Accrued Liability (AAL)	$27,277,097	$19,849,553	$60,187,323	$107,313,973
Market Value of Assets	(10,379,648)	(10,378,602)	(2,869,990)	($23,628,240)
Unfunded AAL	$16,897,449	$9,470,951	$57,317,333	$83,685,733
Funded Ratio	38.1%	52.3%	4.8%	22.0%
Annual Required Contribution (ARC)	$1,687,508	$1,082,956	$5,944,581	$8,715,045
ARC as % of payroll	33.2%		41.3%	34.6%
Water Fund				
Actuarial Accrued Liability (AAL)	$4,295,229		$5,408,489	$9,703,718
Market Value of Assets	(1,634,447)		(528,103)	(2,162,550)
Unfunded AAL	$2,660,782		$4,880,386	$7,541,168
Funded Ratio	38.1%		9.8%	22.3%
Annual Required Contribution (ARC)	$259,071		$475,599	$734,670
ARC as % of payroll	39.3%		40.5%	40.1%
Electric Fund				
Actuarial Accrued Liability (AAL)	$20,890,367		$17,922,309	$38,812,676
Market Value of Assets	(7,949,331)		(1,484,282)	(9,433,613)
Unfunded AAL	$12,941,036		$16,438,027	$29,379,063
Funded Ratio	38.1%		8.3%	24.3%
Annual Required Contribution (ARC)	$1,202,914		$1,270,811	$2,473,725
ARC as % of payroll	60.8%		46.6%	52.6%
Total				
Actuarial Accrued Liability (AAL)	$52,462,693	$19,849,553	$83,518,121	$155,830,367
Market Value of Assets	(19,963,426)	(10,378,602)	(4,882,375)	(35,224,403)
Unfunded AAL	$32,499,267	$9,470,951	$78,635,746	$120,605,964
Funded Ratio	38.1%	52.3%	5.8%	22.6%
Annual Required Contribution (ARC)	$3,149,493	$1,082,956	$7,690,991	$11,923,440
ARC as % of payroll	40.8%		42.0%	37.6%

Accounting Requirements

- Not required to record on the general ledger the total Actuarial Accrued Liability (AAL). Do have to disclose in each year's Notes to the Financial Statements what these amounts are.
- Annual Required Contributions (ARC) – the sum of normal cost (current year cost of active/retired employees) plus the amortization payment for funding past unfunded cost of active/retired employees plus interest adjustment (i.e. for contributions made after BOY).
- Not required to fund the ARC, however if you do not fund the ARC, or only partially fund the ARC, the unfunded portion has to be expensed in the City's current year income statement and a liability for the obligation on the balance sheet by Fund – General, Water/Wastewater, & Electric. Can cause the City to miss its debt covenants.
- The unfunded annual amount has to be recognized and accumulates in the liability for the obligation each year on the balance sheet. Therefore, not funding this will cause the City's liabilities to grow and could result in a deficit fund balance over time.
- Funding the ARC will prevent the accumulation of unfunded liabilities and any impact on the City's credit quality and our ability to issue debt and obtain the lowest possible interest rate, thus keeping down what we pay in interest cost.
- Funding the ARC provides the employees/retirees with the security of having these benefits covered during their lifetime. The ARC goes into the Trust Funds and the benefits are paid out of the Trust Funds. If the money is not there we cannot pay the benefits.
- These accounting requirements were implemented due to business entities and governments not addressing these issues and recognizing all of their obligations.
- Actuarial valuations are required to be completed every two years and the ARC & AAL is adjusted to reflect positive or negative differences between assumptions and actual results.

General Employee Pension Plan

Funding for FY11	General Fund Civilian Plan (1)	General Fund Police Plan (2)	General Fund Total	Water/ Wastewater Fund	Electric Fund	Total Pensions
Normal Cost @ 4.67% of wages	$237,530	$0	$237,530	$30,748	$92,437	$360,715
Amortization Payment	1,355,120	1,012,108	2,367,228	213,386	1,037,829	3,618,443
Interest @ 7.0%	94,858	70,848	165,706	14,937	72,648	253,291
Annual Required Contribution (ARC)	$1,687,508	$1,082,956	$2,770,464	$259,071	$1,202,914	$4,232,449
Transfer Required for Amrtz & Int. Payment	$1,449,978	$1,082,956	$2,532,934	$228,323	$1,110,477	$3,871,734
Budgeted Transfer (FY11 Budget)	$995,000	$715,000	$1,710,000	$372,000	$833,000	$2,915,000
Estimated Over/(Under) Payment	($454,978)	($367,956)	($822,934)	$143,677	($277,477)	($956,734)

(1) General Pension actuarial percentage of payroll is 4.67% for FY11; Actually contributing 4.15%, budgeted a year in arrears;
(2) Police Pension Fund has no active employees; Budgeted transfer is made up of $620,000 State Grant and a $95,000 transfer from the General Fund; The grant proceeds have been declining and there's a good chance we will not receive the $620,000.

Projected GAAP Reporting for FY11	General Fund Civilian Plan	General Fund Police Plan	General Fund Total	Water/ Wastewater Fund	Electric Fund	Total Pensions
Annual Required Contribution (ARC)	$1,687,508	$1,082,956	$2,770,464	$259,071	$1,202,914	$4,232,449
Interest on Obligation	(4,487)	($72,159)	(76,646)	(1,966)	(3,871)	(82,483)
Adjustment to ARC	5,500	$117,872	123,372	2,410	4,745	130,527
Annual Pension Cost	$1,688,521	$1,128,669	$2,817,190	$259,515	$1,203,788	$4,280,493
Est. Payroll Contributions @ 4.15%	(211,081)	0	(211,081)	(27,324)	(82,144)	(320,549)
Amortization Payment Budgeted FY11	(995,000)	(715,000)	(1,710,000)	(372,000)	(833,000)	(2,915,000)
(Increase)/Decrease in net asset	$482,440	$413,669	$896,109	($139,809)	$288,644	$1,044,944
	(1)				(1)	
Net obligation (asset) - beginning of year	($64,093)	($1,030,844)	($1,094,937)	($28,080)	($55,295)	($1,178,312)
Net obligation (asset) - end of year	$418,347	($617,175)	($198,828)	($167,889)	$233,349	($133,368)

(1) GAAP Reporting (audited financial statements) has to be completed based on the latest actuarial valuations. Any deficiency in funding the annual required contributions has to be expensed in the current year and may impact bond covenants.

Other Post Employment Benefits

City of Dover

Other Post Employment Benefits

Funding for FY11	General Fund	Water/ Wastewater Fund	Electric Fund	Total OPEB
Normal Cost	$1,256,818	$95,348	$123,859	$1,476,025
Amortization Payment	2,890,917	253,633	878,905	4,023,455
Interest @ 7.0%	290,341	24,429	70,193	384,963
Annual Required Contribution (ARC)	$4,438,076	$373,410	$1,072,957	$5,884,443
% of Payroll	30.8%	31.8%	39.3%	32.2%
Transfer Required for Amrtz. & Int. Payment	$3,181,258	$278,062	$949,098	$4,408,418
Budgeted Transfer (FY11 Budget)	$0	$0	$1,200,000	$1,200,000
Estimated Over/(Under) Payment	($3,181,258)	($278,062)	$250,902	($3,208,418)
Transfer Based on 10 Yr Phase In - Not Budgeted	($946,223)	($62,223)		($1,008,446)
Transfer Based on 10 Yr Phase In - Budgeted			($138,587)	($138,587)
% of Payroll for Phase In Plan	6.6%	5.3%	5.1%	6.3%

Note - The FY11 funding is based on the original actuarial analysis completed in 2009 with an AAL of $58.3 million versus the 2011 analysis with an AAL of $83.5 million. The FY11 funding also maintains the 10 year phase-in plan presented to City Council in January 2009 with the premise that the Health Benefits Committee would provide cost saving recommendation by 2012.

Projected GAAP Reporting for FY11	General Fund	Water/ Wastewater Fund	Electric Fund	Total OPEB
Annual Required Contribution (ARC)	$5,944,581	$475,599	$1,270,811	$7,690,991
Interest on Obligation	$158,159	13,795	37,220	209,174
Adjustment to ARC	($207,582)	(18,105)	(48,850)	(274,537)
Annual Pension Cost	$5,895,158	$471,289	$1,259,181	$7,625,628
Est. Payroll Contributions @ 0%	0	0	0	0
Amortization Payment Budgeted FY11	(1,297,509)	(177,427)	(1,839,110)	(3,314,046)
(Increase)/Decrease in net asset	$4,597,649	$293,862	($579,929)	$4,311,582
Net obligation (asset) - beginning of year	$3,227,740	$281,526	$759,583	$4,268,849
Net obligation (asset) - end of year	$7,825,389	$575,388	$179,654	$8,580,431

Other Post Employment Benefits Annual Required Cost based on 3rd year of 2009 Phase In Plan

Funding for FY11	General Fund	Water/ Wastewater Fund	Electric Fund	Total OPEB
Normal Cost	$2,152,908	$154,178	$203,672	$2,510,758
Amortization Payment	3,513,995	299,205	1,007,778	4,820,978
Interest @ 7.0%	277,678	22,216	59,361	359,255
Annual Required Contribution (ARC)	$5,944,581	$475,599	$1,270,811	$7,690,991
% of Payroll (a)	41.3%	40.5%	46.6%	42.0%
The ARC is based on a discount rate of 4.9% and a 30 year amortization (open) of the unfunded liability.				

Steps Taken and Recommended Actions

- Positive steps taken
  - Council started funding the OPEB Trust Fund in 2004, prior to the required implementation of the OPEB accounting standard in 2009, recognizing its importance to the City, its employees/retirees and the credit markets.
  - Council has in all past budgets included the actuarial determined percentages of payroll in its benefit rate to fund the annual required contributions for pensions.
  - Council has included additional contributions to the Pension Funds when the funds were available.
  - Council has continued to make the required lump sum contributions to the Police Plan.
  - Council established the Health Benefits Committee to partner with employees and retirees in developing long-term solutions to help control cost and maintain quality health insurance coverage.

- Action Item – Pension Funding
  - To continue to keep up with actuarial contributions as we have done in previous years, staff is recommending we transfer $732,455 to the Civilian Pension Plan with $454,978 coming from the General Fund and $277,477 coming from the Electric Fund this fiscal year.

- Action Item – OPEB Funding
  - In order to maintain the 10 year phase-in plan for OPEB, staff is recommending we include in the FY12 budget the following percentages of base pay for the City's OPEB contributions.
    - General Fund 6.6%
    - Water/Wastewater Fund 5.3%
    - Electric Fund 5.1%

CITY OF DOVER, DELAWARE

Other Postemployment Benefit
GASB 45 Actuarial Valuation

FISCAL YEAR ENDING JUNE 30, 2011

Milliman

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January 19, 2011

Ms. Donna Mitchell
Controller/Treasurer
City of Dover
5 E. Reed Street
Weyandt Hall, Suite 300
Dover, DE 19901

Dear Ms. Mitchell:

This report presents the results of the Other Postemployment Benefit (OPEB) GASB 45 actuarial valuation for the City of Dover, Delaware for the fiscal year ending June 30, 2011. The Governmental Accounting Standards Board issued Statement No. 45 to require governmental entities to begin accruing costs for other postemployment benefits (excluding pension benefits) while members are in active employment. The standard first applied to the City for the fiscal year ending June 30, 2009.

Purpose

The main purposes of this report are:

- to determine the benefit programs covered under GASB 45;
- to estimate the overall liability attributable to these programs as of July 1, 2010, based on the development of key actuarial assumptions;
- to estimate the funding policy contribution for the fiscal year ending June 30, 2011; and
- to provide the annual expense and balance sheet items for fiscal year ending June 30, 2011 according to GASB 45.

Actuarial computations presented in this report are for purposes of fulfilling financial accounting requirements under GASB Statement No. 45. The calculations in the enclosed report have been made on a basis consistent with our understanding of this Statement. Determinations for purposes other than meeting these requirements or those stated above may not be appropriate and be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared solely for the City of Dover, Delaware for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

Milliman's work is prepared solely for the internal business use of the City. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception:

- The City may provide a copy of Milliman's work, in its entirety, to the City's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

Data Reliance

In performing this analysis, we relied on data and other information (both written and oral), such as the plan provisions, provided by City of Dover, Delaware. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

We also relied on the plan provision information as provided by the City.

Variability of Results

These liability and cost figures are subject to variability due to uncertainty in a number of the underlying assumptions. Two of the major sources of variability are the starting per capita costs and the healthcare trend rate. Since liabilities and annual expense values presented in this report are based on a single set of assumptions, all of the results should be considered to be estimates.

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Future actuarial measurements may differ significantly from the current measurements presented in this report due to actual plan experience deviating from the actuarial assumptions, the natural operation of the plan's actuarial cost method (such as the expiration of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions, actuarial assumptions, and applicable law. Furthermore, the results do not reflect potential changes in future health costs due to the passage of the Patient Protection and Affordable Care Act (P.L.111-148) signed on March 23, 2010, as amended by the Health Care and Education Reconciliation Act (H.R.4872) signed on March 30, 2010. The impact on future health costs due to this legislation will depend on a number of factors, including future regulations that are not yet known. An assessment of the potential range and cost effect of such differences as well as an analysis of the impact of health care reform on future plan costs is beyond the scope of this report.

Certification

We hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices based on our understanding of the benefit programs provided by the City and the requirements of GASB 45, which are consistent with the principles prescribed by the Actuarial Standards Board, the Code of Professional Conduct, and the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. We further certify that all costs and liabilities have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plans where available and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan.

GASB 45 provides guidance to employers in selecting the discount rate. The discount rate should be the estimated long-term investment yield on the investments that are expected to be used to finance the benefits. If there are no plan assets, assets of the employer should be used to derive the discount rate. For this valuation, a discount rate of 4.9% has been used, which reflects the fact that the fiscal year ending June 30, 2011 is the third year of a ten year phase-in of full funding the Annual Required Contribution.

GASB 45 allows employers to select from six actuarial cost methods in determining the Annual Required Contribution. The Projected Unit Credit Cost Method is used in this valuation.

The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is July 1, 2010. Furthermore, GASB 45 requires actuarial valuations to occur at least biennially. Therefore, the results of this valuation may be used for the 2011 fiscal year and be the

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basis for the 2012 fiscal year, unless significant changes occur that would affect the results of this valuation. Assuming no significant changes, the next valuation would be for the 2013 fiscal year.

We are members of the American Academy of Actuaries and meet its qualification standards to render this actuarial opinion.

Respectfully submitted,

MILLIMAN, INC.

By: 
Robert J. LaMontagne, F.S.A.
Member American Academy of Actuaries

By: 
Scott F. Porter, F.S.A.
Member American Academy of Actuaries

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CITY OF DOVER, DELAWARE

Other Postemployment Benefit Valuation

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CITY OF DOVER, DELAWARE

Other Postemployment Benefit Valuation

SECTION I – SUMMARY OF RESULTS

Executive Summary

The City of Dover is phasing into full funding the Annual Required Contribution (ARC) over a 10-year period. For the fiscal year ending June 30, 2011, the full funding contribution is $5.9 million based on an ultimate discount rate of 7%. The funding policy contribution for fiscal year 2011 is equal to 30% of the difference between the full funding contribution and the expected premium payments made directly to the State net of any retiree contributions. For the fiscal year ending June 30, 2011, the funding policy contribution is $1.1 million and the expected premium payments are $2.1 million for a total expected contribution of $3.2 million for the fiscal year ending June 30, 2011.

According to GASB 45, the discount rate used also reflects the 10-year phase-in to full funding and 4.9% was used for the fiscal year ending June 30, 2011. The ARC for the fiscal year ending June 30, 2011 is $7.7 million.

The ARC comprises the Normal Cost and an amortization of the Unfunded Accrued Liability plus an interest adjustment. The Unfunded Accrued Liability is $78.6 million based on a 4.9% discount rate. The amortization payment is based on a 30-year (open) amortization of the unfunded liability. The amortization payment is $4.8 million, the normal cost is $2.5 million and the interest adjustment is $0.4 million.

The Annual Other Postemployment Benefit (OPEB) Cost for the fiscal year ending June 30, 2011 is equal to the ARC plus interest less an amortization on the Net OPEB Obligation as of the beginning of the year. The amortization component is known as the Adjustment to the ARC. The Annual OPEB Cost for the fiscal year ending June 30, 2011 is $7.6 million.

The Net OPEB Obligation is the accumulated difference between the Annual OPEB Cost each year and the actual payments made by the City to pay benefits or to fund the plan. The Net OPEB Obligation as of June 30, 2010 is $4.3 million and is expected to increase to $8.7 million as of June 30, 2011 based on the expected contributions during the fiscal year. The actual Net OPEB Obligation will reflect actual contributions made during fiscal year 2011.

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SECTION I – SUMMARY OF RESULTS
(Continued)

Overview of GASB 43 and 45

GASB 43 requires other postemployment **plans** to disclose information about asset and liability levels and show historical contribution information. These requirements are simplified in situations where no separate formal trust is established to prefund these benefits. A formal trust exists if:

- Employer contributions to the plan are irrevocable,
- Plan assets are dedicated to providing benefits to their retirees and beneficiaries, and
- Plan assets are protected from creditors of the employer and the plan administrator.

The City of Dover has established an IRC Section 115 Trust with formal adoption after the valuation date of this actuarial valuation. The assets allocated to the OPEB fund as of June 30, 2010 that were eventually transferred to this trust were included as plan assets in determining the Annual Required Contribution.

GASB 45 requires **employers** to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. This Other Postemployment Benefit (OPEB) valuation represents the adoption of GASB 45 for the fiscal year ending June 30, 2009 by the City.

GASB 43 and 45 apply to just about any benefit that is provided after retirement except for pension benefits: medical insurance, pharmacy, dental, vision, and hearing benefits plus life insurance and long-term care insurance. The benefits provided by the City to retirees include medical and pharmacy benefits plus monthly supplements for Medicare Part B for certain eligible retirees. The philosophy driving the accounting standard is that the postemployment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 43 and 45 extend the same thinking to all other postemployment benefits.

The Annual OPEB Cost (AOC) represents the accrued cost for postemployment benefits under GASB 45. Prior to GASB 45, the City expensed the actual benefits paid during a year. The cumulative difference between the Annual OPEB Cost (new method) and the benefits paid during a year (old method) will result in a Net OPEB

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SECTION I – SUMMARY OF RESULTS
(Continued)

Obligation to be included on the balance sheet of the City. The Annual OPEB Cost is equal to the Annual Required Contribution (ARC) less adjustments if a Net OPEB Obligation exists. The ARC is equal to the normal cost plus an amortization of the unfunded liability. To the extent that the ARC is funded in a trust, the Net OPEB Obligation will be minimized.

Funding Policy

The City of Dover has established a 10-year plan to phase-in to fully funding the ARC each year. For the fiscal year ending June 30, 2009, the City contributed 99% of the full funding contribution. The amount added to the Trust was $4.6 million. Based on the 10-year plan, only 10% of the full funding contribution in excess of the premium payments was expected to be contributed. For the year fiscal year ending June 30, 2010, no contribution was made to the trust. This valuation assumes the fiscal year ending June 30, 2011 is the third year of the phase-in.

Actuarial Cost and Amortization Methods

For determining the ARC, a plan sponsor has to choose an actuarial cost method and an amortization method. An actuarial cost method determines how to allocate the liability over an employee's career and an amortization method determines how the liability is recognized in determining the ARC. The City has decided to use the Projected Unit Credit Cost Method with the unfunded liability amortized over a 30-year period. The period is reset each year.

Valuation Date

The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is July 1, 2010 which is at the beginning of the 2011 fiscal year. This is consistent with the prior valuation completed as of July 1, 2008 for the 2009 and 2010 fiscal years. The results of this valuation may be used for the 2011 fiscal year and be the basis for the 2012 fiscal year, unless significant changes occur that would affect the results of this valuation. Assuming no significant changes, the next valuation would be for the 2013 fiscal year, based on a July 1, 2012 valuation date.

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Valuation Process

The process of determining the liability for retiree medical benefits is based on many assumptions about future events. The key actuarial assumptions are:

Demographic Assumptions: When an employee is assumed to be eligible and commence OPEB benefits and what is the life expectancy of receiving those benefits?

- **Turnover and retirement rates:** For purposes of this valuation, termination rates are based on the rates utilized in the previous actuarial valuation. Rates of turnover and retirement differ by union status and eligibility for unreduced retirement in the pension plans.

- **Mortality assumption:** The mortality assumption used in this valuation is based the RP-2000 healthy annuitant tables as developed by the Society of Actuaries Retirement Plans Experience Committee (RPEC). Employee versions are used for pre-retirement and the combined version is used for FOP members upon retirement. Also as recommended by the RPEC, the mortality rates are projected on a generational basis using Scale AA to incorporate future mortality improvements in the valuation process.

Healthcare assumptions: When an employee starts receiving postemployment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

- **Per Capita Claim Costs:** Initial per capita costs equal the premium rates paid by the City to the State of Delaware Group Health Insurance Benefits Plans. Based on this arrangement, these plans are community rated to the City and no implicit rate subsidy is valued.
- **Coverage Election Rates:** Members are assumed to elect the same plan upon retirement as elected as an active employee as of the valuation date. 40% of male members and 25% of female members are assumed to cover spouses.
- **Healthcare Inflation Rate:** Healthcare trend is based on the Society of Actuaries-Getzen Model with some adjustments to the baseline assumptions and for administrative costs.

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SECTION I – SUMMARY OF RESULTS
(Continued)

Discount rate assumption: What is the present value of those future benefit payments in terms of today's dollars?

- GASB 45 provides guidance to employers in selecting the discount rate. The discount rate should be the estimated long-term investment yield on the investments that are expected to be used to finance the benefits. If there are no plan assets, assets of the employer should be used to derive the discount rate. If assets exist in a Trust, the discount rate should reflect the long-term return on those assets. Since the City is phasing into the fully funding the ARC over 10 years, the discount rate reflects a blend of these two investment pools. The discount rate ranges from 4% for an unfunded plan and 7% for a fully funded plan. Since the fiscal year ending June 30, 2011 is the third year of the phase-in, a discount rate of 4.9% is used.

Discussion of Supporting Exhibits

Exhibit 1 summarizes the assets in the Trust by Fund as of June 30, 2010. Note that the trust was not officially established until after the valuation date.

Exhibit 2 summarizes the change in assets from the prior year and displays the estimated market value rate of return for the fiscal year ending June 30, 2011.

Exhibit 3 develops the funding policy contribution by Fund for the fiscal year ending June 30, 2011 based on an ultimate discount rate of 7%. Including expected net City premium payments, the total expected contribution for the fiscal year ending June 30, 2011 is $3.2 million with 70% allocated to the General Fund, 7% allocated to the Water/Wasterfund and 23% to the Electric Fund. As a percent of pay, the total expected contribution is 17.5%.

Exhibit 4 summarizes the Actuarial Accrued Liability by Fund, union, employee status and benefit type as of July 1, 2010 based on a phased-in discount rate of 4.9%. The Actuarial Accrued Liability for the health benefits net of retiree contributions and Medicare Part B reimbursements is $83.5 million with 72% attributable to the General Fund, 6% attributable to the Water/Wastewater Fund, and 22% attributable to the Electric Fund.

Exhibit 5 summarizes the development of the ARC and the Annual OPEB Cost based on the phased-in discount rate of 4.9% for the fiscal year ending June 30, 2011 by Fund. The ARC as a percent of pay is 42.0%. The Annual OPEB Cost is equal to the ARC less an amortization of the Net OPEB Obligation.

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SECTION I – SUMMARY OF RESULTS
(Continued)

Exhibit 6 summarizes the *estimated* Net OPEB Obligation of $8.7 million as of June 30, 2011. The Net OPEB Obligation shown is based on an estimate of the amount of premiums paid by the City and the funding policy contribution for the fiscal year ending June 30, 2011. The actual Net OPEB Obligation will reflect actual contributions made during the fiscal year.

Exhibit 7 displays the required supplementary schedules: Schedule of Funding Progress and the Schedule of Employer Contributions.

Exhibit 8 summarizes the expected premium payments and Medicare Part B reimbursements projected over the next 10 fiscal years.

Census Data

Section III summarizes the census data provided by the City utilized in the preparation of the actuarial valuation. The section shows the number of active and retired employees by Fund and union plus provides a breakdown of the coverage by option elected and contract information.

Summary of Principal Plan Provisions

Section IV summarizes the principal plan provisions as of the valuation date utilized in the preparation of this actuarial valuation. This information was supplied through various correspondences with the City.

Actuarial Assumptions and Methods

Section V summarizes the actuarial assumptions and methods utilized in the preparation of this actuarial valuation. The liabilities provided in this report are heavily dependent upon the assumptions utilized, especially regarding annual per capita costs and healthcare trend.

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CITY OF DOVER, DELAWARE

Other Postemployment Benefit Valuation

SECTION II – EXHIBITS

Market Value of OPEB Trust Fund Assets as of June 30, 2010

Assets		
U.S. government securities	$2,242,993	
Corporate bonds	2,641,173	
Total		$4,884,166
Liabilities		
Accounts payable	(1,791)	
Total		(1,791)
Net Assets in OPEB Trust Fund *		$4,882,375

* Trust fund did not become official until after June 30, 2010

Allocation of Market Value by Fund as of June 30, 2010

General Fund	$2,869,990
Water/Wastewater Fund	528,103
Electric Fund	1,484,282
Total Assets in OPEB Trust Fund	$4,882,375

Exhibit 1

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SECTION II – EXHIBITS

Change in Market Value of OPEB Trust Fund Assets

Market Value of Assets as of June 30, 2009 *		$4,815,467
Income		
City's contribution **	-	
Investment income	103,630	
Total		103,630
Disbursements		
Benefit payments **	-	
Administrative Expenses	(36,722)	
Total		(36,722)
Net increase/ (decrease)		66,908
Market Value of Assets as of June 30, 2010		$4,882,375
Estimated rate of return		2.16%

* Based on amount included in City's CAFR

** Excludes amounts paid directly to the State

Exhibit 2

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SECTION II – EXHIBITS

Funding Policy Contribution for Fiscal Year Ending June 30, 2011

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Actuarial Accrued Liability	$41,254,643	$3,895,763	$13,154,090	$58,304,496
Market Value of Assets	2,869,990	528,103	1,484,282	4,882,375
Unfunded Liability	38,384,653	3,367,660	11,669,808	53,422,121
Normal Cost	$1,256,818	$95,348	$123,859	$1,476,025
Amortization Payment	2,890,917	253,633	878,905	4,023,455
Interest at 7.00%	290,341	24,429	70,193	384,963
Full Funding Contribution	4,438,076	373,410	1,072,957	5,884,443
Estimated Claim Payments	$1,284,000	$166,000	$611,000	$2,061,000
Funding Policy Contribution	946,223	62,223	138,587	1,147,033
Total Expected Contribution	2,230,223	228,223	749,587	3,208,033
Compensation	$14,389,586	$1,175,597	$2,726,921	$18,292,104
Payments as % of Compensation				
Estimated Claim Payments	8.9%	14.1%	22.4%	11.3%
Funding Policy Contribution	6.6%	5.3%	5.1%	6.3%
Total	15.5%	19.4%	27.5%	17.5%

Funding Policy is to phase-in to full funding of the ARC over 10 years. The ARC is based on the ultimate discount rate of 7%. Fiscal Year 2011 is the third year of the phase-in. The Funding Policy contribution is equal to 30% of the difference between the ARC and the estimated pay-as-you-go payments. The ARC is based on a 30-year amortization (open) of the unfunded liability.

Exhibit 3

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SECTION II – EXHIBITS

Actuarial Accrued Liability as of July 1, 2010

Fund Type	Active Members	Deferred Vesteds and Retirees	Retiree Part B Reimbursements	Total
General Fund (110)	$25,568,235	$31,344,290	$3,274,798	$60,187,323
Water/Wastewater Fund (412)	1,808,545	3,206,230	393,714	5,408,489
Electric Fund (480)	3,892,386	12,438,891	1,591,032	17,922,309
Total Actuarial Accrued Liability	31,269,166	46,989,411	5,259,544	83,518,121
Member Type				
Nonunion	$6,520,375	$30,283,252	$3,929,383	$40,733,010
Police	12,809,466	16,706,159	1,330,161	30,845,786
IBEW	2,621,175	-	-	2,621,175
IUE	9,318,150	-	-	9,318,150
Total Actuarial Accrued Liability	$31,269,166	$46,989,411	$5,259,544	$83,518,121

The discount rate for the 2011 fiscal year is 4.9%. Fiscal year 2011 is the third year of the phase-in to full funding the ARC. The discount range is 4% if funding on a pay-as-you-go method and 7% for full funding.

Certain retirees are allocated to multiple funds according to the following percentages: General Fund 39%, Water/Wastewater Fund 16% and Electric Fund 45%.

All civilian retirees are included with the nonunion members since no code was provided.

Exhibit 4

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SECTION II – EXHIBITS

Annual Required Contribution For Fiscal Year Ending June 30, 2011

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Actuarial Accrued Liability	$60,187,323	$5,408,489	$17,922,309	$83,518,121
Market Value of Assets	2,869,990	528,103	1,484,282	4,882,375
Unfunded Liability	57,317,333	4,880,386	16,438,027	78,635,746
Normal Cost	$2,152,908	$154,178	$203,672	$2,510,758
Amortization Payment	3,513,995	299,205	1,007,778	4,820,978
Interest at 4.90%	277,678	22,216	59,361	359,255
Annual Required Contribution	5,944,581	475,599	1,270,811	7,690,991
Percent of Compensation	41.3%	40.5%	46.6%	42.0%

Annual OPEB Cost For Fiscal Year Ending June 30, 2011

Net OPEB Obligation BOY	$3,227,740	$281,526	$759,583	$4,268,849
Annual Required Contribution	5,944,581	475,599	1,270,811	7,690,991
Interest on Net OPEB Obligation	158,159	13,795	37,220	209,174
Adjustment to ARC	(207,582)	(18,105)	(48,850)	(274,537)
Annual OPEB Cost	5,895,158	471,289	1,259,181	7,625,628

The ARC is based on a discount rae of 4.9% and a 30-year amortization (open) of the unfunded liability.

Exhibit 5

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SECTION II – EXHIBITS

Estimated Net OPEB Obligation as of June 30, 2011

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Net OPEB Obligation BOY	$3,227,740	$281,526	$759,583	$4,268,849
Annual OPEB Cost	5,895,158	471,289	1,259,181	7,625,628
Estimated Contributions	2,230,223	228,223	749,587	3,208,033
Expense Difference	3,664,935	243,066	509,594	4,417,595
Estimated Net OPEB Obligation EOY	6,892,675	524,592	1,269,177	8,686,444

The estimated Net OPEB Obligation as of June 30, 2011 is based on OPEB Trust contributions equal to the funding policy contributions plus estimated pay-as-you-go payments to the State.

Exhibit 6

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SECTION II – EXHIBITS

Schedule of Funding Progress

Valuation Date	Actuaral Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
7/1/2010	$4,882,375	$83,518,121	$78,635,746	5.8%	$18,292,104	429.9%
7/1/2008	0	64,297,063	64,297,063	0.0%	18,162,177	354.0%

Schedule of Employer Contributions

Fiscal Year End	Annual OPEB Cost	OPEB Trust Contributions	Pay-as-you-go Contributions	Total Contributions	% of OPEB Cost Contributed
6/30/2011 *	$7,625,628	$1,147,033	$2,061,000	$3,208,033	42.1%
6/30/2010	5,891,130	0	1,672,960	1,672,960	28.4%
6/30/2009	6,227,825	4,634,891	1,542,255	6,177,146	99.2%

* Contributions for fiscal year 2011 are estimated

Exhibit 7

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SECTION II – EXHIBITS

Expected Claim Payments by Fiscal Year

Fiscal Year	Health Benefits*	Part B Reimbursements	Total
2011	$ 1,945,000	$ 116,000	$ 2,061,000
2012	2,082,000	131,000	2,213,000
2013	2,217,000	157,000	2,374,000
2014	2,390,000	172,000	2,562,000
2015	2,590,000	190,000	2,780,000
2016	2,788,000	201,000	2,989,000
2017	3,030,000	216,000	3,246,000
2018	3,258,000	234,000	3,492,000
2019	3,521,000	252,000	3,773,000
2020	3,762,000	272,000	4,034,000

* Payments are net of any retiree or spouse contributions

Exhibit 8

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CITY OF DOVER, DELAWARE

Other Postemployment Benefit Valuation

SECTION III

Summary of Census Data as of July 1, 2010

	Nonunion	Police	IBEW	IUE	Total
Active Members					
Blue Care *	15	16	6	34	71
Comprehensive PPO	75	70	30	104	279
Waived Coverage	2	0	0	3	5
Total Number	92	86	36	141	355
General Fund	79	86	2	110	277
Water/Wastewater Fund	3	0	1	25	29
Electric Fund	10	0	33	6	49
Total Number	92	86	36	141	355
Average Age	45.6	37.7	41.6	45.5	43.3
Average Service	11.5	10.8	14.7	10.2	11.1
Average Salary	$57,225	$66,445	$55,660	$37,655	$51,527
Retirees, Surviving Spouses, Deferred Vesteds					
Blue Care *	34	7	No union code was		41
Comprehensive PPO**	70	45	provided for retirees.		115
Medicfill ***	78	12			90
Total Number	182	64			246
Single Coverage	123	40	All IBEW and IUE		163
EE/SP Coverage ****	59	24	retirees are included		83
Total Number	182	64	in the nonunion column.		246
General Fund	78	64			142
Water/Wastewater Fund	17	0			17
Electric Fund	63	0			63
Allocated to all 3 funds	24	n/a			24
Total Number	182	64			246
Average Age	65.2	57.3			63.2
Eligible for Medicare Part B	154	45			199

* Includes members for First State and Aetna HMO

** All Deferred Vesteds are assumed to elect Comprehensive PPO upon retirement and spouse coverage according to assumption

*** If spouse is under 65, member is allocated according to spouse's plan

**** Includes family and employee-child dependent coverage

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

1) Type of Plans Covered: Medical and Pharmacy benefits plus Medicare Part B reimbursements for certain retired members are covered by this valuation. No life insurance benefits are provided to terminated members. Generally, the City covers the costs of benefits for retirees and 75% of the costs of benefits for spouses.

2) Eligibility for Membership: Full-time employment with the City.

3) Credited Service: Credited Service is earned for full-time employment with the City.

4) State of Delaware Group Health Insurance Benefit Plans: The City is a Participating Employer in the State of Delaware Group Health Insurance Benefits Plans. The State Employee Benefits Committee determines the benefit options offered to its members. These options include a Basic and a Comprehensive PPO plan plus two HMO plans for non-Medicare eligible members. All plans are considered community rated to the City. For Medicare eligible members, a Medicare supplemental plan is available. Pharmacy benefits are provided by Medco. The premiums for the non-Medicare plans include the pharmacy benefits. These plans are summarized below.

   a) First State Basic Plan: For medical benefits through Blue Cross Blue Shield of Delaware's (BCBSD) network, the plan has a deductible of $500 for an individual and $1,000 for family with a 10% coinsurance and a coinsurance limit of $1,500 per member and $3,000 per family. The deductible or coinsurance does not apply to preventative care. Deductible and coinsurance increase for out-of-network providers. Monthly premiums for year ending June 30, 2011 are $542.99 for single coverage and $1,120.59 for employee/spouse coverage.

   b) Comprehensive PPO Plan: For medical benefits through BCBSD's network, there is no deductible or coinsurance. There are co-pays for office visits, emergency services and hospital stays. Deductibles and coinsurance apply to out-of-network providers. Monthly premiums for year ending June 30, 2011 are $619.53 for single coverage and $1,282.69 for employee/spouse coverage.

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

(Continued)

c) Blue Care HMO Plan: There are co-pays for office visits, emergency services and hospital stays within BCBSD network. Monthly premiums for year ending June 30, 2011 are $567.24 for single coverage and $1,195.73 for employee/spouse coverage.

d) Aetna HMO Plan: There are co-pays for office visits, emergency services and hospital stays within Aetna network. Monthly premiums for year ending June 30, 2011 are $566.78 for single coverage and $1,191.97 for employee/spouse coverage.

e) Group Special Medicfill: This plan is a Medicare Supplemental plan. It covers the Medicare deductible and coinsurance payments up to allowable charges such that there are no cost sharing payments required by the covered individual. Monthly premiums for year ending June 30, 2011 are $437.67 per covered individual. If pharmacy benefits are not included, the monthly premium is $204.05 per covered individual.

5) Medco Pharmacy: Members enrolled in the health plans above will receive pharmacy benefits through Medco. Co-pays are equal to $8.50/$20/$45 for generic, brand and non-formulary, respectively for a 30-day supply with co-pays doubled for a 90-day supply. Monthly premiums are incorporated into medical plans above.

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

(Continued)

6) Benefits for Civilians:

a) Covered Groups: Full-time IUE, IBEW and non-union employees and their dependents are covered.

b) Eligibility: Satisfaction of either of the following eligibility requirements:

(1) Unreduced Retirement: Attainment of the earlier of the following conditions:
   (a) Later of attainment of age 65 and completion of 10 years of service.
   (b) If hired prior to May 1, 1994, later of attainment of age 50 and completion of 20 years of service.
   (c) If hired prior to May 1, 1994, completion of 25 years of service.
   (d) If hired on or after May 1, 1994, later of attainment of age 55 and completion of 80 points (age plus service).

(2) Reduced Retirement: For IUE and non-union members hired prior to July 1, 1994, attainment of age 55 and completion of 10 years of service. Other members who meet this condition have the option to pay 100% of the premiums for coverage.

(3) Vested Termination: For IUE and non-union members hired prior to July 1, 1994, completion of 10 years of service. Coverage commences upon attainment of age 65. Coverage is not available to other members.

(4) Active Death: Surviving spouses of members eligible for an unreduced pension upon death or for IUE and non-union members hired prior to July 1, 1994, completion of 10 years of service.

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010
(Continued)

c) Premium Cost Sharing: There is no cost sharing for members who retire prior to July 1, 1991 for non-union employees and September 1, 1991 for IUE employees (i.e. City covers 100% of the cost for members and spouse coverage). Members who retire on or after July 1, 1991 or September 1, 1991 as applicable contribute 25% of the premium for spouse coverage (i.e. City covers 100% of the cost for members and 75% of cost for spouse coverage). IBEW members hired on or after July 1, 1986 contribute 100% of the premium for spouse coverage (i.e. City covers 100% of the cost for members and 0% of cost for spouse coverage). Surviving spouses contribute according to spouse provisions.

d) Benefit Duration: Retiree coverage is provided for lifetime. Spouse coverage is provided for the spouse's lifetime.

e) Medicare Part B Reimbursement: Eligible retirees receive reimbursement of the Medicare Part B premium. The Medicare Part B premium for 2010 and 2011 are $110.50 and $115.40, respectively. Spouses are not eligible for the reimbursement. Eligible retirees are:

(1) Non-union employees who were hired prior to July 28, 2009.
(2) IBEW employees who retired prior to July 1, 2009.
(3) IUE employees who retired prior to January 31, 2010.

7) Benefits for Police Officers:

b) Covered Groups: Full-time FOP employees and their dependents are covered. Only provisions for members hired on after September 1, 1982 are shown.

b) Eligibility: Satisfaction of either of the following eligibility requirements:

(1) Unreduced Retirement: Attainment of the earlier of the following conditions:
(a) Later of attainment of age 62 and completion of 10 years of service.
(b) Completion of 20 years of service.
(c) Later of completion of 10 years of service and 75 points (age plus service).

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

(Continued)

(2) Reduced Retirement: Not applicable.

(3) Vested Termination: None.

(4) Active Death: Surviving spouses of members eligible for an unreduced pension upon death.

c) Premium Cost Sharing: There is no cost sharing for members who retire prior to July 1, 1991 (i.e. City covers 100% of the cost for members and spouse coverage). Members who retire on or after July 1, 1991 contribute 25% of the premium for spouse coverage (i.e. City covers 100% of the cost for members and 75% of cost for spouse coverage).

d) Benefit Duration: Retiree coverage is provided for lifetime. Spouse coverage is provided for the spouse's lifetime.

e) Medicare Part B Reimbursement: Eligible retirees receive reimbursement of the Medicare Part B premium. The Medicare Part B premium for 2010 and 2011 are $110.50 and $115.40, respectively. Spouses are not eligible for the reimbursement. Eligible retirees are members who retired prior to September 30, 2006.

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

Discount Rate: The City expects to phase-in to full funding the ARC over a 10-year period. The unfunded rate is assumed to be 4% and the fully funded rate is assumed to be 7% per annum, compounded annually. The fiscal year ending June 30, 2011 is the third year of the 10-year phase-in period. The final discount rate used is 4.9%.

Health Cost Trend: The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 4.0 utilizing the baseline assumptions included in the model, except for an inflation assumption of 2.75% and a real GDP growth assumption of 1.9%. Further adjustments are made for percentage of costs associated with administrative expenses and inflation on administrative costs. The trend assumption for the Medicare Part B reimbursement is based on the lesser of 6% and the rates contained in the table below. The health cost trend assumption at sample years is as follows:

Fiscal Year	Trend	Fiscal Year	Trend
2011	7.1%	2020	6.1%
2012	6.8	2025	6.0
2013	6.5	2030	5.9
2014	6.3	2035	5.9
2015	6.2	2040	5.5

Annual Per Capita Claims Cost: Premiums were used as the claim costs since the City participates in the State health benefit pool. Based on this arrangement, the City health plans are community rated with no pre-65 implicit rate subsidy.

Coverage Election Rates: Eligible active members are assumed to elect at retirement the same health option elected in 2010 for under age 65 coverage. Terminated vested members are assumed to elect PPO coverage. Actual elections are used for current retirees. Any member who elected Aetna HMO or First State are assumed to elect Blue Care HMO.

Dependent Coverage: 40% of male members and 25% of female members are assumed to elect spouse coverage at retirement. For current retirees, if member elected any type of dependent coverage,

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

employee/spouse coverage was assumed. Males are assumed to be 3 years older than females for future retirees and any current retirees where a dependent date of birth was not available.

Termination: Withdrawal rates vary by union status, age, and service. No terminations are assumed once a member is eligible for reduced or unreduced retirement. Illustrative rates are shown below.

Union

Age	IUE/IBEW	FOP
25	10.0%	2.2%
30	9.4	1.7
35	8.2	1.1
40	6.7	0.5
45	5.2	0.1
50	3.3	0.0
55	1.2	0.7

Non-union

Age	<3 Years	3 – 4 Years	5+Years
25	30.0%	27.0%	25.5%
30	30.0	27.0	23.4
35	30.0	27.0	20.3
40	30.0	27.0	16.6
45	30.0	27.0	12.5
50	30.0	27.0	7.5
55	30.0	27.0	2.6

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Retirement: Rates of retirement vary by union, age and eligibility for unreduced retirement. No reduced retirements are assumed. Illustrative rates are shown below. In addition, the rate of retirement for FOP members who attain 75 points prior to completion of 20 years and attainment of age 60 is 50% per year and the rate of retirement for FOP members who have attained ages 46-54 at completion of 20 years of service is 20%.

Age	Civilians Hired pre 5/94	Civilians Hired pst 5/94	FOP	Age	Civilians Hired pre 5/94	Civilians Hired pst 5/94	FOP
<=40	0%	0%	10%	60	20	10	100
41-45	0	0	20	61	25	10	100
46-49	0	0	10	62	25	20	100
50-51	4	0	10	63-64	25	15	100
52-54	8	0	10	65	25	50	100
55-57	8	6	100	66	50	50	100
58	10	6	100	67-69	100	50	100
59	15	6	100	70	100	100	100

Disability: None assumed:

Mortality:

Healthy Lives: RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA. The Combined table is used for FOP members. The Employee table is used for pre-retirement for all members. Rates vary by age and gender.

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

B. Actuarial Cost Method

The Projected Unit Credit Method was used for determining service costs and the actuarial accrued liability known as the Accumulated Postretirement Benefit Obligation. The Accumulated Postretirement Benefit Obligation is the Actuarial Present Value of Benefits attributed to an employee's service as of the measurement date based on the employee's projected service to his expected retirement age. The Service Cost is the Actuarial Present Value of Benefits attributed to the employee's upcoming year of service.

C. Changes in Actuarial Assumptions or Methods

- The discount rates were decreased 50 basis points from 4.5% for no pre-funding and 7.5% for pre-funding the benefits to 4.0% and 7.0%, respectively.

- The healthcare trend assumption has been modified to be based on the Society of Actuaries Getzen Model.

- The percentage of members electing dependent coverage has increased from 30% for males and 20% for females to 40% and 25%, respectively.

- The mortality improvement assumption has been extended from 2010 to each year in the future on a generational basis.

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CITY OF DOVER, DELAWARE

General Employee Pension Plan
Actuarial Valuation

FISCAL YEAR ENDING JUNE 30, 2011

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February 17, 2011

Ms. Donna Mitchell
Controller/Treasurer
City of Dover
5 E. Reed Street
Weyandt Hall, Suite 300
Dover, DE 19901

Dear Ms. Mitchell:

This report presents the results of the July 1, 2010 actuarial valuation for the City of Dover, Delaware General Employee Pension Plan for determining contributions for the fiscal year ending June 30, 2011.

Purpose

The main purposes of this report are:

- to assess the relative funded position of the plan; and
- to estimate the funding policy contribution for the fiscal year ending June 30, 2011; and
- to provide the annual expense and balance sheet items for fiscal year ending June 30, 2011 according to GASB 27.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the City. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The calculations in the enclosed report have been made on a basis consistent with our understanding of the City's funding requirements and goals. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in this report, and of GASB Statements No. 25 and 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the City. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written

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consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception:

- The City may provide a copy of Milliman's work, in its entirety, to the City's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

Data Reliance

In performing this analysis, we relied on data and other information (both written and oral), such as the plan provisions, provided by City of Dover, Delaware. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Variability of Results

Future actuarial measurements may differ significantly from the current measurements presented in this valuation due to actual plan experience deviating from the actuarial assumptions, the natural operation of the plan's actuarial cost method (such as the expiration of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions, actuarial assumptions, and applicable law. An assessment of the potential range and cost effect of such differences is beyond the scope of this project.

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Certification

We hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices based on our understanding of the benefits provided by the City and the requirements of GASB 27, which are consistent with the principles prescribed by the Actuarial Standards Board, the Code of Professional Conduct, and the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. We further certify that all costs and liabilities have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan where available and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan.

GASB 25 and 27 allows employers to select from six actuarial cost methods in determining the Annual Required Contribution. The Entry Age Normal Cost Method with aggregation is used in this valuation.

The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is July 1, 2010. Furthermore, GASB 25 and 27 requires actuarial valuations to occur at least biennially. Therefore, the results of this valuation may be used for the 2011 fiscal year and be the basis for the 2012 fiscal year, unless significant changes occur that would affect the results of this valuation. Assuming no significant changes, the next valuation would be for the 2013 fiscal year.

We are members of the American Academy of Actuaries and meet its qualification standards to render this actuarial opinion.

Respectfully submitted,

MILLIMAN, INC.

By: 

Tim Nugent, F.S.A.
Member American Academy of Actuaries

By: 

Scott F. Porter, F.S.A.
Member American Academy of Actuaries

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION I – SUMMARY OF RESULTS

Executive Summary

The Annual Required Contribution (ARC) increased from $2.56 million for the fiscal year ending June 30, 2010 to $3.15 million for the fiscal year ending June 30, 2011 for the General Employee Pension Plan. The ARC comprises the Normal Cost and an amortization of the Unfunded Accrued Liability plus an interest adjustment. The Normal Cost is based on Aggregate Entry Age Normal Cost Method. This method allocates the present value of future City normal costs over future payroll. The portion applicable to the current year is based on the expected payroll for the year. Since the plan is closed to new hires, the expected payroll reflects expected terminations and retirements during the year. The normal cost rate increased from 4.15% based on the 2009 actuarial valuation to 4.67% based on the 2010 actuarial valuation. As of July 1, 2010, the normal cost is $0.36 million including an interest adjustment.

The amortization payment is based on a 25-year (closed) amortization of the unfunded liability. The amortization payment is $2.61 million and the interest adjustment is $0.18 million. The Unfunded Accrued Liability increased from $25.65 million as of July 1, 2009 to $32.50 million as of July 1, 2010. As of July 1, 2010, the funded ratio is 38.1% based on the actuarial value of assets and 33.7% based on the market value of assets.

The increase in the normal cost rate and unfunded liability are primarily due to 1) assumption changes, 2) actuarial losses and 3) City and State contributions less than the ARC during the prior year. These items also resulted in an increase in the ARC, which was offset by a change in the amortization method from a 15-year level percent of pay to a 25-year level dollar amortization. A level dollar amortization is used since the plan is closed to new hires.

The assumptions changes are 1) a decrease in the investment return assumption from 7.5% to 7%, 2) a decrease in the salary increase assumption from 4.5% to 4.0%, 3) a change in the postretirement mortality table from the 1983 Group Annuity Mortality Table to the RP-2000 Healthy Annuitant Mortality Table with generational projection of mortality improvements and 4) changes in the retirement, turnover and disability assumptions. These changes are consistent with the assumptions used in the July 1, 2010 OPEB actuarial valuation. The changes in the actuarial assumptions increased the unfunded liability by $4.1 million and the ARC by $0.2 million.

The actuarial losses are due the actuarial value of assets earning less than expected, fewer deaths and terminations than expected and more retirements than expected. These losses were partially offset by an actuarial gain on salary increases less than expected.

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SECTION I – SUMMARY OF RESULTS
(Continued)

The market value of assets estimated rate of return during the prior year of 12.31%. However for purposes of determining contributions, asset gains and losses are smoothed in over a 5-year period. Due to asset losses in prior years, the estimated return on the actuarial value of assets is 2.62%, which is less than the assumed return of 7.5% resulting in an actuarial loss. As of July 1, 2010, the actuarial value of assets is 112.8% of market value. Unless future investment gains are experienced, recognition of these deferred losses will increase the contribution requirements in the near future.

The Annual Pension Cost for the fiscal year ending June 30, 2011 is equal to the ARC plus interest less an amortization on the Net Pension Obligation as of the beginning of the year. The amortization component is known as the Adjustment to the ARC. The Annual Pension Cost for the fiscal year ending June 30, 2011 is $3.15 million.

The Net Pension Obligation/ (Asset) is the accumulated difference between the Annual Pension Cost each year and the actual contributions made to the trust by the City and State to fund the plan. The Net Pension Asset as of June 30, 2010 is $0.15 million and is expected to decrease to a Net Pension Obligation of $0.46 million as of June 30, 2011 based on the expected contributions during the fiscal year. The expected contributions were assumed to equal 4.15% of payroll plus $2.2 million. The actual Net Pension Obligation will reflect actual contributions made during fiscal year 2011.

Funding Policy

The City makes payroll based contributions equal to the normal cost rate for members in the plan. The City will also make lump sum contributions to pay the amortization of the unfunded liability. The ARC is based on an amortization of the unfunded actuarial accrued liability over 25 years beginning July 1, 2010 on a closed basis. Contributions are made in the following fiscal year.

Expected contributions for the fiscal year ending June 30, 2011 are estimated to be $2.54 million, which is 81% of the ARC for the fiscal year ending June 30, 2011. This estimate is based on the normal cost rate from the 2009 valuation of 4.15% and a lump sum contribution of $2.2 million.

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SECTION I – SUMMARY OF RESULTS
(Continued)

Valuation Date

The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is July 1, 2010 which is at the beginning of the 2011 fiscal year. This is consistent with the prior valuation completed as of July 1, 2009 for the 2010 fiscal years. The results of this valuation may be used for the 2011 fiscal year and be the basis for the 2012 fiscal year, unless significant changes occur that would affect the results of this valuation. Assuming no significant changes, the next valuation would be for the 2013 fiscal year, based on a July 1, 2012 valuation date.

Discussion of Supporting Exhibits

Exhibit 1 summarizes the assets as of June 30, 2010 and the change in assets from the prior year.

Exhibit 2 develops the actuarial value of assets as of July 1, 2010 and displays the estimated rates of return for the last three years on the market value and actuarial value of assets.

Exhibit 3 summarizes the actuarial experience for the year ending June 30, 2011. In total, the plan experienced an actuarial loss of $2.59 million. The exhibit also shows the change in the funded ratio from 43.7% as of July 1, 2009 to 38.1% as of July 1, 2010.

Exhibit 4 develops the normal cost rate of 4.67% for the fiscal year ending June 30, 2011. The development of this rate accounts for expected terminations and retirements during the year.

Exhibit 5 summarized the unfunded actuarial accrued liability by Fund. The actuarial accrued liability by Fund is calculated directly with 52% attributable to the General Fund, 8% attributable to the Water/Wastewater Fund and 40% attributable to the Electric Fund. The actuarial value of assets is allocated to each of the Funds such that the funded ratio is the equivalent. Exhibit 5 also summarizes the normal cost attributable to each Fund based on the expected payroll of the active members allocated to each Fund.

Exhibit 6 summarizes the development of the ARC and the Annual Pension Cost for the fiscal year ending June 30, 2011 by Fund. The Annual Pension Cost is equal to the ARC less an amortization of the Net Pension Obligation.

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SECTION I – SUMMARY OF RESULTS
(Continued)

Exhibit 7 summarizes the *estimated* Net Pension Obligation of $0.46 million as of June 30, 2011. The Net Pension Obligation shown is based on total contributions made to the plan equal to 4.15% of payroll plus $2.2 million. The actual Net Pension Asset will reflect actual contributions made during the fiscal year.

Exhibit 8 displays the required supplementary schedules: Schedule of Funding Progress and the Schedule of Employer Contributions.

Exhibit 9 summarizes the expected benefit payments from the plan projected over the next 10 fiscal years.

Census Data

Section III summarizes the census data provided by the City utilized in the preparation of the actuarial valuation. The section shows an age benefit profile of the retirees receiving benefits as of July 1, 2010.

Summary of Principal Plan Provisions

Section IV summarizes the principal plan provisions as of the valuation date utilized in the preparation of this actuarial valuation. This information was supplied through various correspondences with the City.

Actuarial Assumptions and Methods

Section V summarizes the actuarial assumptions and methods utilized in the preparation of this actuarial valuation. The liabilities provided in this report are heavily dependent upon the assumptions utilized, especially regarding annual per capita costs and healthcare trend.

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Market Value of Assets as of June 30, 2010

Assets		
Cash equivalents	$369,729	
Mutual Funds	17,350,548	
Total		$17,720,277
Liabilities		
Accounts payable	(14,389)	
Total		(14,389)
Net Assets		$17,705,888

Change in Market Value of Assets

Market Value of Assets as of June 30, 2009		$16,174,687
Income		
City's contributions	2,270,623	
Employee contributions	294,599	
Investment and other income	1,963,709	
Total		4,528,931
Disbursements		
Benefit payments and contribution refunds	(2,971,343)	
Administrative Expenses	(26,387)	
Total		(2,997,730)
Net increase/ (decrease)		1,531,201
Market Value of Assets as of June 30, 2010		$17,705,888
Estimated rate of return		12.31%

Exhibit 1

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SECTION II – EXHIBITS

Development of Actuarial Value of Assets

Unexpected Returns

Year Ending	Expected Return	Actual Return	Unexpected Return	Percentage Weight	Amount Deferred
2010	$ 1,196,882	$ 1,963,709	$ 766,827	80%	$ 613,462
2009	1,375,234	(2,172,453)	(3,547,687)	60%	(2,128,612)
2008	1,443,222	(1,157,304)	(2,600,526)	40%	(1,040,210)
2007	1,199,743	2,688,851	1,489,108	20%	297,822
Total	$ 5,215,081	$ 1,322,803	$ (3,892,278)		$ (2,257,538)

Market Value of Assets as of June 30, 2010	17,705,888
Actuarial Value of Assets as of June 30, 2010	19,963,426
Ratio of Actuarial Value to Market Value	112.8%
Estimated rate of return	2.62%

Estimated Historical Rates of Return

Fiscal Year Ending	Market Value	Actuarial Value
June 30, 2010	12.31%	2.62%
June 30, 2009	-11.85%	2.46%
June 30, 2008	-6.01%	N/A
3 - Year Average	-2.37%	2.54%

Exhibit 2

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Actuarial Experience for Year Ending June 30, 2010

Actuarial Accrued Liability BOY	$45,525,384
Actuarial Value of Assets BOY	19,880,033
Unfunded Accrued Liability BOY	25,645,351
Funded Ratio BOY	43.7%
Gross Normal Cost BOY	711,000
Interest	1,976,726
Contributions Made	(2,565,222)
Increases in UAL due to:	
Plan Changes	-
Assumption Changes	4,139,586
Method Changes	-
Total	4,139,586
Expected UAL	29,907,441
Actuarial Accrued Liability EOY	$52,462,693
Actuarial Value of Assets EOY	19,963,426
Unfunded Accrued Liability EOY	32,499,267
Funded Ratio EOY	38.1%
(Gain)/Loss	2,591,826

Exhibit 3

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Development of Normal Cost Rate
For Fiscal Year Ending June 30, 2011

Present Value of Benefits	$57,442,053
Actuarial Accrued Liability	52,462,693
Present Value of Future	
Gross Normal Costs	4,979,360
Member Contributions	2,221,728
City Normal Costs	2,757,632
Present Value of Future Payroll	67,581,787
Normal Cost Rate	4.08%
Expected Member Payroll	8,256,751
City Normal Cost	336,875
Expected Payroll for Fiscal Year	7,724,085
Adjusted Normal Cost Rate w/ Interest	4.67%

The adjusted normal cost rate accounts for the expected terminations and retirements during the year since the plan is closed to new hires.

Exhibit 4

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SECTION II – EXHIBITS

Allocation of Unfunded Actuarial Accrued Liability by Fund as of July 1, 2010

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Actives	$11,747,515	$1,265,920	$5,797,425	$18,810,860
Deferred Vesteds	154,142	70,153	235,324	459,619
Retirees	15,375,440	2,959,156	14,857,618	33,192,214
Total Actuarial Accrued Liability	27,277,097	4,295,229	20,890,367	52,462,693
Actuarial Value of Assets	10,379,648	1,634,447	7,949,331	19,963,426
Unfunded Actuarial Liability	16,897,449	2,660,782	12,941,036	32,499,267
Funded Ratio	38.1%	38.1%	38.1%	38.1%

Allocation of Normal Cost by Fund for the Fisal Year Ending June 30, 2011

Normal Cost Rate	4.67%	4.67%	4.67%	4.67%
Expected Payroll for Fiscal Year	$5,086,296	$658,414	$1,979,375	$7,724,085
Normal Cost	237,530	30,748	92,437	360,715

Certain retirees are allocated to multiple funds according to the following percentages: General Fund 39%, Water/Wastewater Fund 16% and Electric Fund 45%.

Actuarial Value of Assets are allocated to each Fund such that the funded ratio is equivalent.

The Normal Cost Rate is determined in total and allocated by expected payroll.

Exhibit 5

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Annual Required Contribution For Fiscal Year Ending June 30, 2011

		(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Actuarial Accrued Liability		$27,277,097	$4,295,229	$20,890,367	$52,462,693
Actuarial Value of Assets		10,379,648	1,634,447	7,949,331	19,963,426
Unfunded Liability		16,897,449	2,660,782	12,941,036	32,499,267
Normal Cost		$237,530	$30,748	$92,437	$360,715
Amortization Payment		1,355,120	213,386	1,037,829	2,606,335
Interest at	7.00%	94,858	14,937	72,648	182,443
Annual Required Contribution		1,687,508	259,071	1,202,914	3,149,493

Annual Pension Cost For Fiscal Year Ending June 30, 2011

Net Pension Obligation/(Asset) BOY	($64,093)	($28,080)	($55,295)	($147,468)
Annual Required Contribution	1,687,508	259,071	1,202,914	3,149,493
Interest on Net Pension Obligation	(4,487)	(1,966)	(3,871)	(10,324)
Adjustment to ARC	5,500	2,410	4,745	12,655
Annual Pension Cost	1,688,521	259,515	1,203,788	3,151,824

The ARC is based on a discount rate of 7% and a 25-year amortization (closed) of the unfunded liability.

Exhibit 6

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Estimated Net Pension Obligation as of June 30, 2011

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Net Pension Obligation BOY	($64,093)	($28,080)	($55,295)	($147,468)
Annual Pension Cost	1,688,521	259,515	1,203,788	3,151,824
Estimated Contributions	1,222,000	400,000	920,000	2,542,000
Expense Difference	466,521	(140,485)	283,788	609,824
Estimated Net Pension Obligation EOY	402,428	(168,565)	228,493	462,356

The estimated Net Pension Obligation as of June 30, 2011 assumes contributions will equal 4.15% of payroll plus $2.2 million

Exhibit 7

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Schedule of Funding Progress

Valuation Date	Actuaral Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
7/1/2010	$19,963,426	$52,462,693	$32,499,267	38.1%	$8,256,751	393.6%
7/1/2009	19,880,033	45,525,384	25,645,351	43.7%	8,786,981	291.9%
7/1/2008	19,381,391	43,800,212	24,418,821	44.2%	8,716,361	280.1%
7/1/2007	17,616,172	42,335,142	24,718,970	41.6%	8,006,103	308.8%
7/1/2006	15,712,605	41,103,526	25,390,921	38.2%	7,612,121	333.6%
7/1/2005	16,277,640	39,860,241	23,582,601	40.8%	7,380,629	319.5%

Schedule of Employer Contributions

Fiscal Year End	Annual Pension Cost	Percentage Contributed	NPO (Asset) EOY
6/30/2011 *	$3,151,824	80.7%	$462,356
6/30/2010	2,568,198	88.4%	(147,468)
6/30/2009	2,358,663	105.6%	(446,423)

Fiscal Year End	Annual Required Contribution	Percentage Contributed
6/30/2011 *	$3,149,493	80.7%
6/30/2010	2,564,767	88.5%
6/30/2009	2,356,529	105.7%
6/30/2008	2,269,802	128.1%
6/30/2007	2,231,594	124.0%
6/30/2006	2,022,614	86.0%

* Contributions for fiscal year 2011 are estimated to equal 4.15% of payroll plus $2.2 million.

Exhibit 8

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SECTION II – EXHIBITS

Expected Benefit Payments by Fiscal Year

Fiscal Year		Amount
2011	$	3,178,000
2012		3,222,000
2013		3,272,000
2014		3,331,000
2015		3,395,000
2016		3,447,000
2017		3,526,000
2018		3,611,000
2019		3,728,000
2020		3,859,000

Exhibit 9

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION III – CENSUS DATA

Summary of Active Data as of July 1, 2010

Number of Participants by Age and Service Groups

	Years of Service										
Age	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40&Up	Total
0-24	-	10	1	-	-	-	-	-	-	-	11
25-29	-	7	5	-	-	-	-	-	-	-	12
30-34	-	14	6	2	-	-	-	-	-	-	22
35-39	-	8	4	4	1	1	-	-	-	-	18
40-44	-	5	11	6	3	4	1	-	-	-	30
45-49	-	5	5	1	5	12	4	1	-	-	33
50-54	-	2	7	-	6	5	2	3	-	-	25
55-59	-	4	3	4	4	4	-	1	-	-	20
60-64	-	1	1	3	2	1	-	-	-	-	8
65-69	-	-	-	-	-	-	-	1	-	-	1
70&Up	-	-	-	-	-	-	-	-	-	-	-
Total	-	56	43	20	21	27	7	6	-	-	180

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CITY OF DOVER, DELAWARE

General Employee Pension Plan Actuarial Valuation

SECTION III – CENSUS DATA

Summary of Inactive Data as of July 1, 2010

Participants with Deferred Benefits

Age	Number of Participants	Monthly Benefit Amount
< 30	0	$0
30 - 34	0	0
35 - 39	1	1,084
40 - 44	1	798
45 - 49	4	3,375
50 - 54	4	3,139
55 - 59	2	538
60 - 64	1	683
65 & Up	0	0
Total	13	$9,617

Participants in Pay Status

Age	Number of Participants	Monthly Benefit Amount
< 55	28	$51,205
55 - 59	31	49,707
60 - 64	31	58,517
65 - 69	27	34,580
70 - 74	19	17,476
75 - 79	30	24,708
80 - 84	15	15,008
85 - 89	4	3,521
90 & Up	3	1,247
Total	188	$255,969

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

1) Type of Plan: The Plan is a contributory, defined benefit plan. Effective, May 1, 1994, contributions by members are 3½% of the actual average monthly earnings and are deducted on a payroll basis.

2) Eligibility for Membership: Full-time employment (at least 37 ½ hours worked per week) with the City. Effective May 1, 1994, employees may make an irrevocable decision to join the Deferred Compensation Plan and forfeit participation in the pension plan. Effective September 28, 2009, participation in the pension plan is closed (i.e. no new members can become participants).

3) Definitions:

   a) Continuous Service: Continuous Service is earned for full-time employment with the City. A member who terminates and is rehired within 5 years may have service restored if reemployed within 90 days, reemployed for 5 years if had less than 20 years of continuous service or reemployed for 2 years if had at least 20 years of continuous service. Any contributions withdrawn must be repaid with interest.

   b) Earnings: Base pay plus scheduled overtime and payment for being on-call, except hours called out.

   c) Average Monthly Earnings: 36 consecutive months in the final ten years of continuous service, which results in the highest average, no less than $150.

   d) Eligible Survivor: The member's spouse of at least one year and not domiciled apart at the date of death or surviving children under the age of 18.

4) Retirement Benefits

   a) Unreduced Retirement

      Eligibility: Satisfaction of either of the following eligibility requirements:

      (1) Later of attainment of age 65 and completion of 10 years of Continuous Service (normal retirement).
      (2) If hired prior to May 1, 1994, later of attainment of age 50 and completion of 20 years of Continuous Service.
      (3) If hired prior to May 1, 1994, completion of 25 years of Continuous Service.

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010
(Continued)

(4) If hired on or after May 1, 1994, later of attainment of age 55 and completion of 80 points (age plus Continuous Service).

Benefit: 1/50th of Average Monthly Earnings times Continuous Service.

b) Reduced Retirement:

Eligibility: Attainment of age 55 and completion of 10 years of Continuous Service.

Benefit: The Unreduced Retirement Benefit reduced 6% for each year the early retirement date precedes age 65.

c) Termination Benefits:

Eligibility: Termination of service other than for reasons of retirement, death or disability.

Benefit: For members with at least 10 years of continuous service, the Unreduced Retirement Benefit payable at age 65.

Refund: Accumulated contributions with interest accumulated at 5% will be refunded on the 90th day following termination upon request or automatically after 5 years for non-vested participants. Vested participants may elect a refund in lieu of the deferred vested benefit.

d) Disability Benefits:

Eligibility: Total and permanent disability and completion of 10 years of Continuous Service.

Benefit: The Unreduced Retirement Benefit payable immediately. The benefit ceases if the participant has recovered, refuses an examination or attains age 65, at which time the normal retirement benefit commences of the same amount.

e) Death Benefits:

Eligibility: Currently retired, eligible to retire with an unreduced or reduced benefit or completion of at least 20 years of service.

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

(Continued)

Benefit: 50% of the benefit the member was receiving or entitled to receive. Benefits for members not eligible for unreduced retirement will be reduced 6% per year from age 65, but no less than $200 per month. Benefit is payable immediately to an Eligible Survivor and ceases upon the earliest of death, remarriage or attainment of age 18 for children.

Refund: For ineligible members, accumulated contributions with interest accumulated at 5% will be refunded to a designated beneficiary or estate. For retired members and Eligible Survivors, if the monthly benefit payments received in the aggregate are less than the accumulated contributions, the balance of the accumulated contributions will be refunded to a designated beneficiary or estate.

5) Changes in Plan Provisions: Effective September 28, 2009, the plan was closed to new employees.

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

Interest Rate: 7% per annum, compounded annually.

Salary Scale: 4% per annum, compounded annually.

Valuation Compensation: Rate of pay as of July 1, 2010.

Future Increases on IRS Limits on Compensation and Benefits: 2.75%

Termination: Withdrawal rates vary by union status, age, and service. No terminations are assumed once a member is eligible for reduced or unreduced retirement. Illustrative rates are shown below.

		Nonunion		
Age	Union	<3 Years	3 – 4 Years	5+Years
25	10.0%	30.0%	27.0%	25.5%
30	9.4	30.0	27.0	23.4
35	8.2	30.0	27.0	20.3
40	6.7	30.0	27.0	16.6
45	5.2	30.0	27.0	12.5
50	3.3	30.0	27.0	7.5
55	1.2	30.0	27.0	2.6

Retirement: Rates of retirement vary by union, age and eligibility for unreduced retirement. No reduced retirements are assumed. Illustrative rates are shown below.

	Hired pre 5/94	Hired pst 5/94		Hired pre 5/94	Hired pst 5/94
Age			Age		
50-51	4%	0%	62	25%	20%
52-54	8	0	63-64	25	15
55-57	8	6	65	25	50
58	10	6	66	50	50
59	15	6	67-69	100	50
60	20	10	70	100	100
61	25	10			

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

Disability: None assumed.

Mortality: Healthy Lives: RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA. The Employee table is used for pre-retirement. Rates vary by age and gender.

Marriage: Husbands are assumed to be 3 years older than wives. Among the active population, 70% of males and 55% of females are assumed to be married. This percentage is not individually explicit, but is considered reasonable, when viewed in the aggregate.

Form of Payment: For assumed married members, 50% joint and survivor annuity. Actual marital status used for retirees. For other members, a 2-year certain and life to approximate the value of the modified cash refund.

Special Data Adjustments: Interest on contributions was estimated based on a 5% interest crediting rate for half of the members Continuous Service as of the valuation date.

B. Actuarial Cost Method

The Entry Age Normal Method was used for determining the actuarial accrued liability. Under this method, a projected benefit is determined at each active participant's assumed retirement age assuming future compensation increases. The plan's accrued liability is the sum of (a) the accumulation of each active participant's normal costs attributable to all prior years of service plus (b) the present value of each inactive participant's future benefits.

Aggregation is used in determining the plan's normal cost. Under this method, the plan's normal cost is determined by first calculating the present value of future normal costs as the excess of the present value of benefits over the sum of the unfunded liability, the actuarial value of assets, and the present value of any future employee contributions. A normal cost accrual rate is then determined as the present value of future normal costs divided by the sum of the present value of each active participant's future compensation. The plan's normal cost is finally determined by multiplying the total compensation of active participants under the assumed retirement age by the normal cost accrual rate.

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

C. Asset Valuation Method

The Asset Valuation method smoothes gains and losses over a 5-year period. The formula for the asset valuation method is as follows:

Actuarial Value of Assets = MV_t - .8UR_1 - .6UR_2 - .4UR_3 - .2UR_4

Where

MV_t = Market Value of assets as of the valuation date.

UR_n= Unexpected return during the n^{th} year preceding the valuation date. The unexpected return for a year equals the total investment return minus the total expected return. The total expected return equals the market value of assets at the beginning of the year plus the weighted net cash flow during the year multiplied by the expected rate of return.

D. Changes in Actuarial Assumptions or Methods

- The interest rate was decreased 50 basis points from 7.5% to 7.0%.
- The salary increase assumption was decreased 50 basis points from 4.5% to 4.0%.
- All demographic assumptions (withdrawal, retirement, disability and mortality) were modified to match the assumptions used in the July 1, 2010 OPEB valuation.
- The percentage of members assumed to be married decreased from 80% to 70% for males and 55% for females and the difference in assumed age difference between males and females decreased from 4 years to 3 years.

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CITY OF DOVER, DELAWARE

Police Pension Plan
Actuarial Valuation

FISCAL YEAR ENDING JUNE 30, 2011

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February 17, 2011

Ms. Donna Mitchell
Controller/Treasurer
City of Dover
5 E. Reed Street
Weyandt Hall, Suite 300
Dover, DE 19901

Dear Ms. Mitchell:

This report presents the results of the July 1, 2010 actuarial valuation for the City of Dover, Delaware Police Pension Plan for determining contributions for the fiscal year ending June 30, 2011.

Purpose

The main purposes of this report are:

- to assess the relative funded position of the plan; and
- to estimate the funding policy contribution for the fiscal year ending June 30, 2011; and
- to provide the annual expense and balance sheet items for fiscal year ending June 30, 2011 according to GASB 27.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the City. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The calculations in the enclosed report have been made on a basis consistent with our understanding of the City's funding requirements and goals. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in this report, and of GASB Statements No. 25 and 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the City. To the extent that Milliman's work is not subject to disclosure under applicable public records

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laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception:

- The City may provide a copy of Milliman's work, in its entirety, to the City's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

Data Reliance

In performing this analysis, we relied on data and other information (both written and oral), such as the plan provisions, provided by City of Dover, Delaware. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Variability of Results

Future actuarial measurements may differ significantly from the current measurements presented in this valuation due to actual plan experience deviating from the actuarial assumptions, the natural operation of the plan's actuarial cost method (such as the expiration of an amortization period or additional cost or contribution requirements based on the plan's funded status), and changes in plan provisions, actuarial assumptions, and applicable law. An assessment of the potential range and cost effect of such differences is beyond the scope of this project.

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Certification

We hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices based on our understanding of the benefits provided by the City and the requirements of GASB 27, which are consistent with the principles prescribed by the Actuarial Standards Board, the Code of Professional Conduct, and the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries. We further certify that all costs and liabilities have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the Plan where available and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the Plan.

GASB 25 and 27 allows employers to select from six actuarial cost methods in determining the Annual Required Contribution. The Entry Age Normal Cost Method with aggregation is used in this valuation.

The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is July 1, 2010. Furthermore, GASB 25 and 27 requires actuarial valuations to occur at least biennially. Therefore, the results of this valuation may be used for the 2011 fiscal year and be the basis for the 2012 fiscal year, unless significant changes occur that would affect the results of this valuation. Assuming no significant changes, the next valuation would be for the 2013 fiscal year.

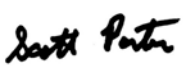
We are members of the American Academy of Actuaries and meet its qualification standards to render this actuarial opinion.

Respectfully submitted,

MILLIMAN, INC.

By: 

Tim Nugent, F.S.A.
Member American Academy of Actuaries

By: 

Scott F. Porter, F.S.A.
Member American Academy of Actuaries

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION I – SUMMARY OF RESULTS

Executive Summary

The Annual Required Contribution (ARC) increased from $0.79 million for the fiscal year ending June 30, 2010 to $1.08 million for the fiscal year ending June 30, 2011 for the Police Pension Plan. The ARC comprises the Normal Cost and an amortization of the Unfunded Accrued Liability plus an interest adjustment. Since there are no active employees participating in the plan, the normal cost is $0. The amortization payment is based on a 14-year (closed) amortization of the unfunded liability. The amortization payment is $1.01 million and the interest adjustment is $0.07 million. The Unfunded Accrued Liability increased from $7.46 million as of July 1, 2009 to $9.47 million as of July 1, 2010.

The increase in the ARC and the unfunded liability is primarily due to 1) assumption changes, 2) actuarial losses due to fewer deaths than expected and data changes and 3) City and State contributions less than the ARC offset by 4) actuarial gains on plan assets. The assumptions changes are 1) a decrease in the investment return assumption from 7.5% to 7% and 2) a change in the postretirement mortality table from the 1983 Group Annuity Mortality Table to the RP-2000 Healthy Annuitant Mortality Table with generational projection of mortality improvements. These changes are consistent with the assumptions used in the July 1, 2010 OPEB actuarial valuation. The changes in the actuarial assumptions increased the unfunded liability by $1.9 million and the ARC by $0.23 million.

The Annual Pension Cost for the fiscal year ending June 30, 2011 is equal to the ARC plus interest less an amortization on the Net Pension Obligation as of the beginning of the year. The amortization component is known as the Adjustment to the ARC. The Annual Pension Cost for the fiscal year ending June 30, 2011 is $1.13 million.

The Net Pension Obligation/ (Asset) is the accumulated difference between the Annual Pension Cost each year and the actual contributions made to the trust by the City and State to fund the plan. The Net Pension Asset as of June 30, 2010 is $1.03 million and is expected to decrease to $0.40 million as of June 30, 2011 based on the expected contributions during the fiscal year. The expected contributions were assumed to equal approximately the same amount as the prior year. The actual Net Pension Obligation will reflect actual contributions made during fiscal year 2011.

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Funding Policy

The State contributes to the pension fund on behalf of the City based on 1) an allocation to the City based on a 0.25% surcharge on insurance policies issued in the state and the number of officers employed and 2) 75% of the annual cost of living increase (COLA) granted to police retirees on January 1 each year. For the fiscal year ending June 30, 2010, the State contributed $399,289, but did not remit their contribution for the COLA by June 30, 2010.

The ARC is based on an amortization of the unfunded actuarial accrued liability over 30 years beginning July 1, 1994 on a closed basis. For the fiscal year ending June 30, 2011, there are 14 years remaining.

The City expects to make a contribution of $95,000 for the fiscal year ending June 30, 2011. Assuming total contributions for the 2011 fiscal year are consistent with the amounts paid for the prior year, the percentage of the ARC paid for the fiscal year ending June 30, 2011 is 46%.

Valuation Date

The valuation date is the date that all participant and other pertinent information is collected and liabilities are measured. This date may not be more than 24 months prior to the beginning of the fiscal year. The valuation date for this valuation is July 1, 2010 which is at the beginning of the 2011 fiscal year. This is consistent with the prior valuation completed as of July 1, 2009 for the 2010 fiscal years. The results of this valuation may be used for the 2011 fiscal year and be the basis for the 2012 fiscal year, unless significant changes occur that would affect the results of this valuation. Assuming no significant changes, the next valuation would be for the 2013 fiscal year, based on a July 1, 2012 valuation date.

Discussion of Supporting Exhibits

Exhibit 1 summarizes the assets as of June 30, 2010.

Exhibit 2 summarizes the change in assets from the prior year and displays the estimated market value rate of return for the last three years. The estimated rate of return for the fiscal year ending June 30, 2010 was 12.21%, which resulted in an actuarial gain to the plan.

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SECTION I – SUMMARY OF RESULTS
(Continued)

Exhibit 3 summarizes the actuarial experience for the year ending June 30, 2011. In total, the plan experienced an actuarial loss of $0.04 million. The exhibit also shows the change in the funded ratio from 57.7% as of July 1, 2009 to 52.3% as of July 1, 2010.

Exhibit 4 summarized the unfunded actuarial accrued liability by Fund. All liabilities and assets of the Police Plan are allocated to the General Fund.

Exhibit 5 summarizes the development of the ARC and the Annual Pension Cost for the fiscal year ending June 30, 2011 by Fund. The Annual Pension Cost is equal to the ARC less an amortization of the Net Pension Obligation.

Exhibit 6 summarizes the *estimated* Net Pension Asset of $0.40 million as of June 30, 2011. The Net Pension Asset shown is based on total contributions made to the plan equal to approximately the amount paid during the prior year. The actual Net Pension Asset will reflect actual contributions made during the fiscal year.

Exhibit 7 displays the required supplementary schedules: Schedule of Funding Progress and the Schedule of Employer Contributions.

Exhibit 8 summarizes the expected benefit payments from the plan projected over the next 10 fiscal years.

Census Data

Section III summarizes the census data provided by the City utilized in the preparation of the actuarial valuation. The section shows an age benefit profile of the retirees receiving benefits as of July 1, 2010.

Summary of Principal Plan Provisions

Section IV summarizes the principal plan provisions as of the valuation date utilized in the preparation of this actuarial valuation. This information was supplied through various correspondences with the City.

Actuarial Assumptions and Methods

Section V summarizes the actuarial assumptions and methods utilized in the preparation of this actuarial valuation. The liabilities provided in this report are heavily dependent upon the assumptions utilized, especially regarding annual per capita costs and healthcare trend.

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Market Value of Assets as of June 30, 2010

Assets		
Cash equivalents	$707,910	
Mutual Funds	9,679,405	
Total		$10,387,315
Liabilities		
Accounts payable	(8,713)	
Total		(8,713)
Net Assets		$10,378,602

Exhibit 1

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SECTION II – EXHIBITS

Change in Market Value of Assets

Market Value of Assets as of June 30, 2009		$10,188,899
Income		
City's contributions	95,000	
State contributions and other income	401,587	
Investment income	1,154,965	
Total		1,651,552
Disbursements		
Benefit payments	(1,446,236)	
Administrative Expenses	(15,613)	
Total		(1,461,849)
Net increase/ (decrease)		189,703
Market Value of Assets as of June 30, 2010		$10,378,602
Estimated rate of return		12.21%

Estimated Historical Rates of Return

Fiscal Year Ending	Market Value
June 30, 2010	12.21%
June 30, 2009	-13.21%
June 30, 2008	-5.62%
3 - Year Average	-2.77%

Exhibit 2

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Actuarial Experience for Year Ending June 30, 2010

Actuarial Accrued Liability BOY	$17,651,507
Market Value of Assets BOY	10,188,899
Unfunded Accrued Liability BOY	7,462,608
Funded Ratio BOY	57.7%
Gross Normal Cost BOY	-
Interest	559,696
Contributions Made	(496,587)
Increases in UAL due to:	
Plan Changes	-
Assumption Changes	1,902,893
Method Changes	-
Total	1,902,893
Expected UAL	9,428,610
Actuarial Accrued Liability EOY	$19,849,553
Market Value of Assets EOY	10,378,602
Unfunded Accrued Liability EOY	9,470,951
Funded Ratio EOY	52.3%
(Gain)/Loss	42,341

Exhibit 3

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Unfunded Actuarial Accrued Liability as of July 1, 2010

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Actives	$0	$0	$0	$0
Deferred Vesteds	-	-	-	-
Retirees	19,849,553	-	-	19,849,553
Total Actuarial Accrued Liability	19,849,553	-	-	19,849,553
Market Value of Assets	10,378,602	-	-	10,378,602
Unfunded Actuarial Liability	9,470,951	-	-	9,470,951
Funded Ratio	52.3%	N/A	N/A	52.3%

Exhibit 4

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Annual Required Contribution For Fiscal Year Ending June 30, 2011

		(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Actuarial Accrued Liability		$19,849,553	$0	$0	$19,849,553
Market Value of Assets		10,378,602	-	-	10,378,602
Unfunded Liability		9,470,951	-	-	9,470,951
Normal Cost		$0	$0	$0	$0
Amortization Payment		1,012,108	-	-	1,012,108
Interest at	7.00%	70,848	-	-	70,848
Annual Required Contribution		1,082,956	-	-	1,082,956

Annual Pension Cost For Fiscal Year Ending June 30, 2011

Net Pension Obligation/(Asset) BOY		($1,030,844)	$0	$0	-$1,030,844
Annual Required Contribution		1,082,956	-	-	1,082,956
Interest on Net Pension Obligation		(72,159)	-	-	(72,159)
Adjustment to ARC		117,872	-	-	117,872
Annual Pension Cost		1,128,669	-	-	1,128,669

The ARC is based on a discount rate of 7% and a 14-year amortization (closed) of the unfunded liability.

Exhibit 5

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SECTION II – EXHIBITS

Estimated Pension Obligation as of June 30, 2011

	(110) General Fund	(412) Water Fund	(480) Electric Fund	Total
Net Pension Obligation BOY	($1,030,844)	$0	$0	($1,030,844)
Annual Pension Cost	1,128,669	-	-	1,128,669
Estimated Contributions	500,000	-	-	500,000
Expense Difference	628,669	-	-	628,669
Estimated Net Pension Obligation EOY	(402,175)	-	-	(402,175)

The estimated Net Pension Obligation as of June 30, 2011 assumes contributions will equal approximately the same amount as the prior year.

Exhibit 6

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Schedule of Funding Progress

Valuation Date	Actuaral Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAL as a % of Covered Payroll
7/1/2010	$10,378,602	$19,849,553	$9,470,951	52.3%	$0	N/A
7/1/2009	10,188,899	17,651,507	7,462,608	57.7%	0	N/A
7/1/2008	12,500,717	17,615,785	5,115,068	71.0%	0	N/A
7/1/2007	13,950,322	17,589,169	3,638,847	79.3%	0	N/A
7/1/2006	12,471,057	17,532,104	5,061,047	71.1%	0	N/A
7/1/2005	11,944,213	17,850,795	5,906,582	66.9%	65,745	8984.1%

Schedule of Employer Contributions

Fiscal Year End	Annual Pension Cost	Percentage Contributed	NPO (Asset) EOY
6/30/2011 *	$1,128,669	44.3%	($402,175)
6/30/2010	877,820	56.6%	(1,030,844)
6/30/2009	552,319	131.4%	(1,362,077)

Fiscal Year End	Annual Required Contribution	Percentage Contributed
6/30/2011 *	$1,082,956	46.2%
6/30/2010	786,436	63.1%
6/30/2009	520,505	139.4%
6/30/2008	358,807	201.0%
6/30/2007	485,055	154.0%
6/30/2006	560,638	128.0%

* Contributions for fiscal year 2011 are assumed to equal approximately the same amount as the prior year.

Exhibit 7

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION II – EXHIBITS

Expected Benefit Payments by Fiscal Year

Fiscal Year		Amount
2011	$	1,451,000
2012		1,468,000
2013		1,485,000
2014		1,500,000
2015		1,515,000
2016		1,527,000
2017		1,539,000
2018		1,548,000
2019		1,556,000
2020		1,561,000

Exhibit 8

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CITY OF DOVER, DELAWARE

Police Pension Plan Actuarial Valuation

SECTION III – CENSUS DATA

Summary of Census Data as of July 1, 2010

Participants in Pay Status

Age	Number of Participants	Monthly Benefit Amount
< 55	5	$14,276
55 - 59	11	34,514
60 - 64	13	33,459
65 - 69	6	16,110
70 - 74	7	14,120
75 - 79	3	6,013
80 - 84	1	2,824
85 - 89	0	0
90 & Up	0	0
Total	46	$121,316

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SECTION IV – SUMMARY OF PRINCIPAL PLAN PROVISIONS as of JULY 1, 2010

As of the date of this valuation, there are no active members in the plan. The following summary is geared to provisions impacting retired members.

1) Type of Plan: The Plan is a contributory, defined benefit plan for policemen hired prior to September 1, 1982.

2) Definitions:

   a) Average Earnings: Average of the last three years of earnings prior to termination of employment.

   b) Eligible Survivor: The member's spouse of at least one year and not domiciled apart at the date of death or surviving children under the age of 18.

3) Retirement Benefits

   a) Unreduced Retirement

      Eligibility: Completion of 20 years of service.

      Benefit: 2 ½% of Average Earnings times Service, but no more than 62 ½% of average earnings.

      Increase: The retirement benefit is increased 2% per annum every January 1 on a compound basis.

   b) Death Benefits:

      Eligibility: Currently retired.

      Benefit: 50% of the benefit the member was receiving. Benefit is payable immediately to an Eligible Survivor and ceases upon the earliest of death, remarriage or attainment of age 18 for children.

      Increase: The survivor benefit is increased 2% per annum every January 1 on a compound basis.

4) Changes in Plan Provisions: There have been no changes since the prior valuation.

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

Interest Rate: 7% per annum, compounded annually.

Future Increases on IRS Limits on Benefits: 2.75%

Mortality: Healthy Lives: RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA. Rates vary by age and gender.

B. Actuarial Cost Method

The Entry Age Normal Method was used for determining the actuarial accrued liability. Under this method, a projected benefit is determined at each active participant's assumed retirement age assuming future compensation increases. The plan's accrued liability is the sum of (a) the accumulation of each active participant's normal costs attributable to all prior years of service plus (b) the present value of each inactive participant's future benefits.

Aggregation is used in determining the plan's normal cost. Under this method, the plan's normal cost is determined by first calculating the present value of future normal costs as the excess of the present value of benefits over the sum of the unfunded liability, the actuarial value of assets, and the present value of any future employee contributions. A normal cost accrual rate is then determined as the present value of future normal costs divided by the sum of the present value of each active participant's future compensation. The plan's normal cost is finally determined by multiplying the total compensation of active participants under the assumed retirement age by the normal cost accrual rate.

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SECTION V - SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS
(Continued)

C. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets.

D. Changes in Actuarial Assumptions or Methods

- The interest rate was decreased 50 basis points from 7.5% to 7.0%.
- The mortality assumption was modified to be consistent with the assumptions used in the July 1, 2010 OPEB valuation.

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ACTION FORM

PROCEEDING: Legislative, Finance & Administrative Committee	**AGENDA: 03/14/11**
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED: 03/14/11**
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Investment Management & Advisory Services – RFP#11-0027FN	
APPROVALS: City Council	
EXHIBITS: Exhibits 1 – 4; Evaluation Forms – Titles included on each Exhibit	
EXPENDITURE REQUIRED: Est. $37,000 based on $40 million portfolio **AMOUNT BUDGETED**: N/A **FUNDING SOURCE**: Interest Earnings are reported net of fees	
TIMETABLE: Upon transfer of Assets from Wilmington Trust to Custodian selected in RFP#11-0028FN	
RECOMMENDED ACTION: Staff recommends awarding the Investment Management Services contract to PFM Asset Management for a three (3) year period to start the date of contract. The contract may be renewed or extended for two (2) additional two (2) year periods by mutual consent and approved by City Council.	

Background

The City solicited its original request for proposals for Investment Management Services in 2001. The contract was awarded to Wilmington Trust on January 14, 2002 with a one year review and renewal if results were favorable. At that time, there was no provision for a contract end date. Given the recent events in the financial markets and changes in recommended practices of the Government Finance Officers Association (GFOA) and the Internal Auditors Association staff decided it was time to rebid this service.

While we have outlined the process followed and attached Exhibits of the forms completed for the fee calculations, scoring, and evaluations to demonstrate the diligence we felt necessary to assure the City's assets are well managed and protected, we are first providing you with the reasons for our recommendation. After which, you will see the process that went into this recommendation.

Recommended Provider

Staff narrowed the list down to three providers that could provide the required level of service and were priced competitively. The three firms are Cutwater Asset Management, High Mark Capital Management, and PFM Asset Management. The three selected were most responsive lowest cost providers. The proposals were almost equally matched, with the exception of the PFM Asset Management proposal going above the requirements of the RFP. We scheduled an interview with the three finalists to determine which firm would be the best fit for the City. We provided, in advance, the items we wanted to discuss during the interview. Upon completion of the interviews we contacted several of the client references provided in each firms' proposal. All responses were highly complementary.

One very important point discussed was their past returns for principle return and income (interest) return. One aspect of fixed income investments is the appreciation on the principle, so when you sell the security you get back more than you paid for it. If the value of the security goes down, you take a loss on the principle which is netted against the income (interest) return and could result in a negative overall return. The City's past three year overall return has been reduced due to negative principle returns. This has been a problem for all fixed income portfolios due to the low interest rate environment, however we wanted to understand how each of these firms had managed to balance risk and return for their clients.

PFM provided the best responses to our interview. PFM also provided in their original submission recommended changes to our investment policy to better manage the risk and loss of principle. PFM provided in their proposal a secure password to login to their Asset Management System and review sample reports and account activities. Cutwater and Highmark Capital were also rated as good quality firms and provided one of the same investment policy changes for the City during their interview. However, PFM Asset Management's overall performance, analytical qualities, and responsiveness bring us to our recommendation of this firm.

Performance Results

City of Dover
Investment Manager RFP #11-0027FN
Comparison of Fees & Performance Benchmark to Proposals and City Experience

	B of A/ML 1 - 3 Yr Trsry Index	Cutwater	High Mark	PFM	City Performance
1 year	2.53%	2.38%	2.29%	2.94%	1.70%
3 years	4.08%	4.25%	3.42%	4.83%	3.45%
5 years	4.35%	4.54%	4.01%	4.86%	4.13%
10 years	4.21%	4.80%	4.43%	4.66%	3.41% *
					* Since inception
Fees		$37,000	$37,000	$37,000	

RFP Process

RFP #11- 0027FN was issued on October 21, 2010 for sealed proposals to be received November 30, 2010. Twenty-five proposals were received. The proposal is for a three (3) year period to start the date of contract and may be renewed or extended for two (2) additional (2) year periods by mutual consent. While all proposals appeared to have experienced knowledgeable staff, the quality or content of a couple of the proposals did not measure up to the standards set by all other proposals. However, we kept them in the evaluation process to insure we were not missing out on a qualified low cost provider. Staff followed the process below in evaluating and scoring the proposals.

- In January we let the proposing firms know that we would need an additional 30 days to review the proposals due to the high number of proposals received.
- We reviewed all proposals and narrowed the number down to nine based on qualifications, technology, experience of the firm, staff, and fees. Fees, technology, and reporting were a strong determinant in this selection since most all of the submissions had good experience and qualified staff.
- We performed another review and scored each of the nine proposals. Of those nine we selected the top three firms to interview since they were all in the 90+ percentile. This would enable us to meet with their staff and get a good feel for their knowledge and investment philosophy as well as make sure we didn't miss anything in what we took from their proposal when doing the scoring. These three were close enough in the scoring from the remainder of the nine that we decided it was prudent to interview the top three.
- We also issued custody RFP at the same time and kept the custody process separate from this process. We have let all firms know that the firm would not be awarded both custody and management due to our segregation of these duties for internal control. A couple of firms owned by the same parent company did submit RFP's for both services.
- Responses to any inquiries have gone to all firms, and no firm has been given any additional information that has not been provided to any other firm. When individual requests were received, we denied the request so as not to provide an unfair advantage to any one firm.

Exhibit 1

City of Dover
Investment Manager RFP #11-0027FN

List of Submissions & Fees by Firm

Brown Investment Advisory, Inc.	Baltimore, MD		$92,500
Citizens Private Bank & Trust	Plymouth Meeting, PA		$85,000
Cutwater Asset Management	Armonk, NY		$37,000
Cypress Asset Management, Inc.	Charlottesville, VA	Minority - State of VA	$28,000
Cypress Capital Management, LLC	Wilmington, DE		$60,000
Fort Washington Investment Advisors	Cincinnati, OH		$140,000
Garcia Hamilton & Associates, L.P.	Houston, TX	Applying to DE; Hist Underutil Bus - Texas	$105,000
Highmark Capital Management	New York, NY		$37,000
Income Research & Management	Boston, MA		$105,000
LM Capital Group	San Diego, CA	Minority - City of San Diego	$48,000
Logan Circle Partners, L.P.	Philadelphia, PA		$60,000
Longfellow Investment Management	Boston, MA	Women's Business Enterprise	$100,000
M.D. Sass	New York, NY		$152,500
MTB Investment Advisors	Baltimore, MD		$93,550
PFM Asset Management LLC	Princeton, NJ		$37,000
PNC Capital Advisors	Cleveland, OH		$87,500
Ramirez Asset Management	New York, NY	Minority Supplier Dev Council - DE/PA/NJ	$20,000
Rhinebeck Ventures, Inc.	Rhinebeck, NY		$200,000
Smith Breeden Associates, Inc.	Durham, NC		$80,000
Smith, Graham, & Co.	Houston, TX	Houston Minority Business Council	$48,000
Stoneridge Investment Partners	Malvern, PA		$92,500
TD Bank/TD Wealth Management	Philadelphia, PA		$91,000
Wells Capital Management	San Francisco, CA		$72,500
Wilmington Trust Company	Wilmington, DE		$55,000
Xavier Capital Management	Largo, MD		$112,500

Fees based on a $40 Million portfolio - all based on percentages provided in respective proposals
Higher fees = less interest income; Our process strived to balance fees, income, & firm

Past five year's fees by Fiscal Year

2010	$64,137	Previous fees ***included custody and asset***
2009	$62,630	***management*** as this was wrapped into a single
2008	$65,218	service. Based on GFOA recommended practices and
2007	$62,247	internal controls we are separating management and
2006	$93,774	custody, therefore issuing two RFPs.

Exhibit 2

City of Dover
Investment Manager RFP #11-0027FN
Summary of Scores, Interview Points, & Reference Questions

Investment Manager	Overall Score
Cutwater Management	91.0
Cypress Asset Management	82.5
High Mark Capital Management	90.0
LM Capital Group	85.5
Logan Circle Management	83.5
PFM Asset Management	95.0
Ramirez Asset Management	80.0
Smith Graham Management	82.5
Wilmington Trust	84.0

Interview Request and Questions - Top 3 selected firms

1. Key points in your proposal that you believe are beneficial to the City, including risk management.
2. Technology capabilities and the City's ability to electronically monitor account activity periodically.
3. Policy compliance and how you handle non-compliance due to market changes.
4. Provde the City with a breakout of your average returns for principle return and income return. How do you mitigate market losses during downturns and preserve principle?
5. Experience with segregation of custody from investment management. Some discussion on what firms you currently have this relationship with and if you experience difficulty with some custodians more so than others.

Reference Check Questions - Top 3 selected firms

1. Have you had any experience with non-compliance of your investment policy.
2. Do you believe the staff assigned to your account is well qualified? Both market analyst and managers.
3. Does the firm communicate timely any non-compliance matters due to market changes or assets held for firms that are downgraded? Do they provide a recommendation for remedying the matter?
4. Would you say your total return meets the policy benchmarks 90+ percent of the time?
5. Does the firm provide technology to access monthly statements and performance reports through the internet? Do you have the ability to monitor account activity?
6. On a scale of 1 to 10 with 10 being the highest how would you rate your overall satisfaction with the firm?

Exhibit 3

City of Dover
Investment Manager RFP #11-0027FN
Summary of Fee Scores - 9 Selected Firms
(Lower the fee the higher the assigned points)

Firm	Score	Fees	Points
Cutwater	3	$37,000	10.0
Cypress Asset Management	2	$28,000	12.5
Highmark	3	$37,000	10.0
LM Cap Group	4	$48,000	7.5
Logan Circle	6	$60,000	2.5
PFM	3	$37,000	10.0
Ramirez	1	$20,000	15.0
Smith Graham	4	$48,000	7.5
Wilmington Trust	5	$55,000	5.0

Point Assignment Calculations	100%	1	15.0
	83%	2	12.5
	67%	3	10.0
	50%	4	7.5
	33%	5	5.0
	17%	6	2.5

Exhibit 4

City of Dover
Finance Department
Investment Management Advisory Services RFP 11-0027FN

Evaluation Scores for Sample Firm

	Potential Points	Sample Firm
Understanding of the overall investment program and the investment objectives and its unique constraints	25	
Experience, resources, and qualifications of the firms and individuals assigned to this account	20	
Experience of the firm in managing state/local government portfolios. In evaluating the firm's experience, past performance data will be evaluated in the context of portfolio objectives and constraints, as well as risk. Reporting - performance, policy benchmarks, and format	20	
Recommended approach to management of the portfolio	20	
Fees	15	
Total Scores	100	0.0

RFP Criteria

Date Founded
Ownership
Headquartered
Registered Investment Advisor (Yes/No)
Act as broker or as a primary dealer in securities (Yes/No)
Registered MWBE (Yes/No) - Delaware or Another State/City
Insurance Coverage
- Errors & Omissions $
- Fiduciary's Liability $
- Fidelity Bond Coverage $

Number & Types of Accounts as of 9/30/10	# of Accts	Assets ($M)
Corporate		
Foundation		
Healthcare		
Insurance - Corporate		
Multi-Employer - Pensions		
Public		
Governmental Operating/Bond Proceeds		
Governmental Pension Funds		
Grand Total Accounts & Asset Value		

Composition of Portfolios as of 9/30/10	%	AUM ($)
Federal Agencies		
Repurchase Agreements		
Commercial Paper		
U.S. Treasuries		
Corporates		
Other		
Certificates of Deposit		
Total		

Performance Benchmarks	Sample Firm	BofA ML US Treas 1-3 yrs	BofA ML Govt/Copr 1-3 yrs
1 year		2.53%	3.26%
3 years		4.08%	4.55%
5 years		4.35%	4.64%
10 years		4.21%	4.55%
Since inception			
Reported based on GIPS or AIMR			

Provide five comparable or most representative governmental clients for references
How many accounts have you gained in the last 12 months:
How many accounts have you lost in the last 12 months:
ADV Included for review & 5 References to contact

ACTION FORM

PROCEEDING: Legislative, Finance & Administrative Committee	**AGENDA: 03/14/11**
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED: 3/14/11**
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Investment Banking Custody Services – RFP#11-0028FN	
APPROVALS: City Council	
EXHIBITS: Exhibit 1 – Scoring of Proposals; Exhibit 2 – Pricing Calculations & Comparisons	
EXPENDITURE REQUIRED: Est. $10,200 (fees will vary based on the number of security transactions) **AMOUNT BUDGETED**: N/A **FUNDING SOURCE**: Interest Earnings are reported net of fees	
TIMETABLE: Transfer of Assets from Wilmington Trust to Custodian selected upon Council approval	
RECOMMENDED ACTION: Staff recommends awarding the Investment Custody Services to Union Bank for a three (3) year period to start the date of contract and may be renewed or extended for two (2) additional two (2) year periods by mutual consent and approved by City Council.	

RFP #11- 0028FN was issued on October 21, 2010 for sealed proposals to be received December 1, 2010. Six proposals were received. The current proposal calls for a three (3) year period to start the date of contract and may be renewed or extended for two (2) additional (2) year periods by mutual consent and approved by City Council.

All submissions received were from major financial institutions, of which all are capable of managing the custody of the City's investment assets. Wells Fargo and Union Bank were the two most competitive banks. Fees were calculated based on fifty security trades each month. The fee difference between Wells Fargo and Union Bank is greater if the trades are less than fifty each month due to the minimum fee requirement by Wells Fargo. Union Banks fees would be less while Wells Fargo would remain at $13,500. The City would need to have sixty-eight trades per month for Union Banks total fees to exceed Wells Fargo's.

The City currently has contracts with Wells Fargo as custodian for our three Trust Funds – General Employee Pension, Police Pension (closed plan), and Other Post Employment Benefits (OPEB). The current annual fees paid on the Trust Funds are as follows:

General Employee Pension Plan	$7,004.90
Police Pension Plan	$4,140.77
OPEB Trust	$4,884.00

All three of these accounts are invested in mutual funds and have a minimum amount of security transactions. The investment custody account would experience a greater amount of activity. While we receive excellent services on these accounts by Wells Fargo, the Government Finance Officers Association recommended practice is to diversify assets under custody when possible. Therefore, based on the fees, scores, and the above recommended practice staff's recommendation is to award the service contract to Union Bank.

Exhibit 1

City of Dover

Investment Bank Custody Services RFP 11-0028FN

Evaluation Scores

	Potential Points	M&T Invest	PNC	TD Wealth	Union Bank	Wells Fargo	Wilmington Trust
Organization & Financials	0 - 25	23.0	24.0	22.0	24.0	24.0	20.0
Experience	0 - 25	25.0	25.0	22.0	25.0	25.0	25.0
Accounting & Reporting of the City's Assets	0 - 30	28.0	30.0	28.0	30.0	30.0	26.0
Cost	0 - 20	11.0	8.0	5.0	20.0	17.0	14.0
Total Scores	100	87.0	87.0	77.0	99.0	96.0	85.0

Comments -
T D Wealth has custody through Bank of New York Mellon, they are not handling custody directly so took off points.
Union Bank is a California Bank owned by Mitsubishi -UFJ Financial Group (Japan), however financials all look good and technology is great.
Wilmington Trust lacks technology and has had some recent financial problems. Has recently merged with M & T Bank.

Exhibit 2

City of Dover
Investment Custody Services RFP # 11-0028FN
Fee Schedules

	M & T Invest Group	PNC Instit Invest	TD Wealth Mgmt	Union Bank	Wells Fargo	Wilmington Trust
On Current Market Value						
Total Portfolio	0.040		0.100	No bps	No bps	
1st $5M		0.100				
Next $10M		0.050				
Over $15M		0.025				
1st $30M						0.030
Over $30M						0.020
Basis pts on $40M portfolio	$ 16,000	$ 16,250				$ 10,000
Admin/Maint. Fee per account	$ 300	$ 500		$ 600		
Minimum/Base Fee	$ 2,500	$ 7,500		$ 3,500	$ 10,000	
per sub account				$ 600		
Accounting & Reporting						
Separately Managed					$ 2,500	
Mutual/Commingled					$ 1,000	
Security Transaction Charges						
per Transaction	$ 10.00	$ 15.00		$ 15.00	$ 10.00	
Ineligible				$ 40.00		
Mutual Fund settlements					$ 20.00	
Principal payment for securities						$ 10.00
Domestic purchases/sales						$ 15.00
Foreign purchase/sales						$ 50.00
Eurodollar purchase/sales						$ 65.00
Wires each	$ 15.00	No info		$ 10.00		
Wires - outgoing						$ 25.00
Wires- incoming						$ 10.00
Affiliated with Investment Mgr.	Wilm Trust/MTB	PNC Cap	TD Wealth Mgt BONY Mellon handles custody	High Mark	Wells Cap	Wilm Trust
Account Maint/Base/Reporting Fees	$ 300	$ 500		$ 1,200	$ 3,500	$ -
Transaction/wire fees	$ 6,000	$ 9,000	All in Fee	$ 9,000	$ 6,000	$ 9,000
Minimum fee would apply					$ 10,000	
Total All Fees	$ 22,300	$ 25,750	$ 40,000	$ 10,200	$ 13,500	$ 19,000

City of Dover

Office of the Mayor

MEMORANDUM

TO: Legislative, Finance and Administration Committee

FROM: Mayor Carleton E. Carey, Sr.

DATE: March 3, 2011

SUBJECT: Review of Hospitality and Civic Function Policy

I would like the Legislative, Finance, and Administration Committee to review the Hospitality and Civic Function Policy. I believe there are important functions offered by the Central Delaware Chamber of Commerce and Kent County Tourism that are currently not covered under the policy. I feel the fees for these functions should be covered for Council Members to attend.

Please see the list of examples:

1.	The Central DE Chamber of Commerce Annual Awards Dinner	$50.00 x 9ppl = $450.00
2.	The Mayors Annual Prayer Breakfast	$20.00 x 9ppl = $180.00
3.	The Governors Annual Prayer Breakfast	$16.00 x 9ppl = $144.00
4.	Kent County Economic Summit	$25.00 x 9ppl = $225.00
		Total = $999.00

These functions offer a great deal of information for the City of Dover including working relationships that add to our economic benefit.

City of Dover, Delaware

DRAFT Capital Investments Plan

FY 12 thru FY 16

PROJECTS BY DEPARTMENT

Department	Project#	Priority	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Central Services								
Dump Truck Refurbishment	*CS1200*	1	30,000					*30,000*
City Hall Fire Suppression System	*CS1201*	2			106,000	106,000		*212,000*
Central Services Conference Room & Offices	*CS1202*	4		10,000	15,000			*25,000*
Space Needs Study Implementation	*CS1390*	5		50,000	434,890	402,446	4,165,328	*5,052,664*
Central Services Total			**30,000**	**60,000**	**555,890**	**508,446**	**4,165,328**	***5,319,664***
Customer Services								
Pay-As-You-Go Water Load Station	*CU1201*	1	30,240					*30,240*
Customer Notification by E-IVR Automated Dialing	*CU1390*	1		30,000				*30,000*
Customer Services Total			**30,240**	**30,000**				***60,240***
Information Technology								
IT Long Range Planning Process Review and Update	*IT1390*	2		65,000				*65,000*
CISCO VoIP Phone Server Replacement	*IT1490*	1			40,000			*40,000*
Information Technology Total				**65,000**	**40,000**			***105,000***
Library								
Replacement Library	*LB0901*	1	11,195,009	2,540,483				*13,735,492*
Library Total			**11,195,009**	**2,540,483**				***13,735,492***
Mayor								
Downtown Security Cameras	*MR1101*	1	33,000					*33,000*
Mayor Total			**33,000**					***33,000***
Public Services-Admin								
GIS Infrastructure and Mobile Solutions	*PA1290*	4	18,000	18,000	18,000			*54,000*
Public Services-Admin Total			**18,000**	**18,000**	**18,000**			***54,000***
Public Services-Streets								
Street and Alley Program	*ST1101*	1	1,350,000	1,300,000	1,300,000	1,300,000	1,300,000	*6,550,000*
Concrete Construction and Replacement Program	*ST1102*	2	60,000	65,000	70,000	75,000	80,000	*350,000*
Brine Manufacturing System	*ST1201*	1	27,825					*27,825*
Salt Storage Facility - Schutte Park	*ST1203*	3	50,000					*50,000*
Silver Lake Revitalization Project	*ST1490*	4			50,000	250,000	100,000	*400,000*
Public Services-Streets Total			**1,487,825**	**1,365,000**	**1,420,000**	**1,625,000**	**1,480,000**	***7,377,825***

Department	Project#	Priority	FY 12	FY 13	FY 14	FY 15	FY 16	Total
GRAND TOTAL			**12,794,074**	**4,078,483**	**2,033,890**	**2,133,446**	**5,645,328**	***26,685,221***

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **CS1200**

Project Name **Dump Truck Refurbishment**



Type Maintenance
Useful Life 5-10 years
Category General
New Project: Yes
Time-Line:

Department Central Services
Contact Central Services Director
Priority 1
Account Number: 147-1800-554-40-23

Description

Total Project Cost: **$30,000**

The City has three, model year 2001, five ton dump trucks purchased in 2002. These trucks have severaly deteriorated dump bodies. Each truck chassis requires minor repair. The diesel engines reflect less than 35K miles on the odometers. The averages miles drives equals approximately 4,300 per year. These diesal engines should last for 75k miles. The rusted dump bodies will be removed, sandblasted, and the frames will be repainted. New brakes, hydraulic hoses and exhaust systems will be installed. In addition, all belts and hoses will be replaced and new stainless bodies will be installed.

Justification

The most expensive part of the dump trucks are their engines, chassis' and drive trains. Once repaired, the vehicles could last 10 years or more. At current usage, they will only have approximately 78k miles on the odometers. The replacement costs for 3 new dump trucks is $104,476 each. Having the repairs completed on-site will save the City approximately $283,000

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Construction/Maintenance	30,000					30,000
Total	**30,000**					**30,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund	30,000					30,000
Total	**30,000**					**30,000**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # CS1201

Project Name City Hall Fire Suppression System



Type Improvement
Useful Life 20-25 years
Category General
New Project:
Time-Line:

Department Central Services
Contact Central Services Director
Priority 2
Account Number:

Description

Total Project Cost: **$212,000**

This project will be divided into two parts. Part one is for the City Hall, single story, Administrative will and will begin in Fiscal 2012. The second part is for the City Hall, two story, Executive wing and will begin in Fiscal 2013.

Justification

This is a workplace safety requirement mandated by the Fire Marshalls Office.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Other			106,000	106,000		212,000
Total			**106,000**	**106,000**		**212,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund			106,000	106,000		212,000
Total			**106,000**	**106,000**		**212,000**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # CS1202

Project Name Central Services Conference Room & Offices



Type Improvement
Useful Life 10-15 years
Category General
New Project: Yes
Time-Line:

Department Central Services
Contact Central Services Director
Priority 4
Account Number: 110-2700-571.40-31

Description

Total Project Cost: **$25,000**

This project will be divided into three parts. Part one for design, framing and electrical installation and will begin in Fiscal 2012. Part two for construction and finishing of the offices will begin in Fiscal 2013. Part three for furnishing, carpeting and equipping of the conference room and offices will begin in Fiscal 2014.

Justification

There is no conference room available within Central Services to conduct bid openings, Pre-bid meetings, contract negotiations or conduct other meetings/training. This conference will be made available to all city offices, especially the Sanitation Department, Street Department and the Water Department. The Central Services Department also needs more space for staffing needs.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Construction/Maintenance		10,000				10,000
Equip/Vehicle/Furnishings			15,000			15,000
Total		**10,000**	**15,000**			**25,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund		10,000	15,000			25,000
Total		**10,000**	**15,000**			**25,000**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **CS1390**

Project Name **Space Needs Study Implementation**



Type Improvement
Useful Life Unknown
Category General
New Project: No
Time-Line: FY10 through FY16

Department Central Services
Contact Central Services Director
Priority 5
Account Number: 147-2500-552.40-31

Description

Total Project Cost: **$13,399,622**

This is a ten-year plan for City buildings that will create spaces and places for the City's elected officials and employees to provide quality services to the citizens. The Facility Space Committee toured all City buildings, interviewed all department heads, conducted a needs assessment and proximity matrix, created measured drawings of buildings, and consulted with an architect as needed. We will continue to face all the problems associated with a lack of space, lack of security, poor locations, and substandard space.

Justification

We will continue to face all the problems associated with a lack of space, lack of security, poor locations, and substandard space. The Space Needs Study revealed (1) a lack of space for public and customers, (2) a lack of working space, (3) poor locations, (4) substandard space, (5) a lack of storage space, and (6) a lack of security.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total	Future
Construction/Maintenance		50,000	434,890	402,446	4,165,328	5,052,664	8,346,958
Total		**50,000**	**434,890**	**402,446**	**4,165,328**	**5,052,664**	**Total**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total	Future
General Fund		50,000	434,890	402,446	4,165,328	5,052,664	8,346,958
Total		**50,000**	**434,890**	**402,446**	**4,165,328**	**5,052,664**	**Total**

Budget Impact/Other

Impact on Operating Budget has yet to be determined at this time.

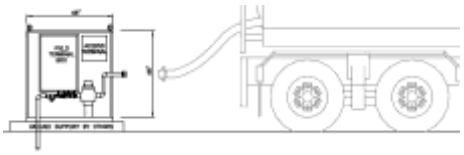
DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **CU1201**

Project Name **Pay-As-You-Go Water Load Station**



Type Improvement
Useful Life 15-20 years
Category General
New Project:
Time-Line:

Department Customer Services
Contact Customer Service Manager
Priority 1
Account Number:

Description

Total Project Cost: **$30,240**

The City of Dover provides local contractors the ability to fill water trucks from a water dispensing connection, located at the William Street warehouse. The connection is not in a secure area and operates on the honor system. Contractors are required to purchase a water ticket from the Customer Service Department. However, there are contractors that circumvent the process and fill the water trucks without purchasing a ticket. The water tickets are sold to contractors for $5.00, per truck fill. The capacities of the trucks vary with the amount of the ticket remaining at $5.00. Consumption is monitored by obtaining a meter reading each month and charging a designated department for the usage. When the amount of tickets purchased is compared to the metered consumption there is a loss of revenue.

Justification

This project will prevent direct access to the City of Dover water supply from the warehouse and allow the City to collect revenue for water usage. The $5.00 charge is obsolete; contractors should pay fairly for water based on truck size and gallons consumed. The new system, the Mini General, is an economical solution for low volume bulk water dispensing applications.After the customer pre-pays for water, they will be given a temporary access number and pin number. The system will only dispense the amount of water that is paid for in advance. Each transaction is date and time stamped and recorded by Water+ software.
City departments may also obtain water from this location. Each department will be required to follow the same process.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Equip/Vehicle/Furnishings	30,240					30,240
Total	**30,240**					**30,240**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Water/Wastewater Fund	30,240					30,240
Total	**30,240**					**30,240**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **CU1390**

Project Name **Customer Notification by E-IVR Automated Dialing**



Type Improvement
Useful Life 5-10 years
Category General
New Project:
Time-Line:

Department Customer Services
Contact Customer Service Manager
Priority 1
Account Number:

Description

Total Project Cost: **$30,000**

One of the most popular and cost effective uses of IVR Technology involves automating the out-dialing process Another use is to add the feature of customer alerts and notifications. This automation can take a variety of forms and functionality. E-IVR automated features include the ability to broadcasting a huge number of calls to deliver a pre-recorded message or alert, targeting a specific list to be called to relay individualized information, and to automate the dialing process as an efficient and management tool for staff. It is critical to maximize the use of communication resources, advance with technology and offer features similar to local utilities and municipalities. Our existing phone system provides the foundation to add beneficial enhancements.

Justification

The E-IVR notification system gets the word out fast for emergency notification, road closures, power outages, alerts customer of electric and water disconnections that are scheduled due to nonpayment of utility account, upcoming events. The Customer Service department is submitting the request for consideration. This system should benefit City departments and Officials city wide. The phone system broadcasts from our data base, when answered the IVR plays a prerecorded message. Unsuccessful calls are noted and can be broadcast again. The benefit to the customer is to receive critical notifications and become better informed. Since the calls are automated staff, may be utilized in other functions.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Other		30,000				30,000
Total		**30,000**				**30,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund		30,000				30,000
Total		**30,000**				**30,000**

Budget Impact/Other

Estimated annual maintenance fees. This type of notification system is already used by other utilities and municipalities in Delaware. In conjunction with electric disconnects for nonpayment, the customer would receive an automated call two days prior to the scheduled disconnection date. This serves as a reminder to remit the payment and allows the customer to prepare for the interruption of service in the event payment is not received. A customer may chose to expedite payment by using the recently implemented credit card online processing system.

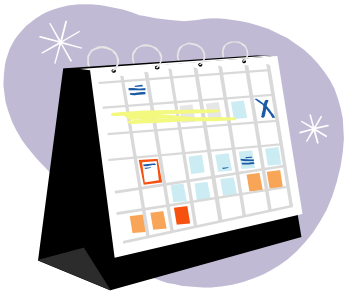
DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **IT1390**

Project Name **IT Long Range Planning Process Review and Update**



Type Improvement
Useful Life Unknown
Category General
New Project: No
Time-Line: Begin Fiscal 2011

Department Information Technology
Contact IT Director
Priority 2
Account Number:

Description

Total Project Cost: **$65,000**

In 2004, the City hired a third party to help us put a framework around long-range technology planning and spending. The outcome which included a five-year plan has provided a road map and format that has allowed us to continue to move forward with technology in an organized and predictable manner. This new project is to repeat the process and update our plan. This update was presented to the TAC group and received a high number of votes October 2008.

Justification

This has been effective, the five-year plan was exhausted in fiscal year 2009 and has begun again in Fiscal 2011.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Other		65,000				65,000
Total		**65,000**				**65,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund		65,000				65,000
Total		**65,000**				**65,000**

Budget Impact/Other

Estimate is based on cost of 2004 study. Lowest bid back then was $50,000.

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **IT1490**

Project Name **CISCO VoIP Phone Server Replacement**



Type Equipment
Useful Life 5-10 years
Category General
New Project:
Time-Line:

Department Information Technology
Contact IT Director
Priority 1
Account Number:

Description

Total Project Cost: **$40,000**

In 2006, the CISCO VoIP telephone system was installed. The three Call Manager servers that operate the system and the Call Center server used by Customer Service will reach the end of its life cycle. After consulting with CISCO and their local service provider, MTM, it is anticipated that the existing equipment could continue to operate for another two years, until Fiscal 2014.

Justification

After Fiscal 2014, it is likely that the servers would no longer be able to be covered by a service contract. Additionally, ther servers would not support any software upgrades.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Equip/Vehicle/Furnishings			40,000			40,000
Total			**40,000**			**40,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund			40,000			40,000
Total			**40,000**			**40,000**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **LB0901**

Project Name **Replacement Library**



Type Improvement
Useful Life 25+ years
Category General
New Project: No
Time-Line:

Department Library
Contact Library Director
Priority 1
Account Number:

Description

Total Project Cost: **$20,314,917**

The Dover Public Library, built in 1961, can no longer meet the needs of the current population of the greater Dover service area. A new 46,000 square foot library facility will be built on Loockerman Street between City Hall and the Dover Post Office in downtown Dover. The consequences of delaying or eliminating this project are that members of the community will continue to receive very limited library services due to space and other deficiencies in the current facility. State funding, already committed, will be lost if the project is delayed. This project is related to the Delaware Division of Libraries' Statewide Master Plan.

Justification

In 2004, library facilities planners, Robert H. Rohlf Associates conducted a library facilities plan and recommended that the City of Dover build a 39,000-50,000 square foot library in the downtown area because the current library is insufficient to meet the needs of citizens. The study concluded that the current library does not provide enough parking, shelving, programming areas, quiet study rooms, sufficient office space; and that there are ADA issues throughout the building. The study compared the Dover Public Library to libraries in similar-sized communities and services are lacking in many areas, including collection and reference. The benefit of replacing the current library is that the community will have access to a library with sufficient space for collections and computers, lighting, parking, quiet study areas, and programming space.

Prior	Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
6,579,425	Planning/Design	143,156	15,789				158,945
Total	Construction/Maintenance	9,130,209	2,282,533				11,412,742
	Other	1,921,644	242,161				2,163,805
	Total	**11,195,009**	**2,540,483**				**13,735,492**

Prior	Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
6,579,425	Library Reserve Fund	1,200,938	78,000				1,278,938
Total	Other	4,396,566	700,344				5,096,910
	State Grant	5,597,505	1,762,139				7,359,644
	Total	**11,195,009**	**2,540,483**				**13,735,492**

Budget Impact/Other

A larger library will require more maintenance, increased operational funding for heating and cooling, increased janitorial services, and at least 2.5 additional full-time library staff.

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Budget Items	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Other (Insurance, Utilities)		169,579	174,666			344,245
Total		**169,579**	**174,666**			**344,245**

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **MR1101**

Project Name **Downtown Security Cameras**



Type	Equipment	**Department**	Mayor
Useful Life	5-10 years	**Contact**	Mayor Carey
Category	General	**Priority**	1
New Project:	No	**Account Number:**	147-3200-519-40-25
Time-Line:			

Description

Total Project Cost: **$64,500**

Installing surveillance cameras, one on Loockerman and State Street, one on State and North Street at the Schwartz center and South Bradford Street on the Minor Street Alley. These are areas that have had the most complaints from, so the first three should be installed in these locations. Eventually we can cover the Business District either by adding so many per year of if a grant should become available, adding more. 2nd Phase add Governor's Avenue Parking Lot.

Justification

Reduction in crime in the specified areas. These Cameras would cooperate off the current fiber optic System, so there would be no telephone line charges. Monitors would be at the police station with dispatchers being able to monitor the locations for illegal actions in the area and to solve crimes that have occurred

Prior	Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
31,500	Other	33,000					33,000
Total	**Total**	**33,000**					**33,000**

Prior	Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
31,500	General Fund	33,000					33,000
Total	**Total**	**33,000**					**33,000**

Budget Impact/Other

Phase I completed with Grant Funds, this portion of the project includes Phase II (63,000) and Expansion (63,000).

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **PA1290**

Project Name **GIS Infrastructure and Mobile Solutions**



Type Equipment
Useful Life 3-5 years
Category General
New Project: No
Time-Line:

Department Public Services-Admin
Contact Public Services Director
Priority 4
Account Number:

Description

Total Project Cost: **$54,000**

This project will be used to expand mobile data terminals (MDT's) to building inspectors and the Public Works inspector. The ability will be given to access all networked files and programs (HTE, Fortis, Outlook, etc.) along with utilization of many GIS capabilities. The Fire Marshal's office along with Code Enforcememt staff have this capability and it has been beneficial for both departments.

Justification

This strategy would procure hardware and software as well as perform pilot projects that would test the ability of the City to expand in such areas of technology. The types of hardware to be purchased are GPS receivers, patch antennas, laptops, vehicle mounts, and lightweight clients. Software would be extensions used in conjunction with ESRI's ArcGIS software to perform specific tasks. Types of extensions are spatial analyst, network analyst, etc. ESRI Services may be purchased for help with advancement in the City's use of ArcGIS Server Mobile.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Other	8,000	8,000	8,000			24,000
Miscellaneous	10,000	10,000	10,000			30,000
Total	**18,000**	**18,000**	**18,000**			**54,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund	18,000	18,000	18,000			54,000
Total	**18,000**	**18,000**	**18,000**			**54,000**

Budget Impact/Other

As pilot projects are preformed and found to be successful, budgets will grow as the pilots are implemented department or City-wide. Future software maintenance and hardware replacement (sustainability). The City is using two NASCAR races a year to implement new technologies. Along with training employees in these technologies, we are utilizing techniques used in damage assessment and emergency recovery during daily race weekend operations. To continue expanding on such pilot projects, we would need additional hardware and software. Other below represents ESRI services and support. Miscellaneous below represents mostly hardware and some software.

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **ST1101**

Project Name **Street and Alley Program**



Type Improvement
Useful Life 20-25 years
Category General
New Project:
Time-Line:

Department Public Services-Streets
Contact Public Services Director
Priority 1
Account Number:

Description

Total Project Cost: **$9,200,000**

This project will rehabilitate approximately three to five percent (3-5%) of the street and alley network each year. The estimated capital maintenance costs are $33.7 million over a 20-year planning horizon in Fiscal Year 2005 dollars. This estimate is based on the needs survey conducted by Public Services in Fiscal year 2004. Continuous maintenance on these assets will prevent more costly reconstruction in the future. This project combines the former Street Resurfacing Program, the Alley Program and the Barrier Free Access Ramp Program

Justification

The program identifies maintenance costs for 84.79 miles of streets and 15.24 miles of alleys as of June 30, 2010. Replacement of deteriorated curbs, gutters, and sidewalks provides improved use, drainage, and the appearance of the pavement section. The Street and Alley Program schedule is driven by funding and road ratings. Total street mileage is growing each as more roads and alleys are dedicated for public maintenance due to growth.

Prior	Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
2,650,000	Construction/Maintenance	1,350,000	1,300,000	1,300,000	1,300,000	1,300,000	6,550,000
Total	**Total**	**1,350,000**	**1,300,000**	**1,300,000**	**1,300,000**	**1,300,000**	**6,550,000**

Prior	Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
2,650,000	Community Transportation Fun	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Total	General Fund	350,000	300,000	300,000	300,000	300,000	1,550,000
	Total	**1,350,000**	**1,300,000**	**1,300,000**	**1,300,000**	**1,300,000**	**6,550,000**

Budget Impact/Other

The improvement schedule is based on the Fiscal Year 2004 ratings and Community Transportation Funds committed by area legislators. The annual funding split is proposed to be $700,000 from the General Fund and $1,000,000 from Community Transportation Funds in Fiscal year 2012.

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # ST1102

Project Name Concrete Construction and Replacement Program



Type	Maintenance	**Department**	Public Services-Streets
Useful Life	30+ years	**Contact**	Public Services Director
Category	General	**Priority**	2
New Project:	No	**Account Number:**	
Time-Line:	Continuous		

Description

Total Project Cost: **$400,000**

This program replaces and rehabilitates deteriorated sidewalks and curbs throughout the City using in-house labor and private contractors. This is in accordance with the ADA. Delaying or eliminating the project will result in continued complaints and insurance claims from citizens and visitors. In addition, further deterioration of the sidewalk network will occur.

Justification

This program promotes the interconnection of the sidewalk network to conform to ISTEA (Intermodal Surface Transportation Efficiency Act) and rehabilitates sidewalks that have root damage from City street trees. This program also facilitates compliance with the Americans with Disabilities Act as it relates to the pedestrian network as well as improving localized drainage issues.

Prior	Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
50,000	Construction/Maintenance	60,000	65,000	70,000	75,000	80,000	350,000
Total	**Total**	**60,000**	**65,000**	**70,000**	**75,000**	**80,000**	**350,000**

Prior	Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
50,000	General Fund	60,000	65,000	70,000	75,000	80,000	350,000
Total	**Total**	**60,000**	**65,000**	**70,000**	**75,000**	**80,000**	**350,000**

Budget Impact/Other

There is no impact on the operating budget as reduction in insurance claims and improved pedestrian mobility is difficult to financially quantify. The Department of Public Services maintains a prioritization list that outlines the categories of replacement. Complaints are entered on the list as they are received and prioritized by City staff.

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **ST1201**

Project Name **Brine Manufacturing System**



Type Equipment
Useful Life 10-15 years
Category General
New Project:
Time-Line:

Department Public Services-Streets
Contact Public Services Director
Priority 1
Account Number:

Description

Total Project Cost: **$27,825**

The ABS-1500 automatic batch system is designed for the manufacturing of a brine solution continuously. The brine solution is produced from a mixture of granular salt and standard tap water. The system can produce up to 4,000 gal of brine per hour.
The ABS-1500 - $11,550; a 5,000 gallon heavy duty storage tank - $3,675 and the Single lane EZ load applicator system - $12,600

Justification

Waiting to receive updated information from Scott Koenig. (hf 2/23/2011)

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Equip/Vehicle/Furnishings	27,825					27,825
Total	**27,825**					**27,825**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund	27,825					27,825
Total	**27,825**					**27,825**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **ST1203**

Project Name **Salt Storage Facility - Schutte Park**



Type Equipment
Useful Life 20-25 years
Category General
New Project: Yes
Time-Line:

Department Public Services-Streets
Contact Public Services Director
Priority 3
Account Number:

Description

Total Project Cost: **$50,000**

This project proposes the construction of a 50' long x 50' wide x 20' high salt storage building at the rear of Schutte Park. The proposed construction will allow city staff to store salt indoors, greatly reducing the environmental impact of this operation. Salt is only used during winter months; however, we typically have this material on hand in varying quantities all year long.

Justification

Salt is currently stored down at Old PW II under a tarp within the concrete area. The current method of covering this material is inadequate and has potential environmental impacts on the St. Jones River. All runoff from this storage area goes directly into the St. Jones River. This project will likely be a requirement in our NPDES MS4 permit renewal scheduled for July 1, 2011. Moving this material indoors and under roof will reduce the environmental impact and allow this resource to be used in a more efficient manner.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Construction/Maintenance	50,000					50,000
Total	**50,000**					**50,000**

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total
General Fund	50,000					50,000
Total	**50,000**					**50,000**

Budget Impact/Other

DRAFT Capital Investments Plan

FY 12 *thru* **FY 16**

City of Dover, Delaware

Project # **ST1490**

Project Name **Silver Lake Revitalization Project**

Type Improvement
Useful Life 20-25 years
Category General
New Project: Yes
Time-Line:

Department Public Services-Streets
Contact Public Services Director
Priority 4
Account Number:

Description

Total Project Cost: **$600,000**

The proposed project will remove all of the old pavement and parking areas and construct a new central parking lot and access to the boat ramp area as well as access from Kings Highway. The existing pavement condition is in poor quality, and the parking pods create a public perception problem. This project will plant trees, flowers, and shrubs below the dam on Silver Lake to Court Street along the St. Jones River in order to improve water quality and protect the stream bank. This will be a multi-year project. The department continues to receive complaints regarding the parking pods, the further deterioration of the existing pavement sections and parking areas, lack of stormwater management practices, bank erosion related to stormwater runoff and, poor site lighting.

Justification

Currently there are no stormwater management practices being implemented on this site, and the location adjacent to the St. Jones River causes direct stormwater discharge to an environmentally sensitive area. The proposed reconstruction and relocation of the loaded parking lot will allow for best management practices regarding stormwater management to be implemented at this site.

Expenditures	FY 12	FY 13	FY 14	FY 15	FY 16	Total	Future
Planning/Design			50,000			50,000	200,000
Construction/Maintenance				250,000		250,000	Total
Miscellaneous					100,000	100,000	
Total			**50,000**	**250,000**	**100,000**	**400,000**	

Funding Sources	FY 12	FY 13	FY 14	FY 15	FY 16	Total	Future
Community Transportation Fun				250,000		250,000	200,000
General Fund			50,000		50,000	100,000	Total
State Grant					50,000	50,000	
Total			**50,000**	**250,000**	**100,000**	**400,000**	

Budget Impact/Other

The proposed project includes parking reconstruction, planning and design, and ultimately landscaping for this section of the St. Jones River.

City of Dover, Delaware

DRAFT Capital Investments Plan

FY 12 thru FY 16

VEHICLE/EQUIPMENT REPLACEMENTS

Department	Project#	Priority	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Central Services								
1987 Forklift	*12Veh#NEW*	3	30,670					*30,670*
Central Services Total			**30,670**					***30,670***
Facilities Management								
1996 Dodge B2500 (438)	*13Veh# 438*	n/a		16,096				*16,096*
1996 Ford E350 (436)	*14Veh# 436*	n/a			16,096			*16,096*
1999 Dodge RMV Van (435)	*15Veh# 435*	n/a				16,096		*16,096*
Facilities Management Total				**16,096**	**16,096**	**16,096**		***48,288***
Mayor								
1999 Ford Taurus	*11Veh# 2*	n/a		20,323				*20,323*
Mayor Total				**20,323**				***20,323***
Public Services-Admin								
1999 Ford Explorer (6)	*11Veh# 6*	n/a	28,818					*28,818*
Public Services-Admin Total			**28,818**					***28,818***
Public Services-Grounds								
1995 Ford Crew Cab Dump Truck (552)	*12Veh# 552*	5	44,720					*44,720*
2002 Toro Wing Mower (562)	*12Veh# 562*	2	57,500					*57,500*
2002 Dodge Pick Up (550)	*13Veh# 550*	3		17,000				*17,000*
2001 Dodge Pick Up (553)	*13Veh# 553*	2		17,000				*17,000*
1999 Dodge Pick Up (558)	*13Veh# 558*	2		17,000				*17,000*
1999 Chevy Dump Truck (554)	*14Veh# 554*	3			54,491			*54,491*
1998 Vermeer Stump Grinder (566)	*14Veh# 566*	3			44,000			*44,000*
1998 X-Mark Mower (568)	*14Veh# 568*	3			14,310			*14,310*
2001 Kubota Tractor (569)	*14Veh# 569*	3			29,116			*29,116*
1998 Chevy Crew Cab Dump Truck (551)	*15Veh# 551*	4				58,962		*58,962*
2006 X-Mark Mower (573)	*15Veh# 573*	4				15,456		*15,456*
1991 International Utility Trailer (578)	*15Veh# 578*	4				14,000		*14,000*
2002 Bean 300 Gallon Sprayer (585)	*15Veh# 585*	4				22,122		*22,122*
1990 FMC 300 Gallon Sprayer (565)	*16Veh# 565*	5					23,760	*23,760*
1999 Bandit Chipper (579)	*16Veh# 579*	5					46,122	*46,122*
1994 Vermeer Chipper (588)	*16Veh# 588*	5					46,000	*46,000*
Public Services-Grounds Total			**102,220**	**51,000**	**141,917**	**110,540**	**115,882**	***521,559***
Public Services-Inspections								
2001 Dodge Pick Up Truck (20)	*12Veh# 20*	1	16,500					*16,500*
2001 Dodge Pick Up (19)	*13Veh# 19*	2		16,000				*16,000*

Department	Project#	Priority	FY 12	FY 13	FY 14	FY 15	FY 16	Total
2002 Dodge Pick Up (18)	*14Veh# 18*	3			16,000			*16,000*
2001 Dodge Pick Up (22)	*14Veh# 22*	3			16,000			*16,000*
Public Services-Inspections Total			**16,500**	**16,000**	**32,000**			***64,500***
Public Services-Life Safety								
20' Express Wagon with Honda Generator	*12Veh# 14*	1	17,500					*17,500*
Public Services-Life Safety Total			**17,500**					***17,500***
Public Services-Planning								
2009 Chevy Uplander	*13Veh# 3*	n/a		16,177				*16,177*
Public Services-Planning Total				**16,177**				***16,177***
Public Services-Sanitation								
2004 Peterbilt Automated Trash Truck (442)	*12Veh# 442*	2	232,084					*232,084*
2003 Sterling Bulk Truck (447)	*12Veh# 447*	2		136,500				*136,500*
2004 Peterbilt Automated Trash Truck (443)	*13Veh# 443*	2		253,875				*253,875*
2002 Int'l Rear Loader (449)	*13Veh# 449*	2		129,375				*129,375*
2003 Peterbilt 320 Automated Trash Truck (450)	*13Veh# 450*	1		246,075				*246,075*
2008 Peterbilt Automated Trash Truck (441)	*14Veh# 441*	3			296,075			*296,075*
2002 Hurst Trailer (453)	*14Veh# 453*	3			14,500			*14,500*
2008 Intn't Rear Loader (445)	*15Veh# 445*	4				165,975		*165,975*
2008 Peterbilt Side Loader (451)	*15Veh# 451*	4				296,075		*296,075*
Public Services-Sanitation Total			**232,084**	**765,825**	**310,575**	**462,050**		***1,770,534***
Public Services-Streets								
1992 International Dumpt Truck (328)	*12Veh# 328*	1	131,055					*131,055*
2002 Tymco Street Sweeper (357)	*12Veh# 357*	1	170,028					*170,028*
1986 Case Backhoe (319)	*13Veh# 319*	2		94,075				*94,075*
2001 Int'l Dump Truck (322)	*13Veh# 322*	2		123,275				*123,275*
2001 Int'l Dump Truck (324)	*13Veh# 324*	2		133,074				*133,074*
1999 Dodge Pick Up Truck (330)	*13Veh# 330*	2		19,500				*19,500*
2001 Dodge Pick Up Truck (331)	*13Veh# 331*	2		19,500				*19,500*
1992 Int'l Leaf Truck (366)	*13Veh# 366*	2		110,000				*110,000*
2002 Airman Air Compressor (382)	*13Veh# 382*	2		23,000				*23,000*
2001 Case Front-End Loader (312)	*14Veh# 312*	3			129,700			*129,700*
2002 Case Front-End Loader (316)	*14Veh# 316*	3			129,700			*129,700*
2001 Int'l Dump Truck (321)	*14Veh# 321*	3			115,075			*115,075*
2001 Dodge Utility Truck (345)	*14Veh# 345*	3			46,875			*46,875*
1986 Hudson Trailer (394)	*14Veh# 394*	3			15,000			*15,000*
2006 Ford 1-Ton Dump Truck (325)	*15Veh# 325*	4				58,395		*58,395*
2002 ODB Leaf Vacuum Trailer (361)	*15Veh# 361*	4				42,120		*42,120*
2006 Int'l Sweeper (361)	*16Veh# 356*	4					195,075	*195,075*
Public Services-Streets Total			**301,083**	**522,424**	**436,350**	**100,515**	**195,075**	***1,555,447***
Tax Assessor								
2002 Dodge Stratus	*12Veh# 4*	2		20,000				*20,000*
Tax Assessor Total				**20,000**				***20,000***
GRAND TOTAL			**728,875**	**1,427,845**	**936,938**	**689,201**	**310,957**	***4,093,816***