LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE

A G E N D A

January 24, 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 (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. Review of Council Memberships *(Tabled by Committee on 12/13/10)*

3. Statistics on Residency of City of Dover Employees

4. Review of City Reserves and Policy Requirements

5. 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.

ACTION FORM

PROCEEDING: Legislative, Finance, and Administration Committee	**AGENDA OF:** 01-24-2011
DEPARTMENT OF ORIGIN: City Council	**DATE SUBMITTED**: 12-01-2010
PREPARED BY: Traci A. McDowell, City Clerk	
SUBJECT: Review of Subscriptions and Memberships - Council's Budget	
REFERENCE:	
RELATED PROJECT: N/A	
APPROVALS: N/A	
EXHIBITS:	
EXPENDITURE REQUIRED: $11,198 (estimate)	**AMOUNT BUDGETED**: $12,198
FUNDING SOURCE (Dept./Page in CIP & Budget): 110-1200-512.30-27	
TIMETABLE: Consideration by City Council on 02-14-2011	
RECOMMENDED ACTION: (If Council wishes to continue memberships) Authorize the City Clerk to include membership dues in the FY2011/12 City Council Budget.	

BACKGROUND AND ANALYSIS

There are certain membership dues included in Council's budget. Once they are approved through the budget process, staff processes the payments as renewals are submitted. Since these expenses are reflected in Council's budget, it has been suggested that the expenditures be reviewed and approved for continued membership.

For Fiscal Year 2010/2011, City Council's budget included $12,198 for subscriptions and dues. This amount is based on the previous year's costs or, when provided, a cost adjustment. The specific membership dues for this Fiscal Year are as follows:

League of Local Governments - Annual Membership Renewal	-	$6,000
National League of Cities - Annual Membership Renewal	-	3,258
Delaware State Chamber of Commerce	-	856
Central Delaware Chamber of Commerce	-	875
Miscellaneous (Magazine Subscriptions, etc.)	-	200
Total		$11,198

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EXCERPT - LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE MEETING OF DECEMBER 13, 2010

Review of Council Memberships

Members were advised that certain memberships are included in Council's budget and that, once these memberships are approved through the budget process, payments are processed as renewals are submitted. Since these expenses are reflected in Council's budget, it was suggested that the expenditures for continued membership be reviewed and approved.

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Mr. McGiffin advised members that overtly political communications are sometimes received during the budget preparation and election "seasons" and relayed his concerns regarding the utilization of tax dollars for membership dues to organizations that engage in political activity. He suggested that members be thoughtful and deliberative in determining which organizations Council will join, particularly when tax dollars are used to pay dues. Mr. McGiffin recommended that Council not pay membership dues to the Delaware State Chamber of Commerce (DSCC) and the Central Delaware Chamber of Commerce (CDCC) due to his feeling that these organizations are increasingly involved in political activities. He suggested the possibility of Council resigning immediately from these organizations and requesting a pro rata refund of dues already paid.

Mr. Ruane referred to relevant emails and other notices provided to members (***Attachment #1***) and indicated his concurrence with Mr. McGiffin's concerns. He stated that City funds should be used only for those memberships that are truly beneficial to the advancement of the causes for which the City and its government were established to accomplish.

Mr. Bonar reminded members that the City has a long history of involvement and participation with the CDCC and local Chambers of Commerce at a variety of levels. He noted that the late Mayor Crawford Carroll was one of the main proponents of City and Chamber interaction. Due to the associations developed between the members of the Chambers, City Council, and City government, many business activities have transpired in the City which have been beneficial to the City's tax base and citizens. It was Mr. Bonar's hope that the City would continue to maintain membership with these organizations so that integral resources can be developed and interactions can be fostered between City government and the business community. However, he recommended that the City remind the Chambers that the City's participation is voluntary and that the City does not condone involvement in political activities.

Council President Hogan relayed his concerns with the emails sent which encourage individuals to express their disagreements with the City. It was his opinion that these organizations were actively recruiting and working against the City of Dover. He stated his opposition to paying tax dollars to organizations that are working against the City in this manner.

Mr. Leary voiced his support of the organizations and the benefits of membership. He suggested that members continue to authorize the City Clerk to include these memberships dues in the upcoming proposed budget, which would allow members the opportunity for further review during the budget process. In the meantime, he suggested that an outreach effort be made to resolve any problems the City may have with the organizations involved.

Responding to Mr. McGiffin, Mr. DePrima advised members of the benefits offered by the CDCC, such as leadership programs, the Mayor's attendance at Board Meetings, etc. He was not aware that the City was a member of the State's Chamber of Commerce. Mr. DePrima stated that the Delaware League of Local Governments (DLLG) provides a variety of services to members, including educational and other information, lobbying, monthly educational meetings, etc. He was not aware of any local issues involving the National League of Cities (NLC); however, it was noted that some members of Council attend the NLC annual convention.

In response to Mr. Bonar, Mr. DePrima stated his feeling that there was not much collaboration from the CDCC during the budget hearings; however, he advised members that the Chamber offered to meet with City staff to assist in budget development. He stated that a meeting was held with the Executive Director and President to determine how the City could allow for better public participation through the budget process. As a result, the Chamber will create an expert advisory committee that will work with City staff in the preparation of the City's budget.

Dr. Jones suggested the possibility of staff contacting representatives of the CDCC to voice the concerns of the City prior to severing the relationship. Responding, Mr. DePrima stated that when he met with the CDCC Executive Director and President, he mentioned that there were concerns and assured them that they would have an opportunity to address members; however, since he was not aware that this matter was scheduled for this meeting, they were not contacted nor invited to provide input.

Dr. Joel Halpern, member of the CDCC, advised members of the many benefits provided by the organization, which serves as a voice for businesses and is instrumental in bringing businesses to the community.

Mayor Carey felt it important for the City to continue memberships with these organizations and mentioned some of the various benefits provided to the City in this regard, noting that the City receives information regarding current issues.

Mr. McGiffin moved to recommend that the matter be tabled to allow the opportunity for the Central Delaware Chamber of Commerce (CDCC) and other organizations to address members regarding the benefits of membership, seconded by Mr. Salters and unanimously carried.

Mr. Leary requested that staff reach out to the organizations involved and provide them the opportunity to address members to explain the benefits of memberships.

City of Dover

CDCC & City:

Common goal – to develop and maintain a healthy economic environment for businesses and to provide employment opportunities to the residents of central Delaware which includes the City of Dover.

Joint Projects:

First Friday's

Downtown Partnership/Main Street – activities, workshops, seminars

Diplomatic Training Facilities

Leadership Central Delaware

DAFB – Abilene Award

Served on the Comprehensive Economic Development Strategy Committee

Kent County Is Open for Business

Transportation Plan for Kent County – Project Priority List

Lobbying for State Funds – road repairs & projects - (South Governor's Avenue Association)

Caroling on the Green

Mayor's Monthly Report to the CDCC Board of Directors

Issues Addressed:

Business License Fee Increases

Property Tax Increases

Business Redistricting

The CDCC is:

The voice of the business community.

A resource for the City to provide a direct connection to the business community.

A supporter of the City when the State and Federal Governments propose mandates on municipal entities.

A driver for economic development and job creation!

When membership ceases:

City will not receive the Chamber Connection Newspaper, enews, broadcast emails, monthly mailings, invitations to events – Awards for Excellence Dinner, Legislative Luncheon, Military Affaire, Milcon Breakfast, Sunset Business Mixers, Power Networking Sessions, Seminars, Bluesuiters, ASH Tournament, 55 + Expo, Christmas Party, etc.

As non- members, the City will not be able to participate in Sunset Business Mixers, Power Networking Sessions, Member to Member Expo or the Leadership Central Delaware Program.

Events they do attend they would have to pay the non-member rate.

Events Attended 2009 – 2010

Legislative Luncheon

Bluesuiters

Awards for Excellence Dinner

Milcon

Christmas Party

LCD Participant

DELAWARE STATE CHAMBER OF COMMERCE

Investment in Membership - Presentation

- **Membership Rolls**
  - DSCC Kent County Members
    - 88 Organizations/Companies
    - 9,202 employees as of 1/18/2011
- **Membership Annual Activities in Kent County**
  - DSCC Legislative Lunch Sessions
    - Manufacturing Conference & Legislative Brunch – **April 6** at the Sheraton Dover Hotel
    - End-of-Session Brunch – **June 15** at Dover Downs Hotel & Casino
- **Networking / Mixer Events**
  - DSCC Morning and Evening Mixers
    - Scheduled for each county throughout the year
- **DSCC Lobbyist on Staff**
  - Maintains constant relationship with Business and Legislature throughout the year.
- **DSCC Sr Membership Associate**
  - Primary focus is Kent and Sussex County
  - Establishing an “Ambassador Committee” for the County Members in 2011

MEMORANDUM

TO: Anthony DePrima, City Manager

FROM: Kim Hawkins, Human Resources Director

DATE: January 14, 2011

RE: Residency of City of Dover Employees

Based upon the addresses of current City of Dover employees, it was determined that 88 employees or 24% of our employees reside within the City limits. 284 employees or 76% of our workforce live outside of the City limits. The attached chart provides an overview of each city department.

H:Minority Recruiting/Residency

City of Dover Employees
In / Out of City Limits by Department

Department	In City Limits	Out of City Limits	Total Employees	Percentage of Employee Outside of City Limits
City Clerk	2	2	4	50%
Tax Assessor	2	1	3	33%
Fire	3	3	6	50%
Grounds	3	12	15	80%
Library	8	14	22	64%
Recreation	5	5	11	45%
Fire Marshall	2	1	3	33%
Code Enforcement	2	2	4	50%
Planning	2	4	6	67%
Inspections	2	5	7	71%
Economic Dvp	2	1	3	33%
Police Civilian	8	20	28	71%
Police Uniform	16	73	89	82%
Streets	1	9	10	90%
Sanitation	1	12	13	92%
City Manager's Office	2	3	5	60%
Information Technology	0	6	6	100%
Finance	4	4	8	50%
Public Services Admin	2	4	6	67%
Facilities Maintenance	2	10	12	83%
Public Works Engineering	1	4	5	80%
Central Services	1	5	6	83%
Vehicle Maintenance	0	6	6	100%
Customer Service	3	12	15	80%
Human Resources	1	2	3	67%
Water Construction	0	6	6	100%
Water	2	6	8	75%
Wastewater	1	5	6	83%
Water Treatment	0	10	10	100%
Transmission and Distribution	6	18	24	75%
Electric Engineering	2	9	11	82%
Electric Administration	0	4	4	100%
Electric Metering	0	3	3	100%
System Ops	2	3	5	60%
	88	284	373	76%

ACTION FORM

PROCEEDING: Legislative, Finance, & Administration	**AGENDA ITEM NO.: 5**
DEPARTMENT OF ORIGIN: Finance Department	**DATE SUBMITTED**: 1/24/11
PREPARED BY: Donna Mitchell, Controller/Finance Director	
SUBJECT: Review of City Reserves and Policy Requirements	
REFERENCE: N/A	
RELATED PROJECT: N/A	
APPROVALS: Committee & Council	
EXHIBITS: N/A	
EXPENDITURE REQUIRED: **N/A** **AMOUNT BUDGETED**: **FUNDING SOURCE (Dept./Page in CIP & Budget)**:	
TIMETABLE: N/A	
RECOMMENDED ACTION: Acceptance of the reserve analysis	

Attached for review and discussion is the schedule of City reserve account balances as of December 31, 2010. Please note Budget Balances are budgetary amounts as included in the most recent budget amendment for the operating and capital project funds.

Some of the estimated budget balances for the utility capital project funds are higher than the policy requirement, however in most instances this is a result of having a five year CIP Plan and multiple year projects. Therefore the funds this year may be in the plan to be used next year for a multi-year project.

One item that we believe needs discussion is the calculation of the Budget Balance requirement for the Electric Revenue Fund. The policy requirement is for the Budget Balance to equal at least 8% and no greater than 12% of operating revenues. Now that we are utilizing the Power Cost Adjustment to increase/decrease the base revenue, this increase or reduction will be included in the budget balance calculation. This has the potential to create substantial increases or decreases in the budget balance requirement from year to year.

We prefer to keep our cash flow balances levelized for paying vendors and such. This would also assist us in managing funds in years in which the power cost adjustment may not be matched to the year in which the power supply cost was incurred. For example, if last year's power supply came in lower than budget and we put those funds in the reserve for the following year's PCA, but yet the following year the power supply was higher than the prior year it may impact our cash flow requirements.

City of Dover
Schedule of Reserve Accounts
As of December 31, 2010

Reserve Account & Brief Description	Fund	Current Balance	Policy Minimum	Policy Maximum	Comments/Recommendations
Budget Balances		Budget			
In order to meet cash flow needs the	General Fund	$ 2,940,253	$ 2,833,318	$ 4,249,978	Between 8% and 12% of Operating Revenues.*
City maintains a minimum 8% of its	Water Fund	1,641,149	391,942	832,878	Between 8% and 17% of Operating Revenues.*
revenues in the Budget Balance for	Wastewater Fund	1,445,274	293,411	623,498	Between 8% and 17% of Operating Revenues.*
each of the major funds.	Wastewater - Kent County Fees	(1,831,884)	312,830	312,830	Between 8% and 17% of Operating Revenues.*
	Electric Revenue Fund	10,209,168	7,842,549	11,763,823	Between 8% and 12% of Operating Revenues.*
	Total Operating Budget Balances	$ 14,403,960	$ 11,674,050	$ 17,783,006	
*Policy requirement excludes the Beginning Budget Balances. Reflects recent Budget Amendment.					Sum W/WW=(C)$1,254,539, (MN)$998,183, (MX)$1,769,205
Contingency Reserves		Actual			
In order to cover emergencies of a	General Fund	$ 536,993	$ 708,330	N/A	When the Contingency Reserve Balances do not meet
non-recurring nature the City main-	Water Fund	123,782	97,986	N/A	the policy requirement, the practice is to let interest
tains a minimum 2% of its revenues	Wastewater Fund	138,509	73,353	N/A	earnings accumulate in the reserve to get to the
in a Contingency Reserve for each	Electric Revenue Fund (* 1% Policy)	1,048,168	1,000,319	N/A	policy balance unless it's a significant deficiency.
of the operating funds. Electric 1%;	Total Contingency Balances	$ 1,847,452	$ 1,879,986		
Capital Asset/Project Reserves		Actual or (*)Est.			
In order to assist with funding	General Capital Project Fund	$ -	$ -	N/A	No minimum required - pay as you go
capital improvements or purchases	General Capital Asset Replacement	252,246	500,000	N/A	$500,000 min.; $200,000 annual if not met;
the City maintains capital reserves.	Designated for Library Construction	3,243,252	N/A	N/A	No balance requirement;
These reserves are funded by	Designated for Parkland/Recreation	224,356	N/A	N/A	No balance requirement;
annual appropriations, interest	Water Improvement & Ext. Fund (*)	623,431	489,992	N/A	$200,000 plus 10% contingency on projects > $250,000
earnings, non-recurring revenues,	Wastewater Improvement & Ext. Fund (*)	588,068	841,079	N/A	$200,000 plus 10% contingency on projects > $250,000
project reimbursements, or savings	Water Capital Asset Replacement Resv	213,585	500,000	N/A	$500,000 minimum;
generated in current budgets.	Wastewater Capital Asset Repl. Resv	67,064	500,000	N/A	$500,000 minimum;
	Wastewater - Impact Fee Reserve	3,884,230	733,527	N/A	Restricted; Minimum 20% Wastewater Revenues
	Water - Impact Fee Reserve	246,737	979,856	N/A	Restricted; Minimum 20% Water Revenues
	Electric Improvement & Ext. Fund (*)	1,688,861	476,353	N/A	$200,000 plus 10% contingency on projects > $250,000
	Future Capacity Reserve	9,103,739	10,000,000	N/A	Minimum $10 Million; Replenish over 7 years;
	Depreciation Reserve (+ $2 Mil in FY11)	8,092,098	10,000,000	N/A	Minimum $10 Million; Replenish over 7 years;
	Total Capital/Project Reserves	$ 28,227,667	$ 25,020,807		
Other Reserves					
Additional reserve accounts are set up	General - Verizon Reserve	$ 87,639	N/A	N/A	Verizon Franchise Grant
when designated for a specific purpose	Police Criminal Investigation - Donations	$ 15,724	N/A	N/A	Individual/Business donations designated for Police
or to provide for insurance deductibles	Electric - Insurance Deductibles	$ 400,038	$ 350,000	N/A	Minimum $350,000
as required by bond covenants and to	Electric - Rate Stabilization (+$1.3 Mil in FY11)	$ 4,817,301	$ 2,214,264	$ 7,380,880	Minimum of 3%, not to exceed 10% of power supply
assist in stabilizing electric rates due					
to power supply cost fluctuations.					