

MILFORD CITY COUNCIL
MINUTES OF MEETING
October 14, 2019

A Meeting of the City of Milford Finance and Public Works Committee was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, October 14, 2019.

PRESIDING: Chairman Jason James

IN ATTENDANCE: Mayor Arthur Campbell

Committee/Councilmembers Daniel Marabello, Lisa Peel and
Douglas Morrow

City Manager Eric Norenberg, Police Chief Kenneth Brown
and City Clerk Terri Hudson

Councilman Todd Culotta

Public Works Director Mark Whitfield was also present.

CALL TO ORDER

Chairman James called the Committee Meeting to order at 5:36 p.m.

UNFINISHED BUSINESS

Sidewalk Project/Low Income Assistance & Standards

Chairman James provided a brief summary stating that the City Code states the City's property owners are responsible for the sidewalks adjacent to and surrounding their property. Council authorized the Finance and Public Works Committee to move forward with the project after receiving a bid proposal from a reputable contractor. A letter was sent out to residents that provided options on how to address their needs to make repairs to their sidewalks.

Brought to the attention of Council was that one option, included in the Code, that was not part of the notification. That particular item is Section 197-5(d) which states:

Property owners who meet the low-income criteria may apply for financial assistance, provided the City funding is available, for the cost of sidewalk repair or replacement.

That matter was then placed in the hands of the Finance and Public Works Committee. Public Works Director Mark Whitfield and staff did create a memo addressing this item and providing some options to address §197-5(d) and how to address the qualifications for low income property owners.

The federal government defines low income at 80% of the median income for the area, and very low income at 50% of the median income for the area. The median income is slightly different for Kent and Sussex Counties.

Chairman James reviewed the Public Works Director's memo regarding the Sidewalk Inspections Program for low income recommendations and highlighted the following sections:

Options: The following are options to be consider:

- *Continue the program as currently approved - The financial incentives and assistance already approved by City Council (see list in Background) would continue. The lien option for low income property owners would be used for*

those who cannot afford or who choose not to pay for sidewalk repairs. In essence, value is added to the property when the sidewalks are repaired, and that value would be realized at the time of sale.

- *Establish and fund a low or very low-income subsidy: This would require establishment of criteria, allocating financial resources, and allocating staff resources to administer. The following section outlines a possible set of criteria for such a program.*

Establishing Criteria: Possible criteria if consideration is to be given to low-income assistance:

1. *Only properties with 6 or more sidewalk blocks to be replaced will be considered*
2. *Properties must be owner-occupied.*
3. *Copy of the owners' most recent Federal Income Tax Return must be submitted showing the address of property, number of dependents, and adjusted gross income.*
4. *Property owners showing they meet the definition of low-income (80% of Median Income) shall receive the following discounts:*
 - a. *If property owner has between 6 & 10 blocks to be replaced - 15% discount on blocks over the first 5;*
 - b. *If property owner has between 11 & 15 blocks to be replaced- 15% discount on blocks over the first 5 and 30% discount on blocks over 10;*
 - c. *If property owner has between 16 & 20 blocks to be replaced - 15% discount on blocks over the first 5 and 30% discount on blocks over the 10 and 50% discount on blocks over 15;*
 - d. *If property owner has 21 or more blocks to be replaced- 15% discount on blocks over the first 5 and 30% discount on blocks over the 10 and 50% discount on blocks over 15 and 80% discount on blocks over 20.*

Funding: Real Estate Transfer Tax revenue is earmarked for infrastructure, and sidewalks would be an eligible. Municipal Street Aid is also available; however Municipal Street Aid presently has inadequate funding for planned street improvements.

Other Consideration: There are many unknowns with this proposal, in particular, how many overall participants will there be. A considerable amount of staff time within the Finance Department may be needed to administer the program.

In response, Chairman James responded as follows:

Instead of entertaining the options offered in the memo dated October 1, 2019, I recommend the following:

- *The City of Milford fund 50% of the cost of sidewalk repair and maintenance for all property owners regardless of income.*
- *The City of Milford fund 75% of the cost of sidewalk repair and maintenance for property owners meeting the Very Low Income criteria (50% of the area median income); and The City of Milford fund 50% of the cost of sidewalk repair and maintenance for property owners meeting the Low Income criteria (80% of the area median income) and The City of Milford fund 25% of the cost of sidewalk repair and maintenance for property owners that do not meet the Very Low or Low Income criteria.*

The documentation required as proof of eligibility for the abatement of sidewalk repair and maintenance cost based on very low- or low-income criteria shall be the same as required for the City of Milford Property Tax Abatement program.

Furthermore, it was brought to my attention that while in the capacity of Acting City Manager, the Finance Director did recommend that \$100,000 to \$150,000 be included in the budget annually to accumulate adequate funds to perform the needed repair and maintenance to all of the sidewalks within the City. This was approved, but afterward withdrawn when there was a turn-over of council members.

I spoke with a Commissioner of the Town of Bridgeville, a town experiencing a similar sidewalk situation. I was told that although the Town issued letters that there was a 30-day period to comply with the code (which is similar to the

City of Milford). This issue is still open to allow for an opportunity to find funds in the budget to cover the cost. To my understanding, as of Saturday the Town of Bridgeville believes that they did indeed find the funds to pay for the town's sidewalk repair and maintenance cost.

He said the City of Milford is growing, people want to move here and there is a huge push to beautify the City, one way by repairing the sidewalks and everyone agrees they need to be fixed. However, he feels it should be a shared burden between the City and the property owner. In addition, the code portion referencing low income needs to be addressed. He thinks we can find the funds to cover the proposal, should we look hard enough.

Councilwoman Peel agrees stating that there is need to determine where the funding would come from. She and Councilman Culotta were talking about when she came onto Council, she was part of the discussions when the sidewalk fund was being considered.

The one concern is if we a 50/50 share is agreed to, there still are a great deal of unknowns and she is unsure how we can anticipate a budget or where that line will be drawn. She feels they should be addressed before we move forward with this new option.

When asked the average of sidewalks per property, Public Works Director Whitfield said that on an average, there are 209 properties with 1 to 5 blocks out of the 286 violations that were issued. Another 48 properties have 6 to 10 blocks, 15 properties with 11 to 15, 3 properties with 16-30 and 11 properties with over 21 blocks. However, most of the properties with more than 21 blocks are rental properties.

It was noted that of those properties, at this point, there is not way of estimating how many would qualify for very low or low income, in addition to adding the variable of owner-occupied properties. This makes her somewhat leery of guessing the amount of money that will be needed.

Councilman Culotta said for the record, the minutes state that in August 2015, it was recommended that the City come up with \$100,000 annually to be paid from the real estate transfer tax fund. In addition, there was no definite amount of time, so that can vary. There was also no definite amount, which he feels can be adjusted on an annual basis.

It was confirmed there is not estimated cost of the proposal submitted by the Public Works Director.

Chairman James is looking for a way to simplify the process.

Councilman Culotta said the code states if a property owner qualifies for low income, which needs to be defined, and Council would have to make the funds available.

Mayor Campbell asked if the same number used for senior property owners that qualify for the property tax discount could be used, Council agreed. However, the consensus was it should not be limited to senior citizens.

A discussion then followed about using the federal criteria for low income, such as used for property owners to qualify for CDBG funding, which is a different formula.

It was confirmed there are presently 185 eligible seniors who qualify for the tax discount. Of those, 15 received violations at this time.

Mr. Norenberg suggested that possibly a cap be identified on the amount transferred from the Real Estate Transfer Tax for this program. Then wait until we have a firm number of applicants and go from there. The other option is to come back and make the appropriation once the applications are received after the program begins. He anticipates a thirty-day period to evaluate the criteria. However, if we get an extremely large number of applications, that is a different story.

Councilman Culotta again referenced the 2015 minutes which state the program would not only include low income households, but instead was for the sidewalk program citywide.

Based on a conversation he had, Chairman James explained the idea was that the sidewalk code had never been addressed or enforced. The goal was to have the sidewalks repaired. The intent was to start putting away \$100,000 and fix the sidewalks because the City was not going to enforce the code. However, this is a different point in time and the City wants to enforce the code.

Chairman James agrees the code is being addressed and the omission of the option for low income assistance, which is this Committee is working toward fixing. This Committee was tasked with coming up with a mechanism to address low income option. A recommendation was made and the Chairman made an additional recommendation to keep it simpler based on a percentage. If qualified, the homeowner would receive assistance.

The criteria for qualifying could be the same as our 65 and older property tax discount. In that manner, those reviewing the documents are familiar with what is required and will make it easier to determine eligibility.

Councilwoman Peel agrees there is a need to lessen the burden on our staff because this will be time consuming, particularly in the early stages.

Chairman James believes the homeowners with sidewalks with the greatest decay, are those that are least able to fix them. Some Councilmembers did not feel that is always the case; Chairman James disagreed, other than in the situation of a landlord, which is another category.

Public Works Director Whitfield shared the following costs:

4" thick-\$13 per square foot, or approximately \$325 per 5' x 5' block

6" thick-\$16 per square foot, or approximately \$400 per 5' x 5' block (driveways)

According to Councilman Culotta, at the time Council was considering transferring money from the real estate transfer fund, the cost would be \$25 per square foot. He noted that concrete is much more expensive than five years ago so that is a great proposal.

Chairman James said what is being proposed, is not unheard of. He noted that someone from the State had sent him information on how other municipalities had addressed it. Some have a 50/50, 60/40, 70/30 program. However, for very low income, it can be as much as 75% and 50% for low income.

He reiterated that low income would be 80% of the median income of the area and very low income would be 50%.

Councilman Marabello said he also wants to help the people that can afford it. He then talked about in some situations when roads are newly paved sidewalks and curb are installed and paid by the City, if the sidewalk is impacted.

Councilman Marabello also asked how we will address property owners who have already spent money repairing their sidewalks on their own. He thinks we need to be fair across the board and possibly a rebate be considered.

Chairman James said there are municipalities that have a partial rebate program, but they would still need to qualify for the very low or low income.

Councilman Marabello feels that perhaps those that do not qualify for low or very low, be considered for 25%. He does not believe the impact will be that harsh to the City and believes it may be a handful of people.

Chairman James concurs with Councilman Marabello adding there are municipalities that have a reimbursement program. He has found several municipal websites with various ways they address sidewalks. A lot are clear and unlike what is currently proposed.

Councilwoman Peel agrees it needs to be as simple as possible, especially when encouraging homeowners to apply and lessen the administrative burden. She is ok with the 50% and 75% proposal. Councilman Marabello again asked consideration for possibly 25% for income requirement.

When the 15% discount proposed for early payoff, it was noted that those property owners financing the work are not being charged interest, even though the code requires that on any unpaid bills. Mr. Norenberg pointed out we are providing a number of incentives that will provide financial assistance in one way or another.

Councilman Marabello liked the Chairman's proposal 2:

The City of Milford fund 75% of the cost of sidewalk repair and maintenance for property owners meeting the Very Low Income criteria (50% of the area median income); and The City of Milford fund 50% of the cost of sidewalk repair and maintenance for property owners meeting the Low Income criteria (80% of the area median income) and The City of Milford fund 25% of the cost of sidewalk repair and maintenance for property owners that do not meet the Very Low or Low Income criteria.

Public Works Director pointed out that 12 out of the 286 properties have said they will repair the sidewalks on their own. However, only six have followed through and done that as of today.

Chairman James agrees that he does not see a problem that if the sidewalk is not addressed by the deadline, the City has the obligation to do the work and provide a bill. Public Works Director agreed adding that they would be billed for 75% of the costs.

Chairman James also referenced Councilman Peel and the City Manager's point that there is already a 15% discount element that has been offered, contingent upon prompt payment. He asked if that should still be considered in lieu of another discount.

Councilwoman Peel confirmed the 15% has already been offered. She is now worried about the confusion with the 15%, though she is alright with the 50% and 75%, based on the sliding scale and the 80% of the median. She is more comfortable with the 15% discount to prevent further confusion.

Councilman Culotta agrees that it be kept simple and this could potentially provide an extra \$500 or \$1,000 and considering the income level, it would mean a lot.

Councilmember Peel moved to recommend to Council, the City plan to subsidize sidewalk repair at 50% for low income, 75% for very low income, based on the criteria established by federal guidelines, and 15% for those property owners that do not meet the low/very low income criteria, as offered initially for prompt payment, seconded by Councilmember Marabello. Motion carried by a vote of 3-0.

Solicitor Rutt then noted that if this is adopted, the sidewalk code will need to be amended, and in particular to Section 197(4) in relation to replacement responsibility.

The City Manager agreed adding there are a couple of other items that will need to be tweaked based on what was previously approved by City Council in July. If acceptable, he recommends we proceed for a couple of months, then update the code moving forward, with any other sections that may need to be amended.

Solicitor Rutt agreed adding that at some point, the code needs to be amended to align with the new program.

Update/Cost of Services Study

City Accountant Sandra Peck provide a brief update.

She reported they had a call with UFS on Friday and provided them with some final information today on the water accounts. In three to four weeks, a draft report will be received. Once that is reviewed, there will be another two weeks until the final report will be completed.

UFS will then come and present that information to City Council.

They will then quickly start on the electric cost of service study.

It was confirmed it would be late November-early December for the final report, due to several holidays in November.

Chief Brown asked if there is a difference between the whole cost of service study or just what is needed for the new police building which involves reserves.

Mr. Norenberg explained that they would be providing some of the early data so the reserve funds could be analyzed and recalled the phone call a couple of weeks ago, related to how the police could make use of the enterprise funds.

Ms. Peck agreed there was a lot of useful information provided by UFS during that call. She is willing to arrange for another call if additional information is needed in the meantime.

LED Streetlight Conversion Project

Public Works Director Whitfield reported that he was asked to look at accelerating the replacement of the High Pressure Sodium, Metal Halide, or Mercury Vapor with the new LED lights. Approximately 370 of the 1,000 lights have been replaced as a light burned out.

Remaining streetlights yet to be converted are:

Old style lights remaining in City:

- 400W replacements needed – 79
- 100W replacements needed – 553

The cost for materials to complete the conversion of all lights are:

- 400W replacement = \$386.00
- 100W replacement = \$291.78

At the unit prices above that results in a total of \$191,848.30 or \$303/fixture on average. With the current workload, crews can realistically replace about 15 streetlights every other week, or about 390 streetlights each year. It would take approximately two years to complete the project.

The biggest cost is the cost of materials which were not budgeted. Last year, there was around \$60,000 to \$70,000 left over in the distribution line item. At some point in time, when they have reached the maximum, there will be a need to transfer approximately \$60,000 from reserves into the distribution line item. Doing in this manner, should provide better pricing on the lights.

Chairman James asked that at some point, the Committee would like to know the payback period on switching from the old lights to the newer, energy efficient LEDs.

The Committee agreed with the recommendation that Council authorize a transfer of \$60,000 from electric reserves to distribution lines to be used for the purchase of LED Streetlight materials. Funds for streetlight materials for 2021 and 2022 will be budgeted in the Electric Operations Budget.

Selection/Auditor

Ms. Peck reported that the firm the City has used for several years, merged with another company Gold Gerstein Group LLC out of Morristown, New Jersey. The same principal that has been part of the former audits is now with them and was part of the onsite work which went well.

He is currently working on the pension calculations for the long pension footnote that is always included in the audit.

She expects to have a draft by October 24th, with a quick turnaround to finalize the report once that is reviewed.

Chairman James believes that with the principal being with a new firm in his opinion is a good thing. Some continuity continued which did not result in a complete start up. However, he also feels this is a good time to go out to market, even if it is determined we should stay with the same firm.

However, that would be when this audit is completed.

Ms. Peck said that ideally the City would wait for this audit to be accepted and at the end of this calendar year, next year, there could be some time to solicit the proposals, review and award the audit. She emphasized the key is to have the auditor picked so they have sufficient time to come in and do some preliminary testing and prep work before year end. Usually that takes a day or two, but with a new auditor she anticipates a more extensive work, and allow additional time so they are ready to hit the ground running with the actual audit.

Chairman James recommends that after this audit is completed, this should go to market to determine what else is out there.

Update/Capital Project

City Accountant Suzannah Frederick reported that as Council knows, Mr. Whitfield has come before Council to request and obtain approval for the CIP items up to date, though two items will be requested at the Council meeting.

She shared a lot of vehicles are on order in various departments.

Customer Service recently completed the installation of the three new work stations. The IT Department received the three servers and firewalls and may need to come back for one more server approval.

The Police Department's vehicles are on order. The City Hall doors have been installed and is in the progress for video monitoring.

Some of the smaller equipment has also been purchased in some departments.

Ms. Frederick confirmed there is a three-year funding life after a capital item is approved.

Chairman James asked the amount that is still to be spent in this fiscal year; Ms. Frederick will work with the Finance Director to determine that number.

NEW BUSINESS

Funding Appropriation/Garage Lifts

Public Works Director Whitfield recalled that during the 2020 budget discussions, he discussed the need for heavy-duty lifts in the garage for heavy trucks and equipment. The present system does not properly lift vehicles, causing a fear of lift failure, which could cause the vehicle to fall. Additionally, the mechanic must lay on the floor underneath the vehicle which is less a than ideal situation for repairs.

They looked at mobile lifts, which allows it to be moved from garage to garage and would accommodate the need for heavy lifting.

In lieu of contracting the work out, a lot of times a garbage truck is sent for a simple repair that may take four days before the repair is made. As a result, it involves more than just the cost of the lift, but the impact on the City's operation whenever a truck is taken out of service.

Councilmember Morrow arrived at this time.

Two funding scenarios are being considered. One is on a per vehicle basis, which puts some strain on both the general fund, as well as the refuse fund. Neither have any type of reserves that could help.

Mr. Whitfield's recommendation is to fund the lifts with 25% each from sewer and water reserves and 50% from electric reserves. The advanced Mobile Lift system will cost \$60,461.00, with \$15,115.25 to be paid from water reserves, \$15,115.25 from sewer reserves and \$30,230.50 from electric reserves.

The purchase of the lifts will be made through the HGAC Buy Contract Number FL03-19 cooperative purchasing through the Delaware State Contract.

The item is on the Council agenda for final action.

When asked if a vehicle is outsourced, Mr. Whitfield explained that those costs are budgeted in each department's budget. Even with the purchase of the lifts, there will always be work that must be done on vehicles by an outside repair facility.

Policies:

Fund Balances

Fund Transfers

Reserved & Unreserved Funds

City Manager Norenberg stated that some of the data from the cost of service study will help generate policies for Council consideration that will govern how much to maintain in certain funds, whether it is the general fund or various enterprise funds.

The Finance Director provided related articles that are included in the Council packet. Some of the information we receive will include the amount needed to be retained for working capital emergencies and similar situations. The policies from the Government Finance Officers Association recommendations should be reviewed by the Committee. Within the next couple months, more data will be obtained and policies created with the data from the study in addition to a capital asset inventory that will help identify what the equipment replacement will be, what the reserves need to be for future depreciation, etc.

Chairman James agrees that these articles will play a part in these policies and he recommends that all of Council review and become familiar with them.

Monthly Finance Report Update

Adjournment

Due to the sake of time and Workshop Session, Chairman James moved that the last item be moved to the next Finance and Public Works Committee meeting agenda and that this meeting be adjourned, seconded by Councilmember Peel. Motion carried.

The meeting concluded at 6:39 p.m.

Respectfully submitted,

Terri K. Hudson, MMC
City Clerk/Recorder