CITY OF DOVER

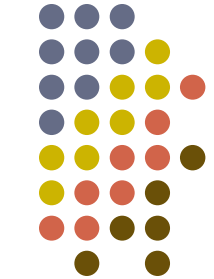
Fiscal Year 2009-2010

Draft Budget Presentation

May 19, 2009

EXHIBIT #1
2009 Budget Hearings
Special Council Meeting of 05/19/2009

Fiscal 2009-2010 Budget



Estimates total operating expenditures of $157.3 million (excludes intrafund transfers & current year balances).

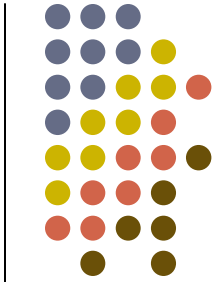
A decrease of .5 % over last year's budget.

Dover Family of Funds

ELECTRIC FUNDS	GENERAL FUNDS	WATER/WASTEWATER FUNDS
OPERATING FUND →	OPERATING FUND →	OPERATING FUND
Contingency For a "rainy day" emergency	**Contingency** For a "rainy day" emergency	**Contingency** For a "rainy day" emergency
Electric I & E Fund Financing of system expansion and improvement	**Governmental Capital Projects Fund** Replacement and expansion (i.e., infrastructure, buildings, etc.)	**Water/Wastewater I & E Fund** Financing of system expansion and improvement
Depreciation Reserve Replenishment of assets		**Capital Assets Reserve** Replacement and expansion (i.e., infrastructure, buildings, etc.)
Future Capacity Financing for system capacity expansion		
Insurance Stabilization Funding of the insurance deductibles		
Rate Stabilization Funding to offset cost of power cost adjustment		

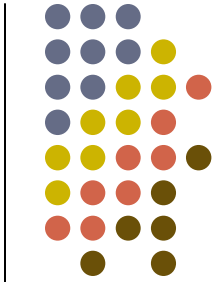

Balance Budget
No Tax Increase
No Electric Rate Increase
No Lay Offs
Meet Fund Balance Requirements
Budget

This Budget Accomplishes…



- Sufficient revenues to pay for expenses.
- Adequate fund balances.
- Maintenance and improvements to our infrastructure.
- Core customer services to citizens.

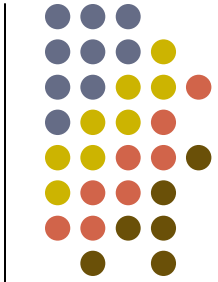
Fiscal 2009-2010 Budget



The budget also reflects Council's strategic priority of customer satisfaction.

- Library project continues
- Water Quality Improvements
- Inflow/Infiltration Abatement
- Electric Infrastructure Improvements
- No tax increases
- No electric rate increase

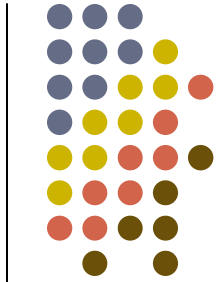
How Do We Accomplish This?



- Bargaining unit staff to take 12 days (8 hours per month) of vacation without pay.
- Non-bargaining staff not receiving pay increases.
- Removed most vehicular and equipment purchases.
- Maintain tax rate at $.33 on assessed values.
- No wastewater rate increases.
- No electric rate increase - transferred $3 million from Rate Stabilization Fund.
- Deferred 3 positions.
- Reduced and deferred most General Fund CIP projects and vehicles.
- Removed all non-essential travel and projects.
- Continued hiring freeze.
- Deferred OPEB funding.

General Fund

Fiscal Year 2009-2010

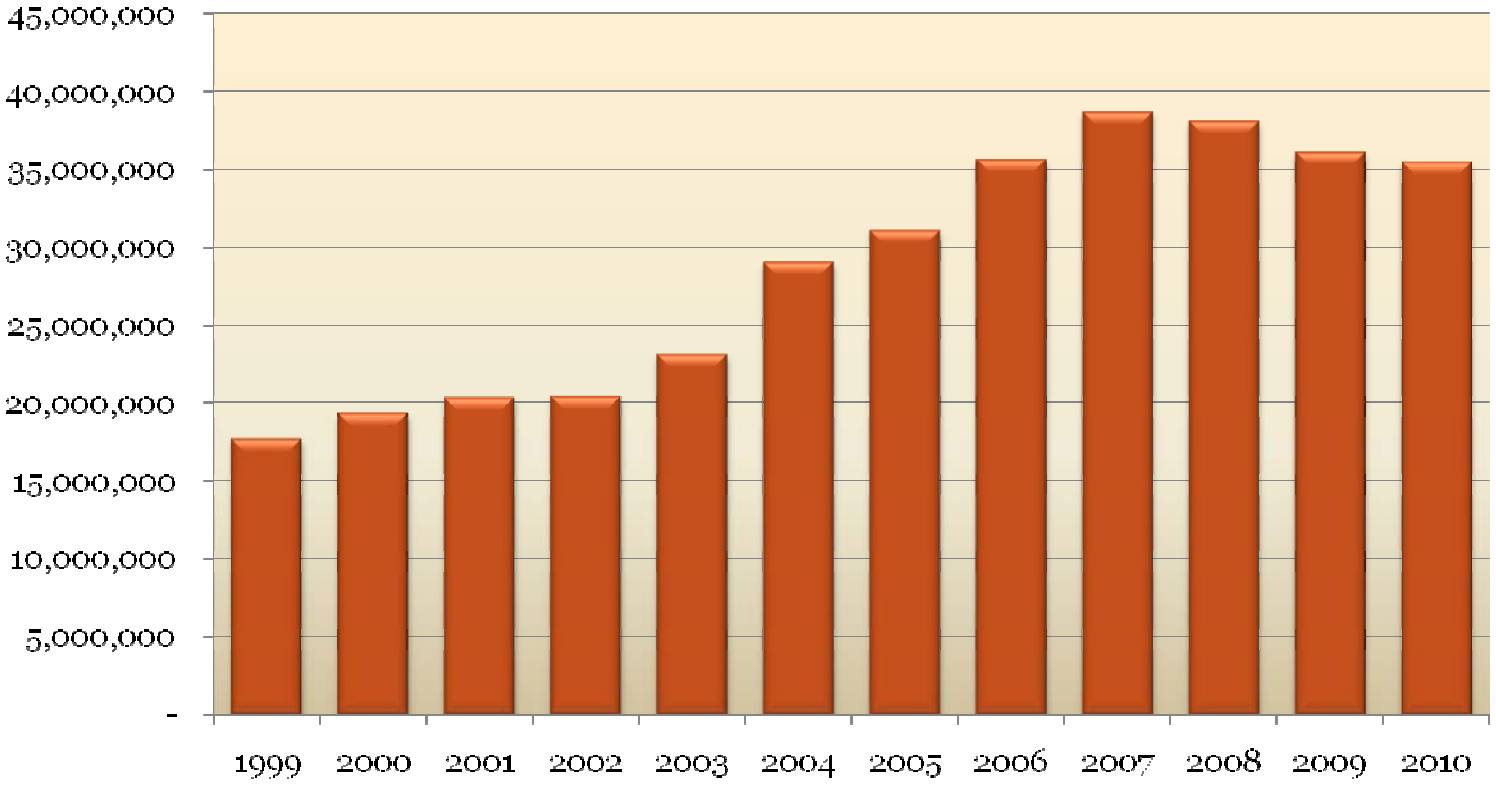


Revenue	$35,428,722
Expense	32,452,006
Balance Carry Forward:	$ 2,976,716 (meets 8% requirement)

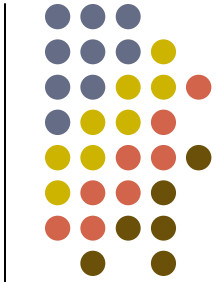
REVENUE INCLUDES:

Prior Year Balance	$2,816,763
Property Tax	10,185,246
Business Licenses	1,430,000
Permits & Other Licenses	904,000
Trash Fees	1,260,000
Court of Chancery Fees	745,000
Appropriation –Water/Wastewater Fund	548,020
Appropriation-Electric Fund	6,758,100
Water Intrafund Service Fees	995,508
Electric Intrafund Service Fees	3,496,400

Total General Fund Revenues

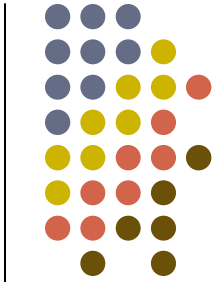


General Fund Expenses
Fiscal Year 2009-2010



- Regional Library - $8.9 million for Fiscal 2010 (reserves/grants).
- 3.5% increase for IUE bargaining unit.
- Health care increase of 6.0%.
- Tax re-assessment continues - $381,500.

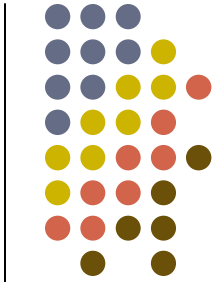
General Fund
Fiscal Year 2009-2010



Where does the money go?

- 54% of the General Fund budget is for personnel services.
- 23% of the budget is spent on Capital projects.
- The remaining 23% is spent for materials, supplies, administrative and other items.

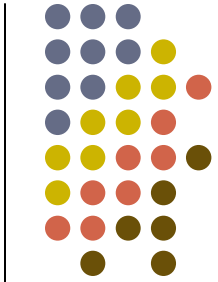
General Fund
Fiscal Year 2009-2010



Top Revenue Streams

Property Tax	$10,185,246
Electric Enterprise Fund Transfer	6,758,100
Intrafund Service Receipts Electric	3,496,400
Business Licenses and Permits	2,334,000
Transfer Tax	1,400,000
Trash Fees	1,260,000
Intrafund Service Receipts Water/Wastewater	1,063,098

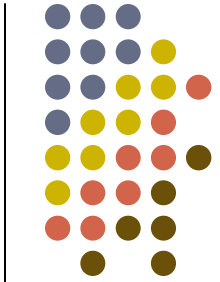
General Fund
Fiscal Year 2009-2010



Top Expenses by Department

Police	$ 12,196,679
Sanitation	2,200,971
Library	1,153,787
Grounds	1,120,535
Facilities Management	1,043,713
Customer Services	896,019
Information Technology	888,782
Streets	858,690
Finance	787,807
Central Services	779,433

General Fund
Fiscal Year 2009-2010



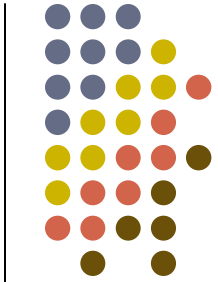
Capital Investment Projects*

Name	Amount	Fund
Library	$8,900,000	Library Reserve/Grants
Street & Alley Program	$1,350,000	General Fund/Community Transportation Fund
Annual Contributions to Robbins Hose	$292,210	General Fund

*Due to revenue shortfalls there are no other CIP projects.

Water/Wastewater Fund

Fiscal Year 2009-2010



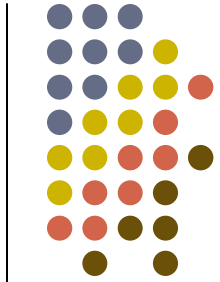
Revenue	$13,247,604
Expense	11,189,157
Water Carry Forward:	$1,121,255
Wastewater Carry Forward:	$ 837,038
KCSA Carry Forward	100,154

** Fund balance requirement met in aggregate.*

Revenue Includes

- No changes in Wastewater rates or KCSA rates
- Water rate reflects 10% increase to rate
- Revenue estimates based on 0% growth

Water/Wastewater Fund Revenue

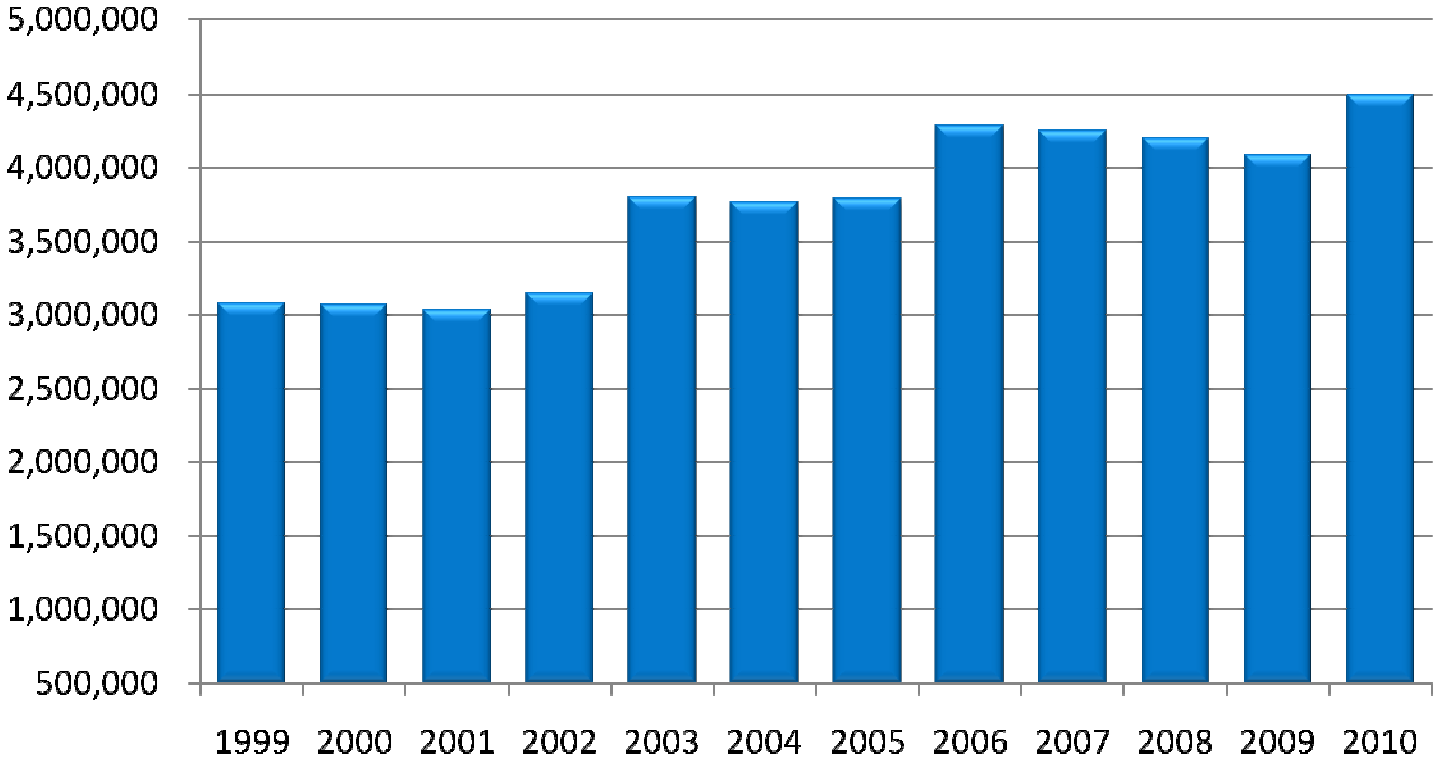


Where does the money go?

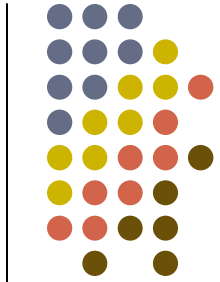
- 14 % for personnel services
- 48% for capital projects
- Remaining 38% for materials/supplies/administrative and other expenses
  - Biggest single expense - Kent County treatment charge

Water/Wastewater Fund

Water Revenue



Water/Wastewater Fund



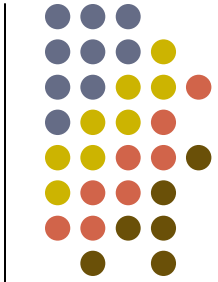
Top Revenue Sources

Water Fees	$4,499,000
Wastewater Adjustment Fees	3,435,390
Wastewater Fees	3,045,460
Sewer Impact Fees	475,000
Water Tank Space Leasing	293,669

Top Expenses

Kent County Treatment Charge	$3,435,430
Water Treatment Plant	1,518,474
Intrafund Service Fees	1,277,394
Wastewater Department	988,455
Engineering & Inspections	701,787
Debt Service - Water	468,013

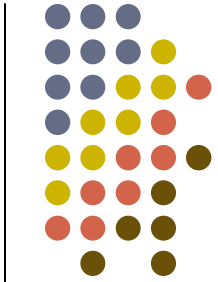
Water/Wastewater Fund



Top Capital Investments Projects

Name	Amount	Fund
US Rt. 13 Sanitary Sewer	$3.4 million	State Loan Fund
Water Quality Improvements	$2.6 million	Water Wastewater Fund/State Loan Fund
Inflow/Infiltration	$1.8 million	State Loan Fund
Tar Ditch Interceptor	$518,230	Sewer Impact Fees
Del. State Pump Station Replacement	$336,400	Bond
Acorn Lane Pump Station Replacement	$336,400	Bond

Water/Wastewater Fund



Future Projected Rate Increases

In order to fund capital projects, State Loans have been issued for $8.3 million and a $15 million bond issue is necessary in Fiscal Year 2011.

This will result in the following proposed rate increases:

	Water	Wastewater
Fiscal Year 2010	10 %	0%
Fiscal Year 2011	10%	10%

Water/Wastewater Fund

Impact of Proposed Rate Increase on Typical Water/Sewer Bill
(7,000 gallons per month)

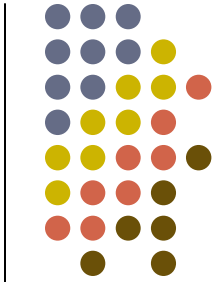
Year	Water $	Sewer $	Monthly $	Annual $
2009 -2010	+1.75	-	+1.75	+21.00
2010 -2011	+1.82	+1.47	+.3.29	+39.48
2-Year Increase	+3.57	+1.47	+5.04	+60.48

Notes:

This assumes no change in the Kent County Sewer Adj. Charge.

This assumes no change to our rate structure.

Did you know that...

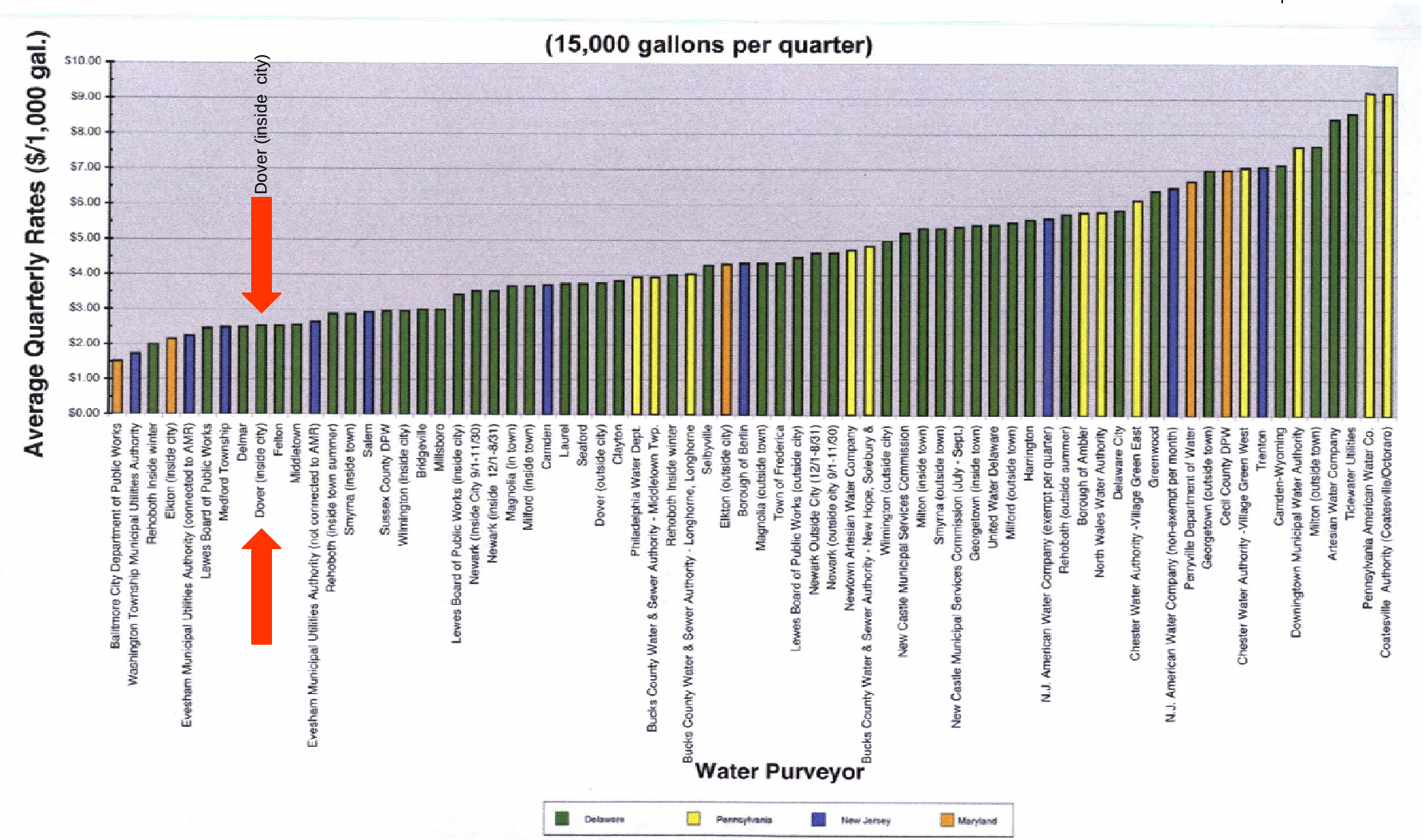


According to University of Delaware IPA report Synthesis of Water Rates in Delaware and Contiguous States, December 2008 . . .

Out of the 29 water providers in Delaware, Dover's new proposed water rate would rank 5th most affordable. Only 4 water providers' rates would be lower than Dover.

Water/Wastewater Fund

Average Quarterly Residential Water Rates*



Source: University of Delaware- Synthesis of Water Rates in Delaware & Contiguous States, December 2008

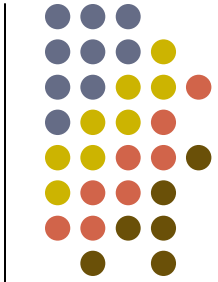
Water/Wastewater Fund

Comparisons

	Water Rates		Sewer Rates	
	Customer/Initial Charge (month)	Rate per 1000 gallons (In City)	Customer/Initial Charge (month)	Rate per 1000 gallons (In City)
City of Dover - Current	$1.25	$2.45	$1.25	$2.10
City of Milford	$3.25	$3.25	$10.00	$2.43
City of New Castle	$7.50	$4.60	-	-
Town of Middletown	$8.50	$2.55	$8.50	$2.55
Town of Smyrna	$10.00 ±	$2.75	$18.94 ±	$6.00
Tidewater Utilities	$14.76	$5.65	n/a	n/a
Artesian Water	$11.56	$5.89	n/a	$75.00 Flat Rate
Proposed 2010	$1.25	$2.70	$1.25	$2.10
Proposed 2011	$1.25	$2.92	$1.25	$2.31

Electric Fund

Fiscal Year 2009-2010



Revenue	$111,623,878
Expense	102,931,181
Balance Carry Forward:	$ 8,692,697 (meets 8% requirement)

Revenue Includes

- Transfer from rate stabilization reserve to avoid rate increase.
- Miscellaneous Service revenue of $1,051,184.
- Emission sales credits of $274,000.

Fiscal Year 2009-2010

Electric Fund

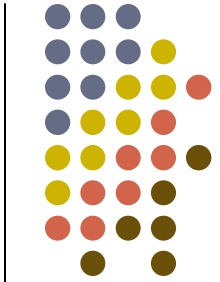
Expenses

- Power supply costs projected to increase 6.6% without Rate Stabilization credit.

	2008/09 REVISED	2009/10 BUDGET	%CHANGE 2009/10
EXPENSES:			
POWER SUPPLY	63,410,077	55,619,481	-12.3%
POWER SUPPLY MANAGEMENT	3,088,808	3,000,000	-2.9%
PJM CHARGES - LOAD	3,510,195	13,943,413	297.2%
CAPACITY CHARGES	10,692,738	13,469,528	26.0%
RATE STABILIZATION CREDIT	-	(3,000,000)	
SUB-TOTAL POWER SUPPLY	**80,701,818**	**83,032,422**	2.9%

- Rate Stabilization credit equals $3 million.
- Power plant costs expected to decrease 2%.
- Transfer $2.5 million to the Electric Capital Projects Fund.

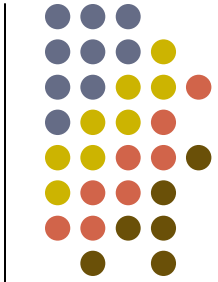
Electric Fund



Where does the money go?

- 72% for power supply related expenses.
- 5% for capital projects.
- Remaining 23% for personnel services, material and supplies, and other administrative expenses.

Electric Fund



Top Revenue Sources

Direct Sales to Customers	$99,533,042
Utility Tax	1,781,500
Miscellaneous Revenue	1,051,184

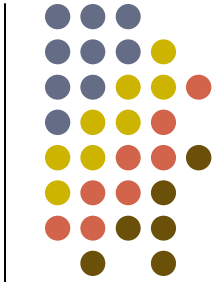
Top Expenses

Purchase Power	$83,032,422
Transfer to General Fund	6,758,100
Powerplant	5,798,710
Debt Service	3,956,600
Intrafund Service Fees	3,496,400
Transmission & Distribution Fees	3,351,795

Electric Fund

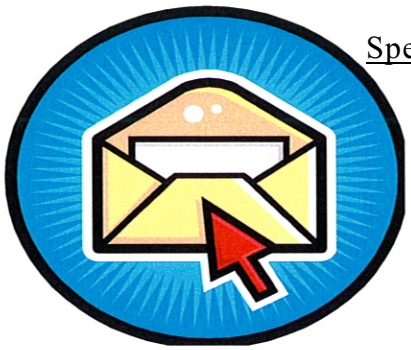
Top Capital Investments Projects

Name	Amount	Fund
Mid City Substation	$1,593,461	Electric Bond
Distribution System Upgrades	$1,154,000	Electric Bond/Electric Fund
New Development Upgrades	$831,000	Improvement and Extension Fund
VanSant CT Mark IV Upgrades	$700,000	Electric Bond



Questions?

EXHIBIT #2
2009 Budget Hearings
Special Council Meeting of 05/19/2009



CORRESPONDENCE REGARDING THE 2009/2010 BUDGET, RECEIVED FROM:

John Sisson, Water Production -	Received May 6, 2009
Jason A. Lyons, Civil Engineer 1 -	Received May 14, 2009
Richard L. Gardner, Line Crew Foreman -	Received May 15, 2009
William P. McGlumphy, 2nd District Councilman -	Received May 15, 2009

5/19/09

May 6, 2009

RECEIVED
MAY 06 2009
OFFICE OF THE CITY CLERK

Members of City Council
c/o City Clerk's Office
City of Dover
City Hall - The Plaza
P.O. Box 475
Dover, DE 19903

Council Members:

As a public servant to the residents of the City of Dover I feel compelled to bring to your attention my feelings concerning one of the many measures that may be proposed to you in an effort to balance the 2009 Fiscal Year Budget. It is not my intent to detract from or minimize the importance or impact of any of these carefully constructed measures. I only wish to share with you a concern for an avoidable pitfall that could affect the quality of service we are able to provide our community. A pitfall made up of little more than appearance.

It has come to my attention that a proposal will be made to "…cut hours for bargaining employees by eight hours per month…" However harsh this measure may seem it successfully avoids the need for layoffs. The other half of this proposal however appears inequitable and unfair in that non-bargaining employees are not being required to take time off without pay. It is this disparity that concerns me. Based on my past experience, having come up through the ranks of bargaining employees, I feel this could easily be perceived as "special treatment" or "the worker making the majority of the sacrifice". It is my duty as a supervisor to minimize any decline in morale and the possible effect this could have on the services we provide. To accomplish this and avoid a potential rift between bargaining and non-bargaining employees I propose both bargaining and non-bargaining employees make the same sacrifice: "…cut hours…by eight hours per month…wage increases will be honored." Though I am sure I don't have all the facts and figures, from a layman's point of view the savings look comparable, and from the bargaining employee's point of view: non-bargaining employees will be seen taking the same "time off without pay" therefore making the same sacrifice and hopefully the bargaining employee will feel confident they are not carrying the full burden alone.

Without a doubt, surviving our nation's financial crisis will require sacrifice.
Without a doubt, together we can make the sacrifices necessary to get through these hard times.
This is the message we need to convey.

Respectfully,

John Sisson
City of Dover
Water Production

TO: City Manager, Mayor of Dover, City Council
FROM: Jason A. Lyon, Civil Engineer I
SUBJECT: Proposed Salary Freeze for Non-Bargaining Employees
DATE: May 14, 2009

As a City of Dover employee for over 18 months, I would like to say that I am grateful for this job, and I appreciate the opportunity to help the citizens of Dover as a Civil Engineer in the Public Utilities Department. I would also like to commend all the employees that have worked on developing a budget for fiscal year 2010, in the current economic climate this was truly a demanding task. The purpose of this letter is to inform you of the impact that the above referenced proposal will have on the City of Dover non-bargaining employees.

I am fully aware that non-bargaining employees are not represented by a union, and the other unionized employees (IBEW and IUE) have negotiated their raises long before this recession, which guaranteed an annual raise of 3.5% to 4%. However, I believe that we should still maintain the salary margins, in other words, have everyone contribute the same percentage of his/her salary to help the City of Dover out in this situation. The City of Dover has spent a lot of time and money researching the parity between all employees, that being said, the current proposal to alleviate the financial shortfall is not shared fairly between the union employees and the non-bargaining personnel.

The following chart depicts the average hourly wage ($26.37) of a non-bargaining employee, in fiscal year 2009. To review, the "Union Proposal" for Fiscal Year 2010 calls for the scheduled raise (3.5% or 4.0%) with a day per month being unpaid vacation. The "Non-Bargaining Proposal" for Fiscal Year 2010 calls for the employee to maintain his/her hourly rate, without the day per month unpaid vacation. The effect of each scenario is outlined below.

Union Proposal	**FY 2009**	**FY 2010**	**FY 2011***	**FY 2012***
Hourly Wage	$26.37	$27.29	$28.25	$29.24
Yearly Salary	$54,849.60	$54,143.36†	$58,756.26	$60,812.73
Non-Bargaining Proposal	**FY 2009**	**FY 2010**	**FY 2011***	**FY 2012***
Hourly Wage	$26.37	$26.37	$27.29	$28.25
Yearly Salary	$54,849.60	$54,849.60	$56,769.34	58,756.26

Hourly wage is increased by 3.5% in each scenario

*=assuming the economy rebounds, and yearly raises continue at 3.5%

†=Based on proposed 1,984 hours of work

After reviewing the chart, one can arrive at two conclusions. First, if the non-bargaining employee would use the "Union Proposal", he or she would not be paid, on average, $706.24 in Fiscal Year 2010, and considering that the City of Dover has 89 employees that are non-bargaining, this could save the City of Dover roughly $62,855.36, which would certainly help the financial shortfall. Secondly, a non-bargaining employee would not receive, on average, $2,056.47 over a two year period because he/she did not receive a raise under the "Non-Bargaining Proposal". If one would extrapolate that over 25

May 15, 2009

Mayor Carey and
Members of City Council

RE: Inequitable Compensation

Dear Mayor and Members of Council:

Allow me to provide some of my history with the City of Dover. I was hired as an electrical tree trimmer on February 14, 1985. I later applied and was hired as a Third Class Line Worker in the Transmission & Distribution Division. After completing a four (4) year apprenticeship, I was one of the first two recognized Journeyman Electrical Line Workers in the State of Delaware. I served as a Shop Steward with the IBEW and later became Chairman for Dover's IBEW. After attending several years of night classes at DelTech, I applied and was offered the Line Crew Foreman's position. During the acceptance of the position I learned that the position I had applied for was previously held by two (2) Line Crew Foreman positions. I accepted graciously and enjoy my job ever day and am very grateful to work for the City of Dover.

Like everyone else, I know the City is facing tough economic times and we all must act together to get through this period. I would like to express my opinion on what I believe to be fair for the non-bargaining members of the City of Dover's workforce.

The City has spent much time, energy, and money on the MAG study. Many of us have worked extremely hard to uphold our end of responsibilities and goals. I believe those people, whom are deserving of, should receive a pay increase, just as bargain groups are receiving. If not through the PFP system, then at least follow last year's precedence with an "across the board" pay increase, and let non-bargaining employees participate in the one (1) day a month furlough for as much time as it take to off-set the increase. By doing so, it will maintain the salary margins between bargaining and non-bargaining positions.

I will have reached my twenty-five (25) years of service before the 2010 budget year comes to an end. With that being said, a zero percent increase, coupled by last year's across the board pay increase, will affect the financial status years beyond this economic period. The bargaining groups have been advised that the salary increases will be calculated into their pensions even though they are to be offset by unpaid time off. It's very clear that non-bargaining employees suffer greater consequences with no increases.

Respectfully submitted,

Richard L. Gardner

Richard L. Gardner

Rollison, Rebecca M.

From: William P. McGlumphy [wpmcglumphy@gmail.com]
Sent: Friday, May 15, 2009 11:22 AM
To: McDowell, Traci; City Clerks Office
Cc: Carey Sr., Carleton; DePrima, Tony; Tieman, Terry; Mitchell, Donna
Subject: RE: Correspondence Regarding Pay Freeze for Non-Bargaining Employees

Traci,

I, along with members of Council share the same concerns with Mr. Lyon; however, I believe that the overall picture is somewhat clouded.

I would encourage Mr. Lyons as well as other employees, to contact our City Manager, Tony DePrima, for additional information related to any concern that an individual may have regarding the FY 2010 budget, Perhaps, with a little more light shed on the concern, employees may have a better understanding of the difficulties encountered by the City Manager and his budget team in shaping this year's budget, After all, it is the City Manager's budget and who better to explain the reasoning behind the cuts and increases as well as various contracts agreed upon years ago.

Overall, I firmly believe that the City Manager and the budget team has delivered what was requested from him by Council, no increase in taxes or electric rates as well as holding to the FY 2009 budget parameters. The City Manager put together a budget that accomplishes this in stressful economic times adhering to Council's wishes of NO Layoffs! Mr. DePrima and the budget team are to be commended for a valiant effort. I, personally have requested information related to concerns that I too shared over the past few months, and while I may not like the responses, I believe the City Manager and team have been forthright in their assessments to shape this budget as requested by Council.

Bill McGlumphy

Traci, pleases see that Mr. Lyons receives this as well as Mr. Sisson who sent correspondence earlier.

From: McDowell, Traci [mailto:tmcdowell@dover.de.us]
Sent: Thursday, May 14, 2009 5:03 PM
To: City Clerks Office
Subject: Correspondence Regarding Pay Freeze for Non-Bargaining Employees

Attached, please find a letter from Jason Lyon, Civil Engineer with Public Utilities, regarding the proposed pay freeze for non-bargaining employees.

Traci A. McDowell, CMC
City Clerk
City of Dover
e-mail: tmcdowell@dover.de.us
Ph: 736-7009
Fax: 736-5068

E-mail sent to Mayor, Council, and City Manager

EXHIBIT #3
2009 Budget Hearings
Special Council Meeting of 05/19/2009

Memorandum

Office of the City Manager
P.O. Box 475
Dover, DE 19903
Phone: (302) 736-7005
FAX: (302) 736-7002
E-mail: tdeprima@dover.de.us

To: Mayor and Council

From: Teresa Tieman, Senior City Administrator

Date: May 14, 2009

Subject: Updated Budget Summary Pages

Attached please find updated pages of the Budget Summary section of the Fiscal Year 2009-2010 Draft Budget.

We apologize for any inconvenience this may have caused.

Thank you.

CITY OF DOVER
PROPERTY ASSESSMENT PROJECT

ASSESSED VALUE AS OF DECEMBER 31, 2008	$ 2,888,229,880.00
Additional assessed valuation for new construction	$ 6,724,400.00
Previous and current building permits/Certificate's of Occupancy	$ (380,200.00)
Appeals (includes pending)	$ -
TOTAL ASSESSED VALUE	$ 2,894,574,080.00

PROJECTED PROPERTY TAX RECEIPTS
ACCRUAL METHOD OF ACCOUNTING
7/01/09 - 6/30/10

Using a tax of $0.33 per $100 of assessment, the estimated gross 7/01/10 billing will be	$ 9,552,094.46
Penalties	$ 70,000.00
Estimated Quarterly Billing	$ 85,800.00
PROJECTED PROPERTY TAX RECEIPT SUBTOTAL	**$ 9,707,894.46**
Pay In Lieu of Taxes	
Luther Towers $15,024; State of Delaware $353,759; Dover Housing $58,169; St. Andrews $400	$ 427,352.00
Farmland Roll Back Taxes	$ 50,000.00
PROJECTED PROPERTY TAX RECEIPTS FOR FY 2009	**$ 10,185,246.46**
$0.01 of tax rate equates to $289,457	
PROJECTED DOVER REALTY TRANSFER TAX RECEIPTS	$ 1,400,000.00

GENERAL FUND
BUDGET SUMMARY
FISCAL YEAR 2009- 2010

ORIGIN, PURPOSE, AND ISSUES

The General Fund is the operating fund of the City and is used to account for all revenues and expenditures accounted for in the designated funds. This fund contains those City departments that provide traditional municipal services but do not generate sufficient fee-for-service revenues to be self-supporting and are, therefore, financed principally by various tax liens and non-specific fund transfers. The variety and diversity of the departments included in the fund results in the title – General. The General Fund receives fees under Intrafund Service Receipts. Allocations are based on documented calculations for services rendered.

REVENUE HIGHLIGHTS

General fund revenues, as a whole, are projected to decrease ($-987,806) from the FISCAL YEAR 2009 Original Budget, however, they are projected to increase by $789,933 from the Revised FISCAL YEAR 2009 Budget. This is due to a $620,000 Police pension grant shown for the first time in FISCAL YEAR 2010. In the past we have recorded the receipt of the State Police Pension Grants directly in the pension fund. The City's auditors have requested this receipt be recorded in the General Fund with an offsetting transfer to the Police Pension Fund. In general, revenue is projected to remain flat until there is improvement in the current economic situation.

- Property taxes are valued at 100% of appraised value. The tax rate used for Fiscal Year 2010 remains at $.33 for every $100 of assessed value. Property values were reassessed in Fiscal Year 2005. City Council set the Fiscal Year 2006 rate at $.33 per $100 of assessed value. Assessed value is projected to be $2.9 billion. Property tax revenues are projected to increase 1.8% or $187,782. This increase is attributed to growth.

- Transfer tax revenues for Fiscal Year 2009 were revised downward during the Mid-Year Review by $1.25 million. Fiscal Year 2010 revenue has been maintained at the revised Fiscal Year 2009 estimate of $1.4 millon.

- Fines and Police revenue will increase slightly by $54,000 to $620,000; however, this is offset by a decrease in 911 Fee revenue of $19,000 to $45,000. Police Extra Duty revenue is also projected downward by $93,169 to $300,000.

- Business License revenue is projected to increase by 3.2% or $45,000 to $1,430,000. Permits and other licenses are projected downward to decrease 18.2% or $200,500 to $904,000.

- Recreation revenue is projected to decrease $8,500 due to an anticipated decrease in sponsors for league play. Total revenue for Fiscal Year 2010 is projected to be $141,500.

- Civil Traffic Penalties are tracking as budgeted in Fiscal Year 2009 at $500,000. Fiscal Year 2010 has been budgeted to increase $200,000 to $700,000 due to an additional traffic camera scheduled for installation on Scarborough Road.

- Transfers from the Water/Wastewater Fund ($548,020) represent 4.5% of Water/Wastewater Fund revenues. The Electric transfer ($6,758,100) represents approximately 6.5% of Electric Fund revenues. Financial polices allow transfers of up to 8% of utility fund revenues. These transfers are viewed as returns on our taxpayers' investment in the utilities. They serve to keep taxes low.

- The Fiscal Year 2009 revised carry-forward balance exceeds the 8% minimum balance requirement by $268,000. In the Fiscal Year 2010 proposed budget, the carry-forward balance meets the necessary 8% fund balance minimum.

- The Contingency Fund balance equals $645,254 and meets the minimum 2% of operating revenues.

The General Fund is financed principally by various tax liens, franchise taxes, license and permit fees, fines, fund transfers, and miscellaneous revenue sources. Taxes are the largest single source of revenue for the General Fund. Property taxes and transfer taxes are 35.6% of the General Fund's revenue. Fees and fines make up 35.1% of the revenue in the General Fund. This consists of police fines, business licenses and permits, and the Intrafund Service Fees. Transfers from other funds contribute 24.8% of revenue to the General Fund. These transfers are from the Electric Revenue Fund, the Water/Wastewater Fund, Municipal Street Aid, and Civil Traffic Penalties.

Total operating revenues equal $35.5 million. This represents a 1.8% decrease from Fiscal Year 2009 revised estimates. Revenues, excluding prior year balances, are projected to increase 2.4% over Fiscal Year 2009 revenues. We propose to carry $2.8 million into Fiscal Year 2010 as a beginning balance. The Fiscal Year 2010 Fund Balance exceeds the required 8% by $ 417,000. This amount may be needed to settle the FOP contract and to offset any revenue that does not come in as budgeted.

OPERATING EXPENSE HIGHLIGHTS

- Increased costs are budgeted citywide for health care. Base rates for health care rose approximately 6%.

- This year the City will not fund Other Post Retirement Benefits (OPEB) due to the current downturn in revenue. Funding has been deferred one year.

- Pension rates as a percentage of salary are 28.35%. Our lump sum contribution to the police pension plan remains at $95,000.

- The IUE and IBEW bargaining units are budgeted for 3.5% and 4 % increases respectively as per their contracts. Currently, the FOP contract is being negotiated. No increase is budgeted. The current budget includes 12 days of vacation with no pay for all bargaining groups. These measures were necessary to balance the budget and to avoid layoffs.

- There is no increase budgeted citywide for non-bargaining employees. Again, these measures were necessary to balance the budget and to avoid layoffs.

- There is $381,500 budgeted to continue the tax re-assessment, as mandated by City Code and Charter.

- There is a reclassification/upgrade/promotion for one non-bargaining position in the General Fund. This change is to upgrade the Records Management Coordinator (PAS Grade 111) in the City Clerk's Office to

an Administrative Assistant (PAS Grade 112). This classification better fits the position responsibilities and is projected to cost $1,633.

- Attrition has been budgeted in larger departments. This was accomplished by reducing salaries by 1 – 2% percent.

- A transfer of $344,802 has been budgeted for transfer to the Governmental Capital Projects Fund for the Streets Program and the annual contribution to the Fire Department.

In order to balance this budget, drastic measures were taken. More than $2.4 million was eliminated in order to balance the General Fund. All departments were held to Fiscal Year 2009 budget levels for materials and supplies and administrative expenses with the exception of computer equipment and items deemed strategic or necessary. The computer hardware replacement schedule was reinstated after deferring it last year.

All budgets were reviewed and the following reductions were made, where possible.

- Over $1.8 million dollars in capital projects deferred.
- Three new positions were deferred ($87,647).
- Specific operating line items were further reduced ($121,229)
- Hiring freeze continues.
- The transfer to the capital asset reserve was not made ($200,000).
- OPEB contributions were deferred one year ($374,793).
- Terminal leave was not budgeted for retirees unless their position was deemed mission critical ($155,777).
- Bargaining units will be required to take the equivalent of 12 days without pay. This equals a 4.6% reduction in salary expenses or $481,922.
- Non-bargaining members will not be receiving an increase in salary ($531,356).
- All vehicle purchases have been deferred.
- Street and Concrete programs have been reduced to $350,000.

The Fire Department payment and the new Library Project are the only substantial capital projects. Other minor projects that will be funded are replacing server equipment and a copier at the Police Department. The Information Technology is also replacing a server.

MAJOR GENERAL FUND CAPITAL PROJECTS FOR FISCAL YEAR 2010

In Fiscal Year 2007, Council approved the creation of the Governmental Capital Projects Fund. This fund was established for the purpose of Governmental Fund asset, construction and procurements. Optimally, the amount set aside for future asset replacements should equal the annual depreciation of the current assets. All capital projects for the General Fund will be budgeted in this fund.

Appropriations for projects included in this fund are received from the General Fund and /or debt proceeds for each fiscal year's Capital Investment Plan, grants, donations and reserves. The City will also appropriate non-recurring revenues, project savings, and project reimbursements to fund this account, or if the balance is less than the $500,000 minimum, $200,000 per annum until such time the minimum is replenished. All vehicle and equipment purchases under $25,000 will be budgeted on a pay as you go basis. It should be noted that a $200,000 transfer was not made for Fiscal Year 2010 due to current economic conditions.

- Implementation of the new library project - $8.9 million includes $4.0 million from a State Grant and $4.9 from a Library bond issue and contributions. Working design plans are scheduled to be completed in Fiscal Year 2010 and construction is planned to begin in spring 2010.

- The Fiscal Year 2010 contribution to Robbins Hose Company includes payments for capital equipment of $92,910 and $136,970 for the purchase of Engine 2.

- The Street and Alley Program for Fiscal Year 2010 will rehabilitate a portion of the City's street and alley network at an estimated cost of $1.3 million. The City's contribution from the General Fund is budgeted at $350,000 with $1 million of funding from the Community Transportation Fund.

- Citywide vehicle and equipment replacements have been deferred for Fiscal Year 2010.

- The following Capital Investment Projects were deferred due to budget constraints
  - Customer Notification by E-IVR - $30,000 (Customer Services)
  - Creditron Remittance Processor Upgrade - $30,000 (Customer Services)
  - Fleet Maintenance System - $58,000 (Vehicle Maintenance)
  - Space Needs Study Implementation - $115,000 (Facilities Management)
  - 10K Forklift - $25,000 (Central Services)
  - GIS Infrastructure and Mobile Solutions - $18,000 (Public Services Admin)
  - GPS Tracking of City Fleet - $19,125 (Information Technology)
  - IT Long Range Planning Process - $65,000 (Information Technology)
  - On-line bill presentment with on-line and IVR payment options - $156,000 (Information Technology)
  - Expand Document Imaging Functionality - $112,580 (Information Technology)
  - Street and Alley Program - $400,000 – (Streets)
  - Concrete Construction & Replacement Program - $75,000 – (Streets)
  - Silver Lake Revitalization Project – $250,000 (Streets)
  - In Car Camera Replacement - $40,000 (Police)
  - Splash Pad at Schutte Park - $250,000 (Recreation)
  - Skate Park - $150,000 (Recreation)
  - Park and Playground Improvement Program - $15,000 (Recreation)

GENERAL FUND REVENUES
FISCAL YEAR 2009 -2010

REVENUE TYPE: PROPERTY TAX

CRITICAL ASSUMPTION: Property taxes are valued at 100% of appraised value. The tax rate is $.33 for every $100 of assessed value and remains unchanged. Revenues are projected to increase. We believe this may be due to growth and corrections to our tax records. The amount shown below includes bid tax revenue of $52,692.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$9,557,982	$10,095,737	$10,053,156	$10,237,938	$ 184,782	1.84%

REVENUE TYPE: TRANSFER TAX

CRITICAL ASSUMPTION: Real estate transfer taxes are one and a half percent of real estate transfer prices. They fluctuate with the real estate market. Revenue for Fiscal Year 2009 has been decreased to reflect the current economic recession. Revenues for Fiscal Year 2010 are projected to remain the same as the revised Fiscal Year 2009 revenue projection.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$3,526,187	$2,650,222	$1,400,000	$1,400,000	$ -	0.00%

REVENUE TYPE: INTEREST

CRITICAL ASSUMPTION: This revenue is dependent upon working capital availability and interest rates.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$404,624	$234,000	$234,000	$253,000	$19,000	8.12%

REVENUE TYPE: LICENSE, PERMIT, AND FINES

CRITICAL ASSUMPTION: Business licenses are cyclical with the economy and specifically with construction activity. Business License fees were increased in June 2004. Revenue in Fiscal Year 2009 has been revised downward over original estimates. This adjustment was made to reflect current revenue experience. In Fiscal Year 2010, revenue is projected to increase slightly over Fiscal Year 2009 estimates.

Permit fees are sensitive to the economy with respect to the construction industry and individual property owners' disposable income. Also, collection is a function of enforcement. Most of the permit fees were increased in June 2004. Revenue in Fiscal Year 2009 is expected to decrease from original estimates. Fiscal Year 2009 revenue is expected to decrease 18.2% from revised Fiscal Year 2009 revenue estimates and reflects current economic conditions.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$2,916,748	$2,570,000	$2,489,500	$2,334,000	$(155,500)	-6.25%

REVENUE TYPE: USER FEES AND OTHER

CRITICAL ASSUMPTION: These revenues are directly proportional to usage. Fiscal Year 2009 revenues are expected to decrease over original estimates by $306,065. Revenues for Fiscal Year 2009 are expected to increase due to the addition of a camera at Scarborough Road. This revenue category includes fines and police revenues, library revenues, recreation revenues, trash fees, rent revenues, Court of Chancery Fees, Civil Traffic Penalties, and miscellaneous charges.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$4,639,985	$4,662,098	$4,356,033	$4,593,793	$237,760	5.46%

REVENUE TYPE: GRANTS

CRITICAL ASSUMPTION: Revised revenue estimates for Fiscal Year 2009 are projected to remain the same. In Fiscal Year 2010, grant revenue is expected to increase $631,560. This is the first year the City has recorded the Police Pension Grant ($600,000). This revenue has a corresponding expense. In the past we have recorded the receipt of the State Police Pension Grants directly in the pension fund. The City's auditors have requested this receipt be recorded in the General Fund with an offsetting transfer to the Police Pension Fund, as the City government is the beneficiary of the receipt and not the Police Pension Fund. The City's Police Pension Ordinance requires these receipts to be passed onto the Pension Fund.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$179,764	$102,440	$102,440	$734,000	$631,560	616.52%

REVENUE TYPE: TRANSFERS

CRITICAL ASSUMPTION: Transfers for Fiscal Year 2009 were decreased because monies originally budgeted to be transferred from the Workers Comp Fund were not transferred to the General Fund. Transfers are anticipated to decrease slightly in Fiscal Year 2010. Transfers from the Water/Wastewater Fund ($548,020) represent 4.5% of Water/Wastewater Fund revenues. The Electric transfer ($6,758,100) represents 6.5% of Electric Fund Revenues. The City's financial polices allow transfers of up to 8% of utility fund revenues. These transfers are viewed as returns on our tax payer's investment in the utilities. They serve to keep taxes low.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$7,918,793	$8,133,256	$8,113,174	$8,081,320	$ (31,854)	-0.39%

REVENUE TYPE: FRANCHISE FEES

CRITICAL ASSUMPTION: The City collects a franchise fee from Comcast Cablevision, Verizon and Cavalier each year. Fiscal Year 2009 revenues are projected to remain the same as originally projected. Fiscal Year 2009 revenue is projected to increase.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$462,149	$426,220	$426,220	$486,000	$59,780	14.03%

REVENUE TYPE: INTRAFUND SERVICE RECEIPTS

CRITICAL ASSUMPTION: Beginning in Fiscal Year 2004, all previously classified Intergovernmental Service Fund divisions except Construction (classified as a Water/Wastewater division) were moved to the General Fund.

Services provided by these divisions to the Electric Fund and Water Fund will be billed monthly based on pre-determined allocation percentages. Intrafund Service Receipts is added to each account for the billed allocations. It is estimated that $1,038,884 will be billed to the Water/Wastewater Fund for services and that $3,644,549 will be billed to the Electric Fund in Fiscal Year 2009. It is estimated that in Fiscal Year 2010, $995,508 will be billed to Water/Wastewater Fund for services and that $3,495,400 will be billed to the Electric Fund. This is a decrease to reflect the decreased expenses in the General Fund.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$4,456,843	$ 4,761,722	$4,683,433	$4,491,908	$ (191,525)	-4.09%

GENERAL FUND
CASH RECEIPTS SUMMARY

	2007-08 ACTUAL	2008-09 BUDGET	2008-09 REVISED	2009-10 BUDGET	2009-10 BASE	2009-10 STRATEGIC	% CHANGE
RECEIPTS							
PRIOR YEAR BALANCE	$ 4,051,979	$ 3,910,144	$ 4,227,059	$ 2,816,763	$ -	$ -	-33.4%
FINES AND POLICE REVENUE	691,746	671,000	565,410	620,000	-	-	9.7%
911 FEE	55,712	64,000	64,000	45,000	-	-	-29.7%
INVESTMENT INCOME	404,624	234,000	234,000	253,000	-	-	8.1%
LIBRARY REVENUES	59,520	59,873	59,873	66,508	-	-	11.1%
KENT COUNTY BOOK REIMBURSEMENT	458,177	459,000	459,000	460,000	-	-	0.2%
BUSINESS LICENSES	1,409,032	1,450,000	1,385,000	1,430,000	-	-	3.2%
PERMITS AND OTHER LICENSES	1,507,716	1,120,000	1,104,500	904,000	-	-	-18.2%
DEMOLITION REVENUE	-	-	-	-	-	-	0.0%
MISCELLANEOUS CHARGES	103,452	54,250	54,250	54,250	-	-	0.0%
POLICE EXTRA DUTY	370,379	393,169	393,169	300,000	-	-	-23.7%
PROPERTY TAXES	9,557,982	10,042,473	10,000,464	10,185,246	-	-	1.8%
BID REVENUE	-	53,264	52,692	52,692	-	-	0.0%
RECREATION REVENUE	129,101	187,000	150,000	141,500	-	-	-5.7%
FRANCHISE FEE	462,149	426,220	426,220	486,000	-	-	14.0%
TRASH FEES	1,165,878	1,246,411	1,246,411	1,260,000	-	-	1.1%
DSWA TRASH FEE REBATE	167,559	170,000	172,385	160,000	-	-	-7.2%
RENT REVENUE - GARRISON FARM	35,533	41,535	41,535	41,535	-	-	0.0%
COURT OF CHANCERY FEES	883,880	815,860	650,000	745,000	-	-	14.6%
INTERNET REVENUE	1,894	-	-	-	-	-	0.0%
CURBSIDE RECYCLING	-	-	-	-	-	-	0.0%
RECEIPTS SUBTOTAL	**21,516,313**	**21,398,199**	**21,285,968**	**20,021,494**	-	-	**-5.9%**
INTERFUND SERVICE RECEIPTS							
INTRAFUND SERVICE RECEIPTS WATER/WASTEW/	993,869	1,057,212	1,038,884	995,508	-	-	-4.2%
INTRAFUND SERVICE RECEIPTS ELECTRIC	3,462,974	3,704,510	3,644,549	3,496,400	-	-	-4.1%
INTERFUND SERVICE RECEIPTS SUBTOTAL	**4,456,843**	**4,761,722**	**4,683,433**	**4,491,908**	-	-	**-4.1%**
GRANTS:							
POLICE RELATED	96,544	40,000	40,000	40,000	-	-	0.0%
STATE GRANT - TRAIL MAINTENANCE	1,220	-	-	-	-	-	0.0%
CAPITAL SCHOOL DISTRICT REVENUE	-	37,440	37,440	74,000	-	-	97.6%
POLICE PENSION GRANT				620,000	-	-	0.0%
RECREATION GRANTS	25,000	25,000	25,000	-	-	-	-100.0%
INSURANCE AGENCY FIRE SAFETY GRANT	-	-	-	-	-	-	0.0%
MISC GRANT REVENUE	57,000	-	-	-	-	-	0.0%
HOMELAND SECURITY GRANT	-	-	-	-	-	-	0.0%
SALE OF ASSETS	500	-	-	-	-	-	0.0%
GRANTS SUBTOTAL	**180,264**	**102,440**	**102,440**	**734,000**	-	-	**616.5%**
TRANSFERS FROM:							
TRANSFER TAX	3,526,187	2,650,222	1,400,000	1,400,000	-	-	0.0%
MUNICIPAL STREET AID	710,744	710,346	790,264	775,200	-	-	-1.9%
CIVIL TRAFFIC PENALTIES	516,654	500,000	500,000	700,000	-	-	40.0%
WATER/WASTEWATER	565,000	564,810	564,810	548,020	-	-	-3.0%
ELECTRIC	6,601,269	6,758,100	6,758,100	6,758,100	-	-	0.0%
PARKLAND RESERVE	-	-	-	-	-	-	0.0%
LIBRARY RESERVE	41,780	-	-	-	-	-	0.0%
CAPITAL ASSET RESERVE	-	-	-	-	-	-	0.0%
WORKER'S COMP FUND	-	100,000	-	-	-	-	0.0%
TRANSFERS FROM SUBTOTAL	**11,961,634**	**11,283,478**	**10,013,174**	**10,181,320**	-	-	**1.7%**
TOTALS	**$38,115,054**	**$ 37,545,839**	**$36,085,015**	**$35,428,722**	$ -	$ -	**-1.8%**

GENERAL FUND
EXPENSE SUMMARY

	2007-08 ACTUAL	2008-09 BUDGET	2008-09 REVISED	2009-10 BUDGET	2009-10 BASE	2009-10 STRATEGIC	% CHANGE
DEPARTMENT EXPENSES:							
CITY CLERK	$ 242,572	$ 312,576	$ 303,830	$ 292,650	$ 291,017	$ 1,633	-3.7%
COUNCIL	118,375	136,822	134,030	112,684	112,684	-	-15.9%
TAX ASSESSOR	223,620	680,736	611,925	574,076	574,076	-	-6.2%
FIRE	669,796	722,865	710,814	750,445	750,445	-	5.6%
GROUNDS MAINTENANCE	1,082,558	1,146,864	1,133,239	1,120,535	1,118,035	2,500	-1.1%
LIBRARY	1,132,729	1,170,556	1,156,031	1,153,787	1,153,787	-	-0.2%
RECREATION	563,644	868,159	837,927	762,539	761,539	1,000	-9.0%
LIFE SAFETY	-	324,571	311,149	423,392	422,492	900	36.1%
CODE INFORCEMENT	-	382,605	342,875	378,740	378,740	-	10.5%
PLANNING	408,984	484,408	434,245	412,923	412,923	-	-4.9%
INSPECTIONS	988,705	551,635	528,707	518,767	518,767	-	-1.9%
ECONOMIC DEVELOPMENT	-	312,977	292,704	245,598	245,598	-	-16.1%
POLICE	11,541,451	12,481,983	12,316,081	11,747,163	11,695,403	51,760	-4.6%
POLICE EXTRA DUTY	356,920	452,280	449,516	449,516	449,516	-	0.0%
STREETS	797,879	855,519	846,989	858,960	858,960	-	1.4%
SANITATION	2,114,800	2,210,834	2,105,695	2,200,971	2,200,971	-	4.5%
CITY MANAGER	623,141	582,427	567,032	557,441	557,441	-	-1.7%
INFORMATION TECHNOLOGY	734,553	888,491	871,742	888,782	888,782	-	2.0%
FINANCE	726,153	795,165	793,676	787,807	785,077	2,730	-0.7%
PUBLIC SERVICES - ADMINISTRATION	360,587	359,262	348,682	357,868	352,868	5,000	2.6%
FACILITIES MANAGEMENT	1,015,963	1,127,854	1,100,830	1,043,713	1,043,713	-	-5.2%
CENTRAL SERVICES	706,065	763,684	751,005	779,433	768,656	10,777	3.8%
FLEET MAINTENANCE	661,985	699,564	689,863	699,676	699,676	-	1.4%
CUSTOMER SERVICES	1,165,649	994,719	964,422	896,019	896,019	-	-7.1%
HUMAN RESOURCES	385,420	434,120	456,031	454,590	431,090	23,500	-0.3%
MAYOR	117,541	98,012	95,522	69,899	69,899	-	-26.8%
DEPARTMENT SUBTOTALS	**26,739,090**	**29,838,688**	**29,154,562**	**28,537,974**	**28,438,174**	**99,800**	**-2.1%**
OTHER EXPENSES:							
DEBT SERVICE	437,468	442,319	442,319	328,410	-	-	-25.8%
TRANSFER TO CONTINGENCY	34,500	-	-	-	-	-	0.0%
DSWA RECYCLING PROGRAM	-	-	-	-	-	-	0.0%
INSURANCE	460,800	500,000	515,000	600,000	-	-	16.5%
RETIREES HEALTH CARE	758,185	853,987	806,187	1,014,820	-	-	25.9%
RETIREES PAYMENTS	-	100,000	100,000	-	-	-	-100.0%
UNCOLLECTIBLES - TRASH AND OTHER	10,000	10,000	10,000	10,000	-	-	0.0%
STREET LIGHTS	917,439	985,000	985,000	985,000	-	-	0.0%
OTHER EXPENSE SUBTOTAL	**2,618,392**	**2,891,306**	**2,858,506**	**2,938,230**	-	-	**2.8%**
GRANTS							
IT EMERGENCY PREPAREDNESS PLAN	-	-	-	-	-	-	0.0%
GRANTS SUBTOTAL	-	-	-	-	-	-	0.0%
TRANSFERS							
TRANSFER TO OPEB	-	-	-	-	-	-	0.0%
TRANSFER TO PENSION UNFUNDED LIABILITY	89,850	-	-	-	-	-	0.0%
TRANSFER TO PENSION COLA	44,925	-	-	-	-	-	0.0%
TRANSFER TO POLICE PENSION FUND				620,000	-	-	
TRANSFER TO CAPITAL ASSET RESERVE	-	-	-	-	-	-	0.0%
TRANSFER TO CAPITAL FUND - PROJECTS	2,683,062	1,884,497	1,044,184	344,802	-	-	-67.0%
TRANSFER TO CAPITAL FUND - RESERVE	-	200,000	200,000	-	-	-	-100.0%
TRANSFER TO STREET PROGRAM	-	-			-	-	0.0%
TRANSFER TO PARKLAND/RECREATION RESERVE	-	-	-		-	-	0.0%
TRANSFER TO LIBRARY RESERVE	1,649,109	-	-		-	-	0.0%
TRANSFER TO CDBG FUND	2,778	11,000	11,000	11,000	-	-	0.0%
TRANSFER TO VERIZON RESERVE	49,592	-	-	-	-	-	
INVENTORY WRITE OFFS	11,197	-	-	-	-	-	0.0%
TRANSFERS SUBTOTAL	**4,530,513**	**2,095,497**	**1,255,184**	**975,802**	-	-	**-22.3%**
CURRENT YEAR BALANCE	**4,227,059**	**2,720,348**	**2,816,763**	**2,976,716**	-	-	**5.7%**
TOTALS	**$38,115,054**	**$ 37,545,839**	**$36,085,015**	**$35,428,722**	$ -	$ -	**-1.8%**

** Please see detail explanations of expenditures in each department for further information.*

WATER/WASTEWATER FUND REVENUES
FISCAL YEAR 2009 - 2010

REVENUE TYPE: DIRECT USER FEES - WATER

CRITICAL ASSUMPTION: Revenues from user fees have been revised for Fiscal Year 2009 to reflect a decrease in Water Sales. Consumption for Fiscal Year 2010 is projected to remain flat from revised Fiscal Year2009 sales. This reflects decreased usage from industrial and commercial customers and no growth in residential service. Revenue is projected upward due a proposed rate increase to cover the cost of debt issued to support water quality improvements.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$4,203,972	$4,386,862	$4,090,000	$4,499,000	$409,000	10.00%

REVENUE TYPE: DIRECT USER FEES - WASTEWATER

CRITICAL ASSUMPTION: Wastewater sales are based on the water sales. Revenues from user fees have been revised for FY 2009 to reflect a decrease in Water Sales. Consumption for Fiscal Year 2010 is projected to remain flat from revised FY2009 sales. This reflects decreased usage from industrial and commercial customers and no growth in residential service. Revenue is projected to remain unchanged for Fiscal Year 2010. No rate increase is projected for FY 2010. Increased revenue is projected to increase due to discontinuation of a transfer equivalent to $.45/Tgals from Wastewater to Kent County Sewer Adjustment Fees.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$ 2,589,539	$ 2,533,686	$ 2,400,000	$ 3,045,560	$ 645,560	26.90%

REVENUE TYPE: INTEREST AND OTHER

CRITICAL ASSUMPTION: Interest revenue for Fiscal Year 2009 is revised to reflect actual revenue streams. Interest revenue for Fiscal Year 2010 is expected to increase slightly.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$448,642	$615,275	$396,275	$443,269	$46,994	11.86%

REVENUE TYPE: IMPACT FEES

CRITICAL ASSUMPTION: In Fiscal Year 2009, impact fees were decreased to reflect current revenue trend. The cost per EDU for Wastewater remains at $1,900 in Fiscal Year 2009. In February 2008 Council approved the implementation of Water Impact Fees to cover the cost of expansion projects within Dover's water system. The water impact fees will be implemented over three years – February 2008 – 2010. The Water impact fees for those years are $700, $1,400 and $2,100 respectively. Impact fee revenue is based on 250 EDU (equivalent dwelling units) for Fiscal Year 2010. This is slightly lower than the Fiscal Year 2009 revised estimate of 330 EDUs. The revenue from impact fees is used to pay debt service first, and the balance not needed is transferred to a reserve where it is used to pay for extensions of water and wastewater service.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$907,123	$908,500	$755,000	$755,000	-	0%

REVENUE TYPE: KENT COUNTY SEWER ADJUSTMENT FEES

CRITICAL ASSUMPTION: This revenue is a pass-through item and relates to the charge from Kent County and the level of usage. The fee for wastewater treatment remains at $2.34/thousand gallons in Fiscal Year 2010.

2007-2008 Actual	2008-2009 Budget	2008-2009 Revised	2009-2010 City Manager Budget	2009-2010 Difference	% Change
$ 4,109,166	$ 4,307,001	$ 4,080,950	$ 3,435,390	$ (645,560)	-15.82%

Fiscal 2009-2010 Draft Budget Review by Division

May 19, 2009

EXHIBIT #4
2009 Budget Hearings
Special Council Meeting of 05/19/2009

Changes to Previously Reviewed Budgets

All previously reviewed budgets were affected by:

- Elimination of non-bargaining pay raises
- Bargaining unit 12 days (8hours/day) leave without pay.
- One exception - Mayor's salary which is set by Code.

Changes to Previously Reviewed Budgets continued

			Presented	Adjustment	Revised
Mayor	110-3200-519-30-28	Training/Travel	7,000	(7,000)	-
	110-3200-519-30-35	Community Relations Expense	6,800	(5,000)	1,800
	110-3200-519-30-31	Contractual Services	4,486	(4,486)	-
	147-3200-519-40-22	Auto Purchase	19,528	(19,528)	-
	147-3200-519-40-25	Other Equipment Purchase	122,000	(122,000)	-
City Council	110-3200-519-20-38	Laptops - 5	16,800	(14,000)	2,800
	110-3200-519-30-28	Training/Travel	15,000	(15,000)	-
City Manager	110-2100-515-30-28	Training/Travel	3,500	(1,500)	2,000
	110-2100-515-30-35	Community Relations	3,000	(1,000)	2,000
Central Services	110-2700-571-10-11	Reduction In Terminal Leave	293,084	(19,126)	273,958
	110-2700-571-20-26	Prog Expenses	3,000	(3,000)	-
Facilities Management	147-2500-552-40-31	Space Needs Implementation	115,000	(115,000)	
Customer Svc	110-2900-529-20-38	Computer Hdwe Scanners	15,200	(5,400)	9,800
Finance	110-2300-517-10-00	Accountant II	728,300	(65,260)	663,040
IT	110-2200-516-10-11	Reduction In Terminal Leave	443,885	(15,247)	428,638
	147-2200-516-40-25	GPS Tracking of City Fleet+ printer	19,125	(19,125)	-
	147-2200-516-40-27	Computer Hdwe	19,000	(12,000)	7,000

Water/Wastewater Fund

May 19, 2009

Water/Wastewater Engineering page 281

Personnel Costs	$ 680,791	3%↑
Materials & Supplies	11,855	91%↓
Administrative Expenses	9,141	150%↓
Capital Outlay	-	0%
Total Budget	$701,787	3%↓

Personnel Costs are up due to increases in salary, overtime, health insurance, educational assistance, and pension budgets.

Materials & Supplies expenditures are decreased due to reduced computer software, medical supplies and physicals.

Administrative Expenses are decreased due to reductions in Training and Conference.

Wastewater Management page 282

Personnel Costs	$ 660,326	0%
Materials & Supplies	85,089	9%↓
Administrative Expenses	243,040	93%↓
Capital Outlay	6,539,110	29%↑
Total Budget	$7,527,565	22%↑

Personnel Costs are unchanged due to increases in salary, overtime, and pension budgets being offset by salary reductions to balance the budget. Salary increases were due to the re-allocation of staff salary expense between Water and Wastewater budgets.

Materials & Supplies expenditures are decreased due to reduced medical supplies and physicals, security and safety materials, small tools and city building maintenance supplies.

Administrative Expenses are decreased due to Fiscal 2009 Wastewater Master Plan expenses being unnecessary in Fiscal 2010.

Capital Expenses are increasing for the US 13 Sanitary Sewer and Inflow/Infiltration projects.

Water Management page 283

Personnel Costs	$ 313,407	3%↓
Materials & Supplies	64,127	13%↓
Administrative Expenses	81,499	223%↓
Capital Outlay	2,987,317	2%↓
Total Budget	$3,446,350	3%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies expenditures are decreased due to reduced printing and duplicating, medical supplies and physicals, security and safety, and computer software.

Administrative Expenses are decreased due to Fiscal 2009 Water Cost of Service Study expenses being unnecessary in Fiscal 2010.

Capital Expenses are decreasing. Fiscal 2009 included $200,000 for South Governors Avenue project which is not necessary in Fiscal 2010.

Water Construction page 284

Personnel Costs	$360,909	27%↓
Materials & Supplies	9,430	103%↓
Administrative Expenses	39,999	0%↓
Capital Outlay	0	0%
Total Budget	$410,338	33%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies expenditures have decreased due to reduced, medical supplies and physicals, small tools, and computer hardware.

Administrative Expenses are unchanged from Fiscal 2009.

Capital Expenses are decreasing. Fiscal 2009 included $29,000 for other equipment purchases which were not necessary in Fiscal 2010.

Water Treatment page 285

Personnel Costs	$ 680,439	5%↑
Materials & Supplies	141,900	5%↓
Administrative Expenses	696,135	17%↑
Capital Outlay	39,000	N/A
Total Budget	$1,557,474	12%↑

Personnel Costs are up slightly due to increases in overtime, health insurance, and pension costs.

Materials & Supplies expenditures are decreased due to reduced, medical supplies and physicals, and chemicals and additives.

Administrative Expenses are increased to reflect electricity costs that were under estimated in the Fiscal 2009 budget.

Capital Expenses budgeted to replace a four passenger vehicle. The existing vehicle is not road worthy.

General Fund

May 20, 2009

Parks & Recreation page 233

Personnel Costs	$ 478,965	17%↓
Materials & Supplies	77,932	17%↓
Administrative Expenses	205,642	5%↓
Capital Outlay	0	N/A
Total Budget	$762,539	79%↓

Personnel Costs are down due to decreases in temporary help and pension costs.

Materials & Supplies expenditures are decreased due to reduced, program expenses and supplies.

Administrative Expenses are decreased due to reduced heating oil, advertisement, and contractual services.

Library page 234

Personnel Costs	$ 952,914	2%↓
Materials & Supplies	93,141	5%↑
Administrative Expenses	107,732	4%↓
Capital Outlay	8,912,433	87%↑
Total Budget	$10,066,220	76%↑

Personnel Costs are down due to decreases in health insurance and pension costs.

Materials & Supplies expenditures are increased for computer hardware.

Administrative Expenses are decreased due to reduction in contractual services for security.

Capital expenses include the continuation of the Regional Library.

Police page 239-240

Personnel Costs - Civilian	$ 1,760,824	9%↓
Personnel Costs – Law Enforcement	9,029,948	4%↓
Personnel Costs – Extra Duty	449,516	1%↓
Materials & Supplies	340,516	5%↑
Administrative Expenses	615,875	34%↓
Capital Outlay	73,700	87%↑
Total Budget	$12,270,379	8%↑

Personnel Costs are down due to reductions in salary budgets. In addition, no raises have been budgeted for the FOP who are still engaged in contract negotiations.

Materials & Supplies expenditures are increased for computer hardware and gunshot residue testing.

Administrative Expenses are decreased due to the transfer of ambulance services contract to Life Safety Budget ($245,000).

Capital expenses decreased due to the elimination of vehicles and most capital projects.

Planning page 258

Personnel Costs	$ 381,373	18%↓
Materials & Supplies	19,870	62%↑
Administrative Expenses	11,680	119%↓
Capital Outlay	-	
Total Budget	$412,923	17%↓

This department's total budget is 17% less than last year.

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies expenditures are increased for the purchase of computer hardware.

Administrative Expenses are decreased. Consulting fees associated with the Comprehensive Plan are eliminated. Training and Conference expensed where reduced.

Code Enforcement page 259

Personnel Costs	$ 356,570	1%↑
Materials & Supplies	14,225	20%↓
Administrative Expenses	7,945	49%↓
Capital Outlay	-	0%
Total Budget	$378,740	1%↓

Personnel Costs are up due to the projected use of overtime and educational assistance.

Materials & Supplies are decreased due to reductions in program expenses and supplies (grass cutting), books, and computer software.

Administrative Expenses are decreased due to reductions in Training and Conference.

Economic Development page 260

Personnel Costs	$ 181,848	18%↓
Materials & Supplies	2,000	2151%↓
Administrative Expenses	61,750	14%↑
Capital Outlay	-	
Total Budget	$245,598	27%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies expenses are lower due to a decrease in program expenses and supplies. Last year's organizational committee budgets were included in this budget. They are being budgeted differently in Fiscal 2010.

Administrative Expenses are up due to including building rent, cleaning and the addition of the yearly Kent County Economic Development payment. The expense of gasoline has been added.

Community Development page 207

Personnel Costs	$ 65,098	1%↓
Materials & Supplies	225,049	100%↑
Administrative Expenses	2,578	93%↓
Program Expenses 70 Series	-	
Total Budget	$292,725	13%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies and Program Expenses 70 Series net each other out because CDBG grants are budgeted in Program Expenses until they are assigned to a program or project.

Administrative Expenses are reduced in the Training and Conference line item.

Life Safety page 267

Personnel Costs	$ 261,986	14%↓
Materials & Supplies	25,500	43%↑
Administrative Expenses	135,906	92%↑
Capital Outlay	-	0%
Total Budget	$423,392	22%↑

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies are increased due to the transfer of the Safety Program ($10,500) from Human Resources and for safety equipment ($3,700).

Administrative Expenses are increased due to the transfer of the Ambulance Services contract from the Police budget. Monthly phone costs have increased with the use of three additional broadband cards.

Inspections page 268

Personnel Costs	$ 435,914	8%↓
Materials & Supplies	12,825	13%↑
Administrative Expenses	70,028	2%↑
Capital Outlay	-	
Total Budget	$518,767	6%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies are increased for computer hardware purchases.

Administrative Expenses are increased to cover the actual cost of inspectors cell phones.

Grounds page 269

Personnel Costs	$ 955,464	3%↓
Materials & Supplies	67,994	0%
Administrative Expenses	97,077	0%
Capital Outlay	-	
Total Budget	$1,120,535	12%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies and Administrative Expenses were held to Fiscal 2009 budget levels.

Capital Costs are down due to eliminating most capital spending.

Streets page 270

☐ Personnel Costs	$ 671,533	1%↑
☐ Materials & Supplies	98,077	5%↑
☐ Administrative Expenses	89,350	6%↓
☐ Capital Outlay	$350,000	101%↓
☐ Total Budget	$1,208,960	29%↓

Personnel Costs are increased due to increases in pension, educational assistance, and health insurance.

Materials & Supplies increased $5,202 for computer hardware purchases along with sand and salt purchases. Administrative Expenses were reduced and compensate for the increase in Materials & Supplies.

Capital Costs are down due to the elimination of most capital spending. The Street and Concrete Program is budgeted at $350,000 total.

Sanitation page 271

Personnel Costs	$ 772,542	1%↓
Materials & Supplies	43,976	0%
Administrative Expenses	1,384,453	0%
Capital Outlay	-	0%
Total Budget	$2,200,971	15%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies and Administrative Expenses are unchanged from Fiscal 2009 budgeted levels.

Capital Costs are down due to eliminating most capital spending.

Public Services Admin page 272

Personnel Costs	$ 331,641	1%↓
Materials & Supplies	11,025	12%↑
Administrative Expenses	15,202	10%↑
Capital Outlay	0	↓
Total Budget	$357,868	11%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies are increased due to computer hardware purchases.

Administrative Expenses are increased for map revisions of Puncheon Run.

Capital Expenditures are down due to deferring the GIS Infrastructure and Mobile Solutions project.

Fire page 208

Personnel Costs	$ 469,153	4%↑
Materials & Supplies	75,680	1%↓
Administrative Expenses	205,612	6%↑
Capital Outlay	292,210	1%↓
Total Budget	$1,042,655	2%↑

Personnel Costs are increased as the dispatchers in this budget were not affected by the 12 days of leave without pay.

Materials and Supplies are relatively unchanged from the Fiscal 2009 budget.

Administrative Expenses are increased for truck repairs.

Capital Expenses are reduced because radio purchases are less in Fiscal 2010 than in Fiscal 2009.

Electric Fund

May 21, 2009

Public Utilities Admin page 291

Personnel Costs	$ 338,127	2%↓
Materials & Supplies	113,722	7%↑
Administrative Expenses	191,250	11%↓
Capital Outlay	-	0%
Total Budget	$643,099	3%↓

Personnel Costs are down due to reductions in salary budgets.

Materials & Supplies are increased for computer hardware purchases.

Administrative Expenses are decreased from reductions in Training and Consulting.

Systems Operations page 292

Personnel Costs	$623,120	11%↑
Materials & Supplies	1,400	0%
Administrative Expenses	-	0%
Capital Outlay	-	0%
Total Budget	$624,520	11%↑

Personnel Costs are up due to contractual increases and increased health care costs. Dispatchers are not affected by the 12 days of leave without pay.

Materials & Supplies are increased for computer hardware purchases.

Electric Engineering page 293 - 294

Personnel Costs	$ 1,160,294	1%↑
Materials & Supplies	91,409	4%↑
Administrative Expenses	250,922	73%↓
Capital Outlay	3,525,536	171%↓
Total Budget	$5,028,161	123%↓

Personnel Costs are up due to increased overtime and health care. Overtime was increased from Fiscal 2009 budget for capital projects.

Materials & Supplies increased for computer hardware purchases.

Administrative Expenses decreased due to lower contractual services. The ESRI conversion project was budgeted in Fiscal 2009 and is not in Fiscal 2010.

Capital Outlay is lower due to the decreased costs of projected CIP projects.

Electric T&D page 295

Personnel Costs	$ 2,344,536	9%↓
Materials & Supplies	461,427	2%↑
Administrative Expenses	514,537	32%↓
Capital Outlay	1,127,147	2%↑
Total Budget	$4,447,647	4%↓

Personnel Costs are up due to increased overtime and health care. Overtime increased from Fiscal 2009 budget for capital projects.

Materials & Supplies are increased for computer hardware purchases.

Administrative Expenses decreased due to lower contractual services. The ESRI conversion project was budgeted in Fiscal 2009 and is not in Fiscal 2010.

Capital Outlay is lower due to the decreased costs of projected CIP projects.

Power Plant Operations pages 296 -297

Personnel Costs	$ 3,443,325	1%↑
65 Series	1,064,603	3%↑
75 Series	43,000	2%↑
85 Series	300,100	75%↓
95 Series	947,682	2%↑
Capital Outlay	1,254,000	115%↓
Total Budget	$7,052,710	22%↓

Personnel Costs increased due to salaries, incentive accumulator and burden. These increases were offset by reductions in overtime, educational assistance, and benefits.

Increases in contractual services, management fee, supply incentive were offset by decreases in licenses & permits, insurance, training, and environmental.

All other expense categories are decreased.

Power Supply page 298

65 Series Supply Mgmt and Incentive Fees	3,497,250	12%↑
95 Series Purchases, capacity, and PJM Charges	69,198,071	5%↑
98 Fuel	1,275,251	87%↓
Total Budget	$73,970,572	4%↑

This budget includes 2030 Power Plant Development - Phase 3 for $210,000 and a Power Management RFP for $297,250.

The budget also includes estimated power supply and fuel costs for Fiscal 2010.

Final Discussion and Wrap-Up

Questions