

City of Milford



AGENDA

Monthly Council Meeting

July 12, 2010

Joseph Ronnie Rogers Council Chambers, Milford City Hall, 201 South Walnut Street, Milford, Delaware

PUBLIC HEARING - 7:00 P.M.—CANCELED**

Board of Revision and Appeal 2010-2011

General Property Assessment

COUNCIL MEETING - 7:30 p.m.

Call to Order - Mayor Joseph Ronnie Rogers

Invocation

Pledge of Allegiance

Approval of Previous Minutes

Recognition

Monthly Police Report

City Manager's Report

Committee Reports

Communications

Unfinished Business

- North Front Street Sewer Project/Status Report*
- DSWA Municipal Recycling Agreement
- DSWA Municipal Discount Disposal Fee Agreement
- Adoption of Ordinance 2010-11/Chapter 193/Solid Waste Rates
- Adoption of Ordinance 2010-12/Chapter 185/Sewer Rates
- Planning Commission Vacancy

New Business

- DEMEC/Beasley Station Generator Expansion Project/Pat McCullar

Monthly Finance Report

Adjourn

This agenda shall be subject to change to include additional items including executive sessions or the deletion of items including executive sessions which arise at the time of the public body's meeting.

**SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT
NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE ACCEPTED
OR DISTRIBUTED AFTER PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE.**

City of Milford



PUBLIC NOTICE

City of Milford Property Tax Appeals

CANCELED*

Please be advised that on Monday, the 12th day of July 2010 at 7:00 p.m., the City Council of the City of Milford will sit in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware, as a Board of Revision and Appeal in regard to the 2010-2011 City of Milford General Property Assessment.

Property owners wishing to appeal the value of their property under the 2010-2011 General Assessment must contact John Darsney, Land Management Data Manager, City of Milford Public Works Facility at 302-424-3712 Extension 314 by 12:00 noon on Friday, July 2, 2010.

Copies of the 2010-2011 General Assessment are posted for public information at Milford City Hall, 201 South Walnut Street, Milford, Delaware and at the Milford Public Library, 11 Southeast Front Street, Milford, Delaware.

Issued this 3rd day of June 2010 pursuant to Article 10 of the Charter of the City of Milford, Delaware.

David W. Baird
City Manager

*Posted 06/03/10 06/10/10 *07/07/10*

CITY OF MILFORD

DELAWARE



OFFICE OF THE CHIEF OF POLICE
E. KEITH HUDSON

“THE GARDEN CITY OF TWIN COUNTIES”

400 N.E. FRONT STREET
MILFORD, DELAWARE 19963
(302)422-8081 FAX (302)424-2330

MEMORANDUM

TO: Mayor and Members of City Council

FROM: E. Keith Hudson, Chief of Police

DATE: July 7, 2010

RE: Activity Report/June 2010

=====

Monthly Stats:

A total of 389 arrests were made by the Milford Police Department during June 2010. Of these arrests, 97 were for criminal offenses and 292 for traffic violations. Criminal offenses consisted of 19 felonies and 78 misdemeanors. Traffic violations consisted of 29 Regular Duty Radar, 11 Drunk-Driving charges, 113 Special Duty Radar and 139 other.

Police officers investigated 47 accidents during the month (9 personal injury, and 38 property damage) and issued 160 written reprimands. In addition, they responded to 1296 various complaints including city requests and other agency assistance.

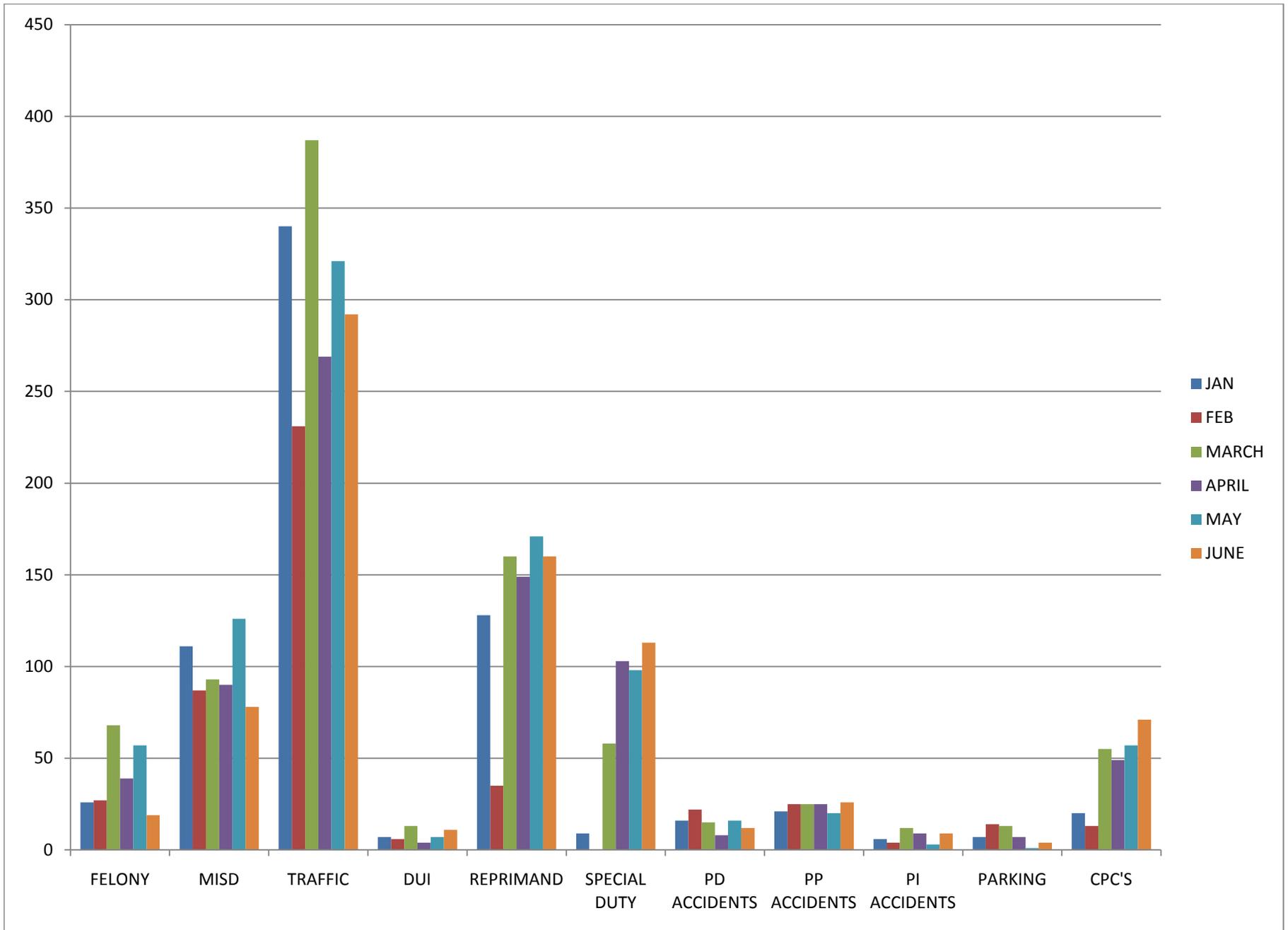
A total of \$18,574.32 was collected in fines during June.

No False Alarm Violation Invoice was issued during the month of June.

EKH/vrk

JUNE ACTIVITY REPORT

	<u>JUN 2009</u>	<u>TOTAL 2009</u>	<u>JUN 2010</u>	<u>TOTAL 2010</u>
<u>Complaints</u>	1336	6953	1296	6840
<u>Criminal Arrests</u>	167	1197	97	821
Felonies	65	346	19	236
Misdemeanors	102	851	78	585
<u>Traffic Arrests</u>	460	2512	292	1822
Regular Duty Radar	55	342	29	136
D.W.I.	18	90	11	48
Special Duty Radar	65	362	113	381
Other	322	1718	179	1297
<u>Reprimands</u>	168	1373	160	803
<u>Accidents</u>	46	270	38	265
Personal Injury	6	25	9	43
Property Damage	40	245	38	231
Fatal (included in PI)	1	2	0	1
<u>Parking Summons</u>	9	80	4	46
<u>Crime Prevention Checks</u>	40	212	71	264
<u>Fines Received</u>	\$14,647.68	\$60,800.04	\$18,574.32	\$55,448.41



City Manager's Report
July 12, 2010

- **Milford Charter Amendments (SB312 w/SA 2)**

The Delaware State Senate passed the Charter Amendments with one amendment by unanimous vote on June 29 and was followed by the Delaware House of Representatives taking the same action by unanimous vote on June 30. At the request of Sen. Simpson, I testified before the full Senate during its debate on June 29. The bill is now on its way to the Governor for his signature. The amendment is included as an attachment to the report. I would like to thank Sens. Simpson and Bonini along with Reps. Carey and Walls for their support of the bill.

- **Election Ward Realignment**

Per direction provided by City Council during the Charter review process, City staff is preparing options for Election Ward realignment by City Council. It is my intention to have this information presented to City Council no later than August 31 so that consideration can be given to each of the options presented. I recommend a decision should be made no later than October, 2010

- **Municipal Street Aid**

This year's Bond Bill included \$4 million in Municipal Street Aid which is \$2 million short of the full funding level of \$6 million. This is better than last year when the program was not funded at all, but over 2 years the City is receiving only \$183,000 of the \$550,000 that should have been funded. This loss of revenue is taking its toll on the maintenance of the City's transportation infrastructure.

- **Governor Markell to speak in Milford**

Governor Markell will be addressing the Greater Milford Chamber of Commerce during their lunch meeting on Wed. July 14 at Shawnee Country Club.

- **Street Improvement Bid Packages**

Staff is preparing bid packages for the 2010 Street Improvement Program. The tentative street improvement list includes the following streets: N. Church St.; Part of Masten Circle; Evans Drive, Foster Street, and NE 10th Street. Bids are expected to be out later this month and awarded by City Council in August.

- **SE Master Plan**

Mr. Norris and I will be meeting with State officials on July 13 for what we anticipate will be the last round of State comments on the SE Master Plan for Milford. Once this final review has been completed by the State, the plan will be ready for public review and comment before being presented to City Council for final adoption.



SPONSOR: Sen. Simpson

DELAWARE STATE SENATE
145th GENERAL ASSEMBLY

SENATE AMENDMENT NO. 2

TO

SENATE BILL NO. 312

1 AMEND Senate Bill No. 312 by deleting Section 3.04 (consisting of lines 317 thru 322, inclusive,) thereof in its
2 entirety and by renumbering Sections 3.05 thru 3.09 thereof as Sections 3.04 thru 3.08 respectively.

3 FURTHER AMEND Senate Bill No. 312 by deleting "public" as it appears on lines 462 and 490 thereof and insert
4 in lieu thereof "municipal".

SYNOPSIS

This Amendment removes the notice of action requirement from the Bill and clarifies that the utilities regulated are municipal utilities.

AUTHOR: Sen. Simpson

From: David W. Baird
Sent: Monday, July 05, 2010 1:45 PM
To: Doug Morrow (bgdoug1@comcast.net); Garrett Grier (garrett729@hotmail.com); James O. Starling; jasonwadkins@gmail.com; Joseph R. Rogers; Katrina Wilson (kwilson605@comcast.net); Owen Brooks (o.brooksjr@comcast.net); Skip Pikus (skip.pikus@gmail.com); Steve Johnson
Cc: Terri Hudson; Brad A. Dennehy; Mark S. Mallamo
Subject: N. Front Street Sewer Project
Attachments: image003.jpg

All:

I have added this item to the agenda for the Council meeting on Monday, July 12, 2010. The purpose of the discussion will be to provide a status report on the N. Front Street Sewer project that is currently under construction by JJID, Inc. A conflict has arisen as a result of a misaligned underground bore that was completed by a JJID subcontractor. The City and DBF have requested JJID provided drawings on how they prepare to resolve the issue that can be reviewed and approved by DBF with concurrence from the City and the DNREC (as the funding agency). JJID, Inc. feels the additional engineering, design and construction costs incurred from the misaligned bore are the City's responsibility. Needless to say, we disagree.

The monthly progress meeting on this project will be held on Wednesday, July 7. I have requested Randy Duplechain, Brad Dennehy and Mark Mallamo provide a status report on this issue and the entire project at your meeting on July 12.

Should you have any further questions, please do not hesitate to contact me at anytime.

David

David W. Baird

City Manager

City of Milford

P.O. Box 159

Milford, DE 19963

**CITY OF MILFORD
PROJECT COORDINATION MEETING
NORTH FRONT STREET SEWER IMPROVEMENTS
DBF# 052A149
July 7, 2010**

Attendees

Brad Dennehy
Jim Julian
Tim Stephens
Randy Duplechain

Representing

City of Milford
JJID, Inc.
JJID, Inc.
DBF, Inc.

A. General:

This meeting was requested by JJID to discuss specifics related to the misaligned bore and JJID's claim for additional compensation requested last month for Maintenance of Traffic and Traffic Control Services.

B. Items of Discussion:

1. Jim with JJID started the meeting by stating if it is the City and DBF's intention to terminate JJID's contract, then he wanted to let us know that JJID has incurred significant costs beyond what they have invoiced and as such would need to be compensated for the work to date. DBF representative stated that it is not our intention to terminate JJID, however, we would not entertain any claims associated with the misaligned bore. If JJID's position was that they would be submitting a claim for additional compensation, then as stated in our response e-mail, JJID is to stop all work until the City of Milford has had time to assess the entire situation.
2. DBF further stated that the misalignment was of no fault of the City or DBF and in DBF's opinion not even JJID. The responsibility rests with the bore subcontractor that did the work. Jim with JJID stated that they have had numerous conversations with their subcontractor in regards to who is responsible but did not elaborate further.
3. With the above said, the discussion moved on to what specific submittals DBF is asking JJID provide related to the access and proposed correction of the misaligned bore. DBF representative proceeded to discuss line item by line item the points raised in their letter to JJID dated July 2, 2010. A summary of the discussions is as follows:

- Item 1: The parties discussed the experience of the person who JJID proposes to use to oversee the timber sheeting and shoring work, Mr. Gene Freet. JJID stated that Mr. Freet has not installed timber sheeting and shoring for a number of years and as such it will be hard to compile a resume' and references of recent similar projects. The City of Milford representative stated that he had spoken to a couple of people who knew about Mr. Freet and he was highly recommended as a person who was capable of overseeing the installation of the proposed shoring system. DBF representative stated his original request was based on his concern with the experience of this individual since he had not personally seen this type of work done before. However, he would defer to JJID's claims regarding his experience and the references provided to the City. Therefore, a detailed resume' for Mr. Freet will no longer be required of JJID.
- Item 2: JJID agreed to provide with their revised structural submission how they intend to work around the existing piping as well as the misaligned casing pipe while installing the timber sheeting system. Tim with JJID stated they would most likely eliminate the bottom wale support with the submission of the revised structural documents.
- Item 3: JJID stated they would include with their revised structural information how they plan on working around the existing timber sheeting, however, their thoughts are that they will be cut away the existing timber sheeting as the new timber sheeting is advanced with the excavation.
- Item 4: There was a lengthy discussion by all related to what would be the contingency plan and how would it be implemented should JJID find that the alignment of the bore was such that the carrier pipe would not fit into the existing manhole in an acceptable manner. DBF again stated that expansion of the existing manhole would not be an acceptable alternative. Additionally, installing a bend in the sewer line outside the manhole would also not be acceptable and if that was what was being proposed as a solution we would need to see specific details related to the alignment for further discussion with the City. At the conclusion of the discussions on this item it was stated that the contingency plan would most likely include the backfilling of this timber sheeted excavation and the installation of a new larger excavation to accommodate the installation of a new manhole structure. DBF representative raised his concerns regarding the waste of time and costs associated with having to abandon this excavation and start new, but said he had no grounds for not

allowing the contractor to proceed as was discussed. JJID will formally address this issue with their shop drawing submission.

Item 5: JJID stated they would be providing with their shop drawing submission how they planned on making the structural repairs to the existing manhole to insure a water tight seal of the pipe penetration.

Item 6 & 7: JJID will provide with the revised structural calculations and details how the wale system will be connected at the corners and how far the sheeting will extend below the bottom of the excavation. JJID was reminded that the groundwater, even with the dewatering system, was observed to be only about a foot below the existing bore pit excavation.

Item 8: JJID stated that the timber sheeting and bracing will be cut off at least 3 feet below grade during backfilling operations.

Item 9: DBF representative stated that if JJID was proposing to use HDPE pipe in exchange for the PVC pipe that we would need a shop drawing submission of the material to be used. DBF also stated that the HDPE pipe size may have to be upsized to maintain the interior diameter of equivalent size to the PVC pipe. JJID stated they will be evaluating the use of the HDPE pipe as part of their remediation efforts.

Item 10: There was no discussion related to this item concerning shop drawing submission format and number of copies.

4. JJID said that they anticipated having their shop drawing submission to DBF in the next couple of days. DBF agreed to review the submission as soon as possible. JJID also offered to hold a meeting with all parties including their structural engineer and sheeting supervisor to expedite the review/comment process, if necessary.
5. At the end of the discussion regarding the misaligned bore, DBF representative stated that the City needed to know what JJID's intentions were regarding submission of a claim associated with the misalignment. Jim with JJID stated that he would let us know his company's position later today or tomorrow.
6. DBF representative brought up the issue related to our response to JJID's request for additional compensation regarding Maintenance of Traffic and additional Traffic Control. Jim with JJID stated he had not had a chance to review the DBF response letter and would also be letting us know JJID's position on this issue later today or tomorrow.

7. All parties also discussed the recent pay application received from JJID. Both the City and DBF representative stated that they would not be approving for payment any items associated with the misaligned bore until it was determined to be usable. Also discussed was the mill and overlay amounts near Trutt Avenue and the contractor requesting to be paid for the full area of mill and overlay with no deduction of the trench area from the pay item. DBF will review and comment on this issue with our comments associated with the pay request.

We trust this accurately reflects the discussions held during this coordination meeting. Should you have any comments regarding these minutes please contact me within three (3) days of receipt of this correspondence.

Respectfully Submitted,

Randy B. Duplechain, P.E.
Principal

cc: All Attendees
David Baird, City of Milford
Mark Mallamo, City of Milford
Davison Mwale, DNREC

CITY OF MILFORD
NORTH FRONT STREET SEWER IMPROVEMENTS
PROJECT NARRATIVE
DBF# 052A149
July 8, 2010

Gerald G. Friedel, PE.
Michael R. Wigley, AIA
Randy B. Duplechain, PE.
Charles R. Woodward, Jr., LS
Jo Anne Williams, PE.
W. Zachary Crouch, PE.
Michael E. Wheedleton, AIA

A. Project Description:

The project is divided into two sections.

The first section of work consists of the replacement of approximately 580 feet of 15 inch and 8 inch diameter gravity sewer and accompanying sewer services from Truitt Avenue to just shy of North Church Street. This work also included the replacement of approximately 570 feet of 10 inch sewer forcemain that was deleted from the project before construction began.

The second section of work includes the installation of approximately 650 feet of 18 inch and 12 inch diameter gravity sewer extending from Brady Drive east to about 150 feet east of Rehoboth Boulevard. This work includes the crossing under of the existing 24 inch Kent County forcemain as well as the full width of Rehoboth Boulevard using the bore and jack method of sewer installation.

B. Contract Information:

Total Construction Cost Estimate as Submitted by JJID:	\$790,195.00
Contract Time:	180 Calendar Days
Notice to Proceed Issued:	January 20, 2010
Original Contract Completion Date:	July 18, 2010
Adjusted Contract Completion Date:	July 25, 2010

(Based on suspension of contract for 7 days due to poor weather in early February)

Contract time is presently suspended as of Friday, July 2nd to allow JJID time to prepare their submittals necessary for remediation of the misaligned bore.

C. Project Status:

Section 1: Work between Truitt Avenue and North Church Street

Gravity sewer and paving work is complete except for minor punch list items. As of the end of May, JJID has been approved for payment for this work in the amount of \$232,301.97 of which the City has retained 10% (by contract) or \$23,230.19 until project completion and closeout.

Section 2: Work between Brady Drive and east of Rehoboth Boulevard

Contractor has excavated, installed dewatering system, installed bore pit and attempted to install 40 feet of 30 inch steel casing pipe under the 24 inch Kent County forcemain. Original construction documents called for the installation of both a bore pit and receiving pit. Receiving pit was to be installed adjacent to the existing manhole. Field location of the existing County forcemain revealed the main to be located approximately 4.5 feet closer to the existing manhole than what was shown on the County's as-built information. Based on this information JJID consulted with their bore subcontractor and provided DBF with an alternate method of installation of the carrier pipe. This method included elimination of the receiving pit and shifting the bore approximately 10 feet closer to the existing manhole so the casing pipe would butt up to the outside of the existing manhole. This method, after careful consideration and minor adjustments to the construction documents, was approved by DBF for use in an effort to better safeguard the existing 24 inch County forcemain. JJID's bore subcontractor, Drill-Tech Inc., installed the casing pipe on Wednesday, June 23rd. On Thursday, June 24th, JJID personnel removed a section of the interior of the existing manhole to access the sewer pipe and found the bore to be offset from the center of the manhole by an estimated 14 inches to the north and 4 inches too low.

Since June 24th JJID has been considering ways to excavate down to the misaligned casing pipe location to assess the full extent of the offset and evaluate whether or not the bore can be salvaged. Due to the location of the manhole and bore pipe in relation to the County's existing forcemain, DBF has required that JJID provide them with the specific means and methods for this critical excavation work. The latest proposition from JJID is to timber sheet the excavation which is a technique that is not generally used today and considered a lost art. Therefore, DBF is requiring that JJID contract with a structural engineer, licensed in the State of Delaware, to provide specific details as related to this excavation as well as other information as to how they intend to salvage the bore and repair the interior of the existing manhole. DBF has included in their correspondence to JJID that all costs associated with the review and approval of this information will be back charged to JJID. As of this date JJID has not been paid for any work related to this section of the project. They were informed after we received their payment application for the work completed in June that no payment will be made for any work associated with the bore until such time as they can prove to the City and DBF that the work is salvageable.

D. Outstanding and Potential Claims by JJID:

JJID has submitted one claim for additional costs associated with Maintenance of Traffic (MOT) and made a statement in their latest response letter to DBF of July 2, 2010, regarding the misaligned bore that they "*...will be submitting a claim for reimbursement of all our costs related to this (the misaligned bore) issue.*" A brief discussion of the claim issues are as follows:

1. JJID claims that they are owed additional compensation for traffic control services associated with the forcemain work that was deleted from their contract. Their claim is that they bid the project assuming both the forcemain and gravity sewer would be constructed together and as such split the cost for their traffic control flagging operations between the two bid items. Therefore, when we deleted the forcemain work from their contract they were forced to still perform the full flagging operations without the benefit of being paid. Their claim for additional compensation associated with this item is \$13,750.00.

DBF responded to this request from JJID on April 20, 2010, and again on July 6, 2010, quoting two sections of the specification which give the City the right to delete any item of the bid without additional compensation.

2. JJID claims that they were provided a Maintenance of Traffic (MOT) plan that was not appropriate for the work in the area of Rehoboth Boulevard. JJID further claims that DelDOT required they modify the previously approved MOT plans to make the MOT constructible and for moving the bore and jack. According to JJID, the change in MOT plans required additional work that resulted in additional cost and loss of project time. Total cost for this portion of their claim is \$26,800.00 which includes \$10,000.00 for MOT revisions and \$16,800.00 for extended overhead associated with the delay in obtaining the revised MOT plan approval.

DBF's response to JJID was lengthy. DBF stated that the MOT shown on the plans was general in nature and based on standard DelDOT traffic control details. In two (2) places within the project plans and specifications JJID was required to submit a Maintenance of Traffic (MOT) plan to both DelDOT and DBF for review prior to beginning construction. JJID did not submit a MOT plan for review to either DelDOT or DBF, nor had they brought this issue to anyone's attention until almost two months into the project when they met with DelDOT to request changes to the MOT plan. DBF has not received any correspondence from DelDOT or JJID that substantiates JJID's claim that they were required by DelDOT to make changes to the approved MOT plan. Additionally, JJID was given substantial time to review the project documents and ask any questions related to project constructability prior to bidding the project. DBF received no such questions from JJID or any other bidder regarding the MOT information shown in the project documents during the bidding process. Furthermore, Paragraph 5 of Section 00120, Information for Bidders, in the project specifications clearly states that *"Bidders must satisfy themselves of the accuracy of the estimated quantities in the Bid Schedule by examination of the site and review of the drawings and specifications including ADDENDA. After bids have been submitted the BIDDER shall not assert that there was a misunderstanding concerning the quantities of work or the nature of the work to be done."* DBF assisted JJID with their submission of a revised MOT plan in an effort to keep the project moving, but on two separate occasions DBF advised JJID that if they did not want to wait on the approval by DelDOT of the revised MOT plan they could move forward with their work utilizing the existing approved MOT plan. JJID was also informed on several occasions that the City would not entertain a change order associated with a

change to the MOT plans being requested by JJID.

3. No claim has been officially submitted by JJID regarding the misaligned bore. However, as previously stated, JJID made the assertion on July 2nd that they plan on submitting a claim to cover all their costs associated with this bore misalignment. DBF has both verbally and in writing told JJID that no such claim would be considered by the City or DBF since the responsibility for proper installation of the sewer system rests solely with JJID.

E. Latest Developments:

On July 7, 2010, Brad Dennehy of the City of Milford and Randy Duplechain of DBF met with representatives from JJID to discuss the misaligned bore and their claim for additional compensation associated with the MOT issues. A copy of the meeting minutes from the July 7th meeting is attached to this narrative. At the culmination of the meeting it was made clear to JJID that the City and DBF needed to know where JJID stood regarding submission of a claim as part of the misaligned bore. Regarding the MOT claim, JJID stated they had not had the opportunity to fully review DBF's response to their MOT claim but would respond to both the misaligned bore claim and MOT claim either on July 7th or July 8th.

At 3:45 P.M. on July 8th DBF received the attached e-mail from JJID which basically states that JJID will agree to drop any claim associated with for the misaligned bore if DBF and the City agree to:

1. Eliminate all project liquidated damages.
2. JJID maintains its rights to continue to pursue claims related to the eliminated forcemain, MOT and extended overhead issues.
3. City agrees to pay in full the bore lump sum on the next pay estimate when the fix as detailed in our meeting on July 7th is accomplished.

As of the preparation of this narrative neither DBF nor the City has officially responded to JJID's e-mail. Randy with DBF did speak to the JJID's president late Thursday afternoon and informed JJID that it was unlikely the City would accept such conditions.

End of Narrative

From: Jim J. Julian [jjjulian@JJID.com]
Sent: Thursday, July 08, 2010 3:45 PM
To: Randy Duplechain
Subject: Milford 7/8 phone call agenda

Follow Up Flag: Follow up
Flag Status: Flagged

Randy;

Left message with receptionist at 2:45.

She informed me you were out and would be back around 4 and would call.

JJID can agree to drop claim for bore missing manhole issue if DBF/Milford agrees to the following;

- 1) All liquidated damages are eliminated on this job due to delay issues with the bores(JJID intent to start bore in February/March) that have previously been discussed/documentated by JJID.
- 2) JJID maintains right to pursue claims related to issues pre(eliminated force main item, MOT, overhead) and post the specific bore missing issue.
- 3) Bore lump sum will be paid in total on next estimate when fix as detailed at 7/7 meeting is accomplished.

Hope this is agreeable in order to allow design engineering and stamping to go forward.

I neglected to discuss the receiving pit for the second bore at the 7/7 meeting.

Tim Stephens emailed to DELDOT on 7/7 the need to detour this street for safety and constructability.

Should be discussed further by JJID and DBF if detour is not allowed.

Thanks.

Jim Julian
JJID



DELAWARE SOLID WASTE AUTHORITY

Pasquale S. Canzano, P.E., BCEE
Chief Executive Officer

Richard P. Watson, P.E., BCEE
Chief Operating Officer

April 14, 2010

Board of Directors

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Chairman
Ronald G. McCabe
Vice Chairman
Theodore W. Ryan
William J. DiMondi
Timothy P. Sheldon
Tonda L. Parks
Gerard L. Esposito

Mr. David Baird
City of Milford
P.O. Box 159
Milford, DE 19963

Dear David:

Enclosed please find the 'Recycle Delaware' numbers and the curbside numbers for the month of March 2010 for the City of Milford. You will be able to see the savings the City of Milford receives from sponsoring the 'Recycle Delaware' program.

Sincerely,

Rich Von Stetten
Sr. Manager of Statewide Recycling

C:\RV\S\RD correspondence\cityofmilford.doc
Attachments: City of Milford Site Totals

1128 S. Bradford Street, P.O. Box 455, Dover, Delaware 19903-0455
Phone: (302) 739-5361 Fax: (302) 739-4287

CITIZENS' RESPONSE LINE: 1-800-404-7080 www.dswa.com

CITY OF MILFORD CARDBOARD SINGLE-STREAM TOTAL USED OIL
 March-10

LOCATION	LBS	LBS	LBS	
MILFORD MIDD.SCHOOL	1,505	4,677	6,182	
MARSHALL ST	5,348	63,724	69,072	240
MILFORD COMMONS	2,135	15,785	17,920	
TOTAL POUNDS	8,988	84,186	93,174	
TOTAL TONS	4.49	42.09	46.59	
AVOIDED USER FEE	\$276.38	\$2,588.72	\$2,865.10	

CITY OF MILFORD CURBSIDE RECYCLING REPORT

4/16/2010

Pick up Day	Town Customer Total	Total # of Households	Households picked up	weights/lbs	Tons	% PICKED UP	Avg Lbs
3/4/10		1,069	659	17,440	8.72	62%	26.46
3/11/10		913	684	16,800	8	75%	24.56
3/18/10		1,073	697	17,320	8.66	65%	24.85
3/25/10		913	653	15,880	7.94	72%	24.32
MAR 2010 TOTALS	1969	3,968	2,693	67,440	33.72	68%	25



DELAWARE SOLID WASTE AUTHORITY

Pasquale S. Canzano, P.E., BCEE
Chief Executive Officer

Richard P. Watson, P.E., BCEE
Chief Operating Officer

May 7, 2010

Board of Directors

Richard V. Pryor
Chairman
Ronald G. McCabe
Vice Chairman
Theodore W. Ryan
William J. DiMondi
Timothy P. Sheldon
Tonda L. Parks
Gerard L. Esposito

Mr. David Baird
City of Milford
P.O. Box 159
Milford, DE 19963

Dear David:

Enclosed please find the 'Recycle Delaware' numbers and the curbside numbers for the month of April 2010 for the City of Milford. You will be able to see the savings the City of Milford receives from sponsoring the 'Recycle Delaware' program.

Sincerely,

Rich Von Stetten
Sr. Manager of Statewide Recycling

C:\RVS\RD correspondence\cityofmilford.doc
Attachments. City of Milford Site Totals

1128 S. Bradford Street, P.O. Box 455, Dover, Delaware 19903-0455
Phone: (302) 739-5361 Fax: (302) 739-4287

CITIZENS' RESPONSE LINE: 1-800-404-7080 www.dswa.com

Printed on Recycled Paper

CITY OF MILFORD April-10	CARDBOARD	SINGLE-STREAM	TOTAL	USED OIL
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LOCATION	LBS	LBS	LBS	
MILFORD MIDD.SCHOOL	1,166	4,008	5,174	
MARSHALL ST	4,144	54,605	58,749	800
MILFORD COMMONS	1,654	13,526	15,180	
TOTAL POUNDS	6,964	72,139	79,103	
TOTAL TONS	3.48	36.07	39.55	
AVOIDED USER FEE	\$214.14	\$2,218.27	\$2,432.42	

CITY OF MILFORD CURBSIDE RECYCLING REPORT

5/13/2010

Pick up Day	Town Customer Total	Total # of Households	Households picked up	weights/lbs	Tons	% PICKED UP	Avg Lbs
4/1/10		1,079	696	18,300	9.15	65%	26.29
4/8/10		913	656	16,260	8	72%	24.79
4/15/10		1,081	685	18,060	9.03	63%	26.36
4/22/10		913	648	16,740	8.37	71%	25.83
4/29/10		1,083	817	16,680	8.34	75%	20.42
APRIL 2010 TOTALS	1969	5,069	3,502	86,040	43.02	68%	26



DELAWARE SOLID WASTE AUTHORITY

Pasquale S. Canzano, P.E., BCEE
Chief Executive Officer

Richard P. Watson, P.E., BCEE
Chief Operating Officer

Board of Directors
Richard V. Pryor
Chairman
Ronald G. McCabe
Vice Chairman
Theodore W. Ryan
Timothy P. Sheldon
Tonda L. Parks
Gerard L. Esposito
Gregory V. Moore, P.E.

June 10, 2010

Mr. David Baird
City of Milford
P.O. Box 159
Milford, DE 19963

Dear David:

Enclosed please find the 'Recycle Delaware' numbers and the curbside numbers for the month of May 2010 for the City of Milford. You will be able to see the savings the City of Milford receives from sponsoring the 'Recycle Delaware' program.

Sincerely,

Rich Von Stetten
Sr. Manager of Statewide Recycling

C:\RVS\RD correspondencelcityofmilford.doc
Attachments: City of Milford Site Totals

1128 S. Bradford Street, P.O. Box 455, Dover, Delaware 19903-0455
Phone: (302) 739-5361 Fax: (302) 739-4287

CITIZENS' RESPONSE LINE: 1-800-404-7080 www.dswa.com

CITY OF MILFORD May-10	CARDBOARD	SINGLE-STREAM	TOTAL	USED OIL
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LOCATION	LBS	LBS	LBS	
MILFORD MIDD.SCHOOL	1,060	4,090	5,150	
MARSHALL ST	3,766	55,722	59,488	775
MILFORD COMMONS	1,504	13,803	15,307	
TOTAL POUNDS	6,330	73,615	79,945	
TOTAL TONS	3.17	36.81	39.97	
AVOIDED USER FEE	\$194.65	\$2,263.66	\$2,458.31	

CITY OF MILFORD CURBSIDE RECYCLING REPORT

6/17/2010

Pick up Day	Town Customer Total	Total # of Households	Households picked up	weights/lbs	Tons	% PICKED UP	Avg Lbs
5/6/10		913	601	16,320	8.16	66%	27.15
5/13/10		1,086	712	12,700	6	66%	17.84
5/20/10		913	568	17,860	8.93	62%	31.44
5/27/10		1,086	783	18,020	9.01	72%	23.01
MAY 2010 TOTALS	1969	3,998	2,664	64,900	32.45	66%	25

AGREEMENT FOR THE MANAGEMENT
OF RECYCLABLE MATERIALS
COLLECTED THROUGH MUNICIPAL PROGRAMS

NOW COMES, the Delaware Solid Waste Authority, (“Authority”), a body politic and corporate constituting a public instrumentality of the State of Delaware, and the City of Milford, (“Municipality”), a public body of the State of Delaware.

WHEREAS, the Authority is authorized to enter into agreements with municipalities, Counties and State agencies to provide solid waste management services; and

WHEREAS, the Authority has established a program for accepting, handling and marketing single stream source separated recyclable materials throughout the State of Delaware; and

WHEREAS, Municipality has established a program for curbside collection and transportation of single stream source separated recyclable materials; and

WHEREAS, the markets for recyclable materials is at times volatile and some or all of such materials can have negative value and involve a cost to have the materials property recycled; and

WHEREAS, there are occasions when the cost of handling, transporting, managing and marketing recyclable materials exceeds the value of such materials; and

WHEREAS, the Authority has designated facilities which are capable of accepting recyclable materials throughout the State; and

WHEREAS, the Authority as a means of supporting local recycling programs is willing to bear the market risk of accepting recyclables at Authority designated facilities at no cost to those municipalities, Counties and State agencies that conduct curbside or facility single stream source separated recycling programs.

NOW THEREFORE, based on the promises set forth herein and other good and valuable consideration, Authority and Municipality agree as follows:

1. The Authority shall accept from Municipality at no cost to Municipality all single stream source separated recyclables that are delivered by Municipality to designated Authority facilities. The recyclables delivered by Municipality shall be collected through Municipality’s duly established and operated curbside or facility recycling program.
2. The single stream source separated recyclables accepted by Authority shall be limited to paper materials (such as newspapers, magazines, catalogs, telephone books, soft cover books, junk mail, paper board and cardboard), narrow-neck plastic bottles, (such as milk jugs, bleach-detergent containers, shampoo bottles), plastic bags, glass bottles and jars, and metal containers (tin, steel and aluminum), and such other materials which are approved in writing by the Authority.

3. The Authority will not accept under this Agreement as recyclables any hazardous materials, household hazardous wastes, oil, petroleum or grease wastes, chemical wastes, dry waste, construction and demolition wastes, food wastes, yard wastes, oil filters, batteries, tires, appliances, electronic goods, toxic wastes or other materials which are not compatible with the processing and marketing of single stream source separated recyclable materials.
4. The Authority reserves the right to reject deliveries of materials from municipalities which contain unacceptable materials. A delivery will be subject to rejection if it contains more than five (5) percent by volume of unacceptable materials as determined through inspection by the Authority. Any materials which are rejected by the Authority shall be properly disposed by the Municipality at the sole expense of the Municipality.
5. The Authority shall assure that all acceptable recyclables delivered by Municipality are directed to facilities which are properly permitted to process recyclables. The Authority shall be exclusively entitled to sell the recyclables received and receive all income derived from the sale of the recyclables.
6. Municipality shall be entitled to contract with any hauler that provides collection and/or transportation services for the recyclables collected under Municipality's program. Municipality shall inform any such contractor of the requirements of this Agreement.
7. Municipality shall comply with the Authority regulations and guidelines and all laws, regulations and ordinances during the term of this Agreement.
8. Municipality shall deliver or cause to be delivered to the designated Authority facilities all the acceptable recyclable materials collected under Municipality's program during the term of this Agreement. This Agreement shall expire on June 30, 2016.

IN WITNESS WHEREOF, the parties hereto, intending to be bound, have executed this Agreement on this 12th day of July 2010.

WITNESS:

DELAWARE SOLID WASTE AUTHORITY

WITNESS:

CITY OF MILFORD

Mayor Joseph R. Rogers

**MUNICIPAL DISCOUNT DISPOSAL FEE AGREEMENT
(OPTION FOR REBATE OR DISCOUNT)**

THIS AGREEMENT, entered into by and between the Delaware Solid Waste Authority (“Authority”) and the City of Milford (“Customer”), made this 12th day of July 2010.

WHEREAS, the Authority owns and operates facilities throughout the State of Delaware; and

WHEREAS, the Authority receives solid waste and dry waste at its facilities from various customers who collect and/or transport solid waste and dry waste generated in the State of Delaware; and

WHEREAS, for municipalities with accounts with the Authority which collect and transport the solid waste and dry waste generated within their municipal boundaries with their own equipment and labor force the Authority is willing to provide an option to such municipality which allows the municipality to choose to receive a rebate or a discount regarding payment of the adopted uniform base rate; and

WHEREAS, the Customer wishes to utilize the services of the Authority for the receipt and disposal of all Customer’s solid waste and dry waste collected in the State of Delaware; and

WHEREAS, the Authority wishes to provide disposal services to Customer under this Agreement as an integral part of fulfilling its statutory responsibilities and satisfying its financial obligations.

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, and other good and valuable consideration, the parties, intending to be legally bound, hereby agree as follows:

1. Customer shall, subject to the exceptions set forth in Paragraph 9 hereafter, deliver to Authority designated facilities all solid waste and dry waste generated in the State of Delaware which is collected and/or transported by Customer during the term of this Agreement.
2. Customer shall pay to the Authority:

- (a) a base rate of Eighty Dollars (\$80.00) for each ton of solid waste and dry waste delivered to the Authority facilities, during the period commencing July 1, 2010 and ending June 30, 2011;
- (b) a base rate of Eighty Two Dollars (\$82.00) for each ton of solid waste and dry waste delivered to the Authority facilities, during the period commencing July 1, 2011 and ending June 30, 2012; and
- (c) a base rate of Eighty Four Dollars (\$84.00) for each ton of solid waste and dry waste delivered to the Authority facilities, during the period commencing July 1, 2012 to June 30, 2013,

all subject to the applicable rebates hereinafter set forth.

- 3. In the event the Authority establishes a general base rate for disposal of solid waste and dry waste below the base rates specified in Paragraph 2 above for the time periods indicated, Customer shall be entitled to such lower base rates while such lower base rates are in effect. Dry waste shall be as defined in the Regulations of the Delaware Solid Waste Authority and shall be delivered in separated loads free of any commingled municipal solid waste. The delivery of yard waste to Authority facilities shall be subject to any limitations or prohibitions imposed by law, regulations and permit conditions, and any special restrictions or requirements imposed by the Authority.
- 4. The term of this Agreement shall be from July 1, 2010 or the execution date of this Agreement thereafter to June 30, 2013.
- 5. The following rebates shall be paid to Customer:
 - (a) a rebate of Eight Dollars (\$8.00) shall be paid by the Authority to Customer for each ton of solid waste and dry waste delivered to the Authority landfills; namely, the Northern Solid Waste Facility located at Cherry Island in Delaware, the Central Solid Waste

Facility located at Sandtown in Delaware, and the Southern Solid Waste Facility located at Jones Crossroads in Delaware.

- (b) a rebate of Four Dollars (\$4.00) shall be paid by the Authority to Customer for each ton of solid waste and dry waste delivered to the Authority transfer stations; namely, the Pine Tree Corner facility, the Milford facility, and the Route 5 facility.
- (c) the rebates shall be paid for the following periods in which solid waste and/or dry waste have been delivered:
 - (1) July 1, 2010 to June 30, 2011
 - (2) July 1, 2011 to June 30, 2012
 - (3) July 1, 2012 to June 30, 2013

6. The rebate set forth in Paragraph 5 above shall be paid to Customer by Authority within forty-five (45) days after the end of the applicable period or after full payment due has been made to the Authority by Customer for all services provided by the Authority, whichever is later, for the solid waste and dry waste delivered by Customer during the applicable periods set forth in Paragraph 5 above; provided however, that if Customer has not made full payment due for all services provided by the Authority within ninety (90) days of the end of the applicable period, then the entire rebate for the period shall be forfeited without offset for any amounts due from Customer.

7. Notwithstanding the foregoing, any municipal Customer which owns and operates its own solid waste and dry waste collection system shall have the option under this Agreement to pay the following discounted rates for the periods indicated without receiving any rebates:

- (a) Seventy Two Dollars (\$72.00) for each ton of solid waste and dry waste delivered to the Authority landfills; namely, the Northern Solid Waste Facility located at Cherry Island in Delaware, the Central Solid Waste Facility located at Sandtown in Delaware, and the Southern Solid Waste Facility located at Jones Crossroads in Delaware; and Seventy Six

- Dollars (\$76.00) for each ton of solid waste and dry waste delivered to the Authority transfer stations, namely the Pine Tree Corner facility, the Milford facility, and the Route 5 facility, during the period commencing July 1, 2010 and ending June 30, 2011;
- (b) Seventy Four Dollars (\$74.00) for each ton of solid waste and dry waste delivered to the Authority landfills; namely, the Northern Solid Waste Facility located at Cherry Island in Delaware, the Central Solid Waste Facility located at Sandtown in Delaware, and the Southern Solid Waste Facility located at Jones Crossroads in Delaware; and Seventy Eight Dollars (\$78.00) for each ton of solid waste and dry waste delivered to the Authority transfer stations, namely the Pine Tree Corner facility, the Milford facility, and the Route 5 facility, during the period commencing July 1, 2011 and ending June 30, 2012; and
- (c) Seventy Six Dollars (\$76.00) for each ton of solid waste and dry waste delivered to the Authority landfills; namely, the Northern Solid Waste Facility located at Cherry Island in Delaware, the Central Solid Waste Facility located at Sandtown in Delaware, and the Southern Solid Waste Facility located at Jones Crossroads in Delaware; and Eighty Dollars (\$80.00) for each ton of solid waste and dry waste delivered to the Authority transfer stations, namely the Pine Tree Corner facility, the Milford facility, and the Route 5 facility, during the period commencing July 1, 2012 and ending June 30, 2013.

In order to exercise the option provided hereunder the qualified municipal Customer shall provide written notice to the Authority of its election at the time of execution of this Agreement and prior to July 1 of any subsequent yearly period that the discount applies, and indicate in such written notice the number of yearly periods covered by the exercise of the option. In the event any qualified municipal Customer wishes to make a change to the rebate system of payments, it may do so by providing written notice to the Authority prior to July 1, of any yearly period that the discount applies, and indicate in such written notice the number of yearly periods covered by the notice.

8. The rates and rebates set forth in paragraphs 2, 5, and 7 above shall be conditioned on full payment by Customer of all amounts due, when due, by Customer under the Authority's payment policy for services provided by the Authority, provided, however, that delinquent payment shall not relieve Customer of the obligation to deliver all solid waste and dry waste to designated Authority facilities in accordance with the requirements set forth in paragraph 1 above.
9. For purposes of this Agreement the solid waste and dry waste required to be delivered to designated Authority facilities under Paragraphs 1 above shall not include:
- (a) source separated recyclable materials, including any materials collected under curbside recycling programs, provided however, the waste residue resulting from the recycling, resource recovery or beneficial use of Delaware solid waste and dry waste which is generated from operations conducted in Delaware shall not be subject to this exemption;
 - (b) special solid waste as defined by the Authority;
 - (c) industrial solid waste as defined by the Authority;
 - (d) agricultural waste generated on a farm;
 - (e) tires;
 - (f) non-hazardous waste resulting from emergency clean-up actions;
 - (g) waste materials collected from industrial facilities which have adopted and implemented a company wide policy requiring all waste materials generated at the industrial facility to be disposed at waste to energy plants;
 - (h) yard waste; and
 - (i) dry waste generated and collected in New Castle County, Delaware.

Customer may, however, deliver to Authority facilities the solid waste and dry waste generated in the State of Delaware and identified in subparagraphs (a) through (i) above, subject to payment of

the applicable disposal fee, and subject to compliance with laws, regulations and permit conditions, and the Authority's rules, regulations and procedures pertaining to such dry waste and solid waste.

10. It shall be a condition of default and cause for termination if Customer:
 - (a) fails to maintain a current payment account in accordance with Authority's rules, regulations, procedures, and payment policies;
 - (b) fails to deliver the solid waste or dry waste required to be delivered to the Authority's facilities under this Agreement, provided, however, that unintentional and non-material failures by Customer to make the required delivery of solid waste or dry waste will not be grounds for termination if the Customer provides written notice of the failure within seventy-two (72) hours of the event, and cures such failure by making arrangements for delivery to Authority facilities of sufficient amounts of acceptable alternative or replacement solid waste or dry waste generated in the State of Delaware, and not subject to the requirements of Paragraph 1 above, to account for the short fall in tonnage and user fee loss experienced by the Authority as a result of the failure; or
 - (c) fails on a repeated basis to comply with laws and regulations applicable to solid waste collection and transportation, or the Authority's rules, regulations and policies.
11. It shall be a condition of default and cause for termination if the Authority engages in the curbside collection of municipal solid waste, provided that the default is not cured by Authority within (30) days of written notification by Customer to Authority of the default.
12. Customer and Authority shall be relieved of responsibility for performance under this Agreement to the extent and for such time or times in which Customer or Authority are prevented or substantially impaired from performing obligations under this Agreement by reason of changes in law or official governmental action by rule, order, regulation or otherwise.
13. This Agreement shall inure to the benefit of and be binding on Customer, its successors, assigns, parents, subsidiaries, affiliates, partners, joint venturers, divisions, contractors and sub-

contractors, and all other entities, existing or newly formed, controlled directly or indirectly by Customer or its successors, assigns, parents, subsidiaries, affiliates, partners, joint venturers, divisions, and all other entities, existing or newly formed, controlled directly or indirectly by them, through changes in ownership or status, by transfer of assets or otherwise, and which engage in the collection and/or transportation of solid waste and/or dry waste generated in the State of Delaware.

- 14. This Agreement shall be interpreted in accordance with the laws of the State of Delaware. Any lawsuit initiated with respect to this Agreement shall be filed in the State courts of the State of Delaware.
- 15. This Agreement represents the entire understanding of the parties. This Agreement shall not be amended without the written consent of both parties. If Customer has entered a separate Differential Disposal Fee Agreement with the Authority which is in effect at the time of execution of this Agreement, such prior Agreement shall remain in effect until its expiration date.

IN WITNESS WHEREOF, the Authority and Customer have entered this Agreement.

DELAWARE SOLID WASTE AUTHORITY

CITY OF MILFORD

By: _____
(Signature)

By: _____
(Signature)

By: _____
(Please Print Name)

By: Mayor Joseph Ronnie Rogers
(Please Print Name)

Witness: _____

Witness: _____

CITY OF MILFORD PUBLIC NOTICE
Chapter 193-Solid Waste Code
ORDINANCE 2010-11

NOTICE IS HEREBY GIVEN the following Ordinance is currently under review:

Whereas, the City Council of Milford periodically establishes disposal rates and charges for the customers of the City of Milford; and
 Whereas, it is imperative the City of Milford continue to provide the highest level of municipal solid waste services; and
 Whereas, City Staff has reviewed and recommended the proposed rates and concur therewith; and
 Whereas, it is desirable to spread out the increased costs of recent and future DSWA tipping fees; and
 Whereas, City Council adopted a solid waste rate increase at its meeting on June 14, 2010 as part of its adoption of the Fiscal Year 2010-2011 budget.

NOW, THEREFORE, the City of Milford hereby ordains as follows:

Chapter 193: SOLID WASTE

Section 1.

Section 2 of Chapter 193, Rate Schedule, is hereby amended to read as follows:

§ 193-2. Rate schedule.

Code Number	Description	Monthly Rate	
		Current	Adopted
Residential Rates			
01	Single Family [includes Multi-Units (12 and below)] 1/week collection <i>Weekly Collection</i> 1/week recycling <i>Bi-Weekly Recycling</i>	\$22.00	\$23.50
Commercial Rates			
CART	95-gallon, 1/week <i>2/week*</i>	\$30.00	\$32.00
05	3-yard, 2/week, light	\$75.00	\$80.00
06	Customer-owned, 3-yard, 3/week, heavy	\$180.00	\$192.00
07	3-yard, 3/week, medium	\$125.00	\$134.00
08	City-owned, 3-yard, 3/week, heavy	\$185.00	\$198.00
09	4-yard, 3/week, extra heavy	\$425.00	\$454.00

Section 3.

Introduction Date: June 28, 2010

Adoption Date: July 12, 2010

Effective Date: July 22, 2010*

*Utility bills generated after July 22, 2010 will reflect the solid waste fees established by this ordinance.

*07/12/10 Amended by City Manager

CITY OF MILFORD PUBLIC NOTICE
Chapter 185-Sewer Code
ORDINANCE 2010-12

NOTICE IS HEREBY GIVEN the following Ordinance is currently under review:

The City of Milford hereby ordains as follows:

Chapter 185: SEWERS

Section 1.

An Ordinance to Amend the Code of the City of Milford, Chapter 185, thereof, entitled Sewers, for the purpose of amending sewer user rates.

Section 2.

Section 10 of Chapter 185, Schedule of Rates and Charges, Paragraphs (A) and (B), is hereby amended to read as follows:

§ 185-10. Schedule of rates and charges.

The Council has the authority to establish sewer rates and charges set forth in the following schedule, which shall be effective ~~August 1, 2008~~ *July 22, 2010** and shall be collected from the customer of the sewer system under operation of the City of Milford. The rates and regulations shall be reviewed on an annual basis and adjusted as necessary. Each user of the wastewater facilities will be notified annually of effective user charge rates either by mail or advertisement in a paper of general circulation within the City of Milford.

A. Rate schedule based on metered water consumption.

(1) City service rate:

(b) Over 1,000 gallons: ~~\$2.43~~ \$2.71 per 1,000 gallons.

B. Rate schedule based on metered sewage flows.

(1) City service rate:

(b) Over 1,000 gallons: ~~\$2.43~~ \$2.71 per 1,000 gallons.

Section 3.

Dates.

Introduction Date: June 28, 2010

Adoption Date: July 12, 2010

Effective Date: July 22, 2010*

*Utility bills after after July 22, 2010 will reflect the sewer rate established by this ordinance.

DEMEC

Delaware Municipal Electric Corporation



Generation Expansion Project: Reducing Supply Costs, Maintaining Reliability and Enabling Renewable Energy for Delaware

July 12, 2010

DEMEC Is:



-  A Joint Action Agency and Municipal Electric Company
-  Established in 1979 as a not-for-profit agency by seven municipal utilities
-  Authorized by the Delaware General Assembly under Title 22 of the Delaware code
-  Responsible for electric supply, capital financing and services to the nine municipal members
-  A generation owner in Delaware

DEMEC



 The Member Municipal Utilities:

 Charter Members – 1979:

 Clayton

1992-Dover

 Middletown

1994- Lewes

 Milford

 New Castle

 Newark

 Seaford

 Smyrna

DEMEC



Renewable Resources:

Dover Sun Park 2011- 1,500 kw Photovoltaic

-  Partnership between DEMEC, City of Dover, Delmarva Power, and the State Sustainable Energy Utility

BlueWater Wind 2014- Off-shore Wind Project

-  DEMEC was the first utility in the nation to sign an agreement for offshore wind energy

Domestic Renewable Grant Program:

-  375 kw of new solar voltaic systems installed by customers since 2007
-  More than \$1,500,000 in grants to customers

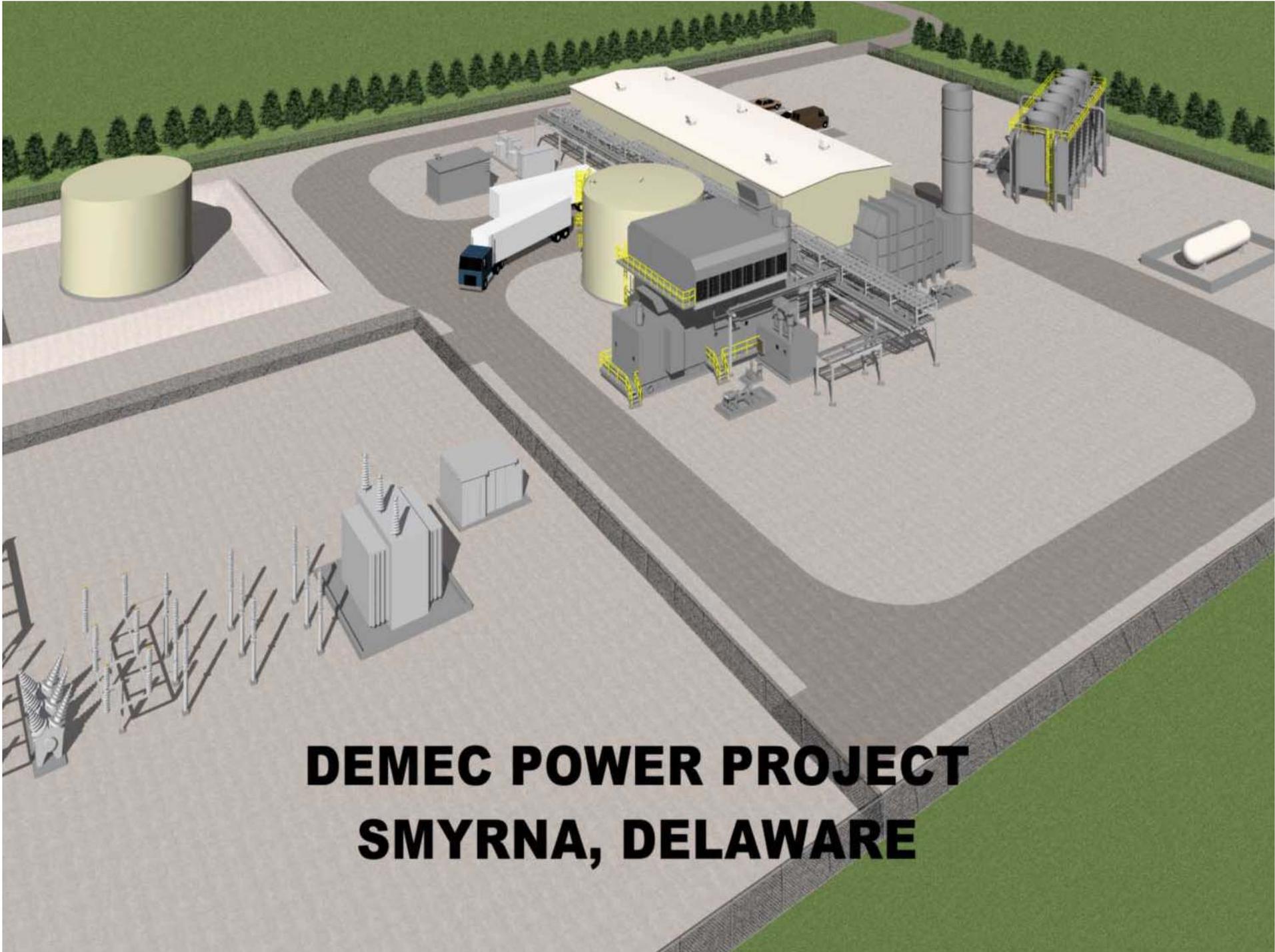
More to follow

DEMEC



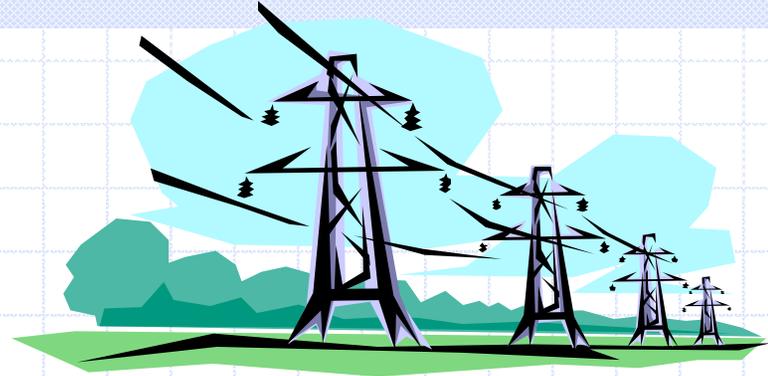
The Project:

- Expansion of Existing Beasley Power Station
Located in Smyrna, Delaware
 - Add a second combustion turbine generator
 - Natural gas primary, ultra low-sulfur oil backup
 - Nominal output 45-55 MW
 - Black-start reliability
 - Environmentally-responsible reliability generation
 - Estimated project cost is \$35-38 Million



**DEMEC POWER PROJECT
SMYRNA, DELAWARE**

DEMEC



The Project Costs:

Two options under consideration:

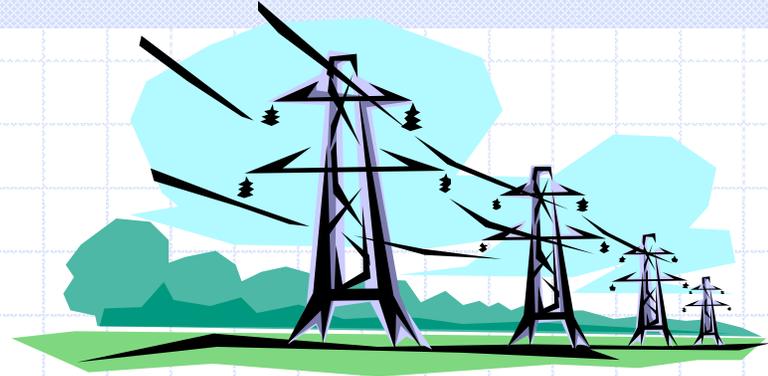
GE LM6000 Combustion Turbine

- Match Unit #1
- 45 MW Addition
- \$35,000,000 (\$777/kw)

Rolls Royce Trent Combustion Turbine

- Similar Technology – higher output
- 55 MW Addition
- \$38,000,000 (\$690/kw)

DEMEC



 The Project Participants and Ownership Shares based on 2009 Peak Demand:

<u>Participant</u>	<u>Ratio Share</u>
 Newark	35.05%
 Milford	19.58%
 Middletown	16.52%
 Seaford	10.08%
 Smyrna	9.69%
 New Castle	7.15%
 Clayton	1.93%

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Impact on Total Power Supply Cost:

Debt service costs increase \$2.50/MWH

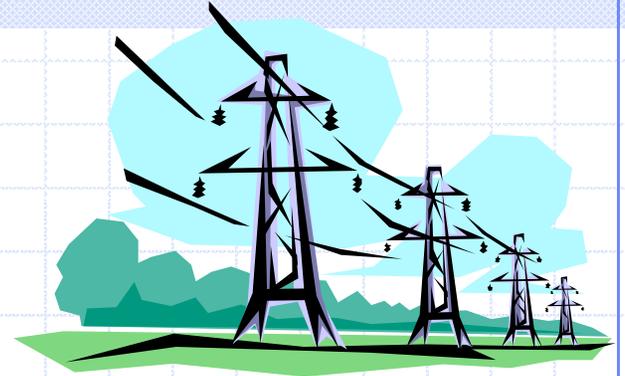
Capacity costs decrease \$3.00/MWH

Total Supply Cost Decrease \$0.50/MWH

Annual Savings: \$550,000

Milford's 19.58% share: \$ 107,690

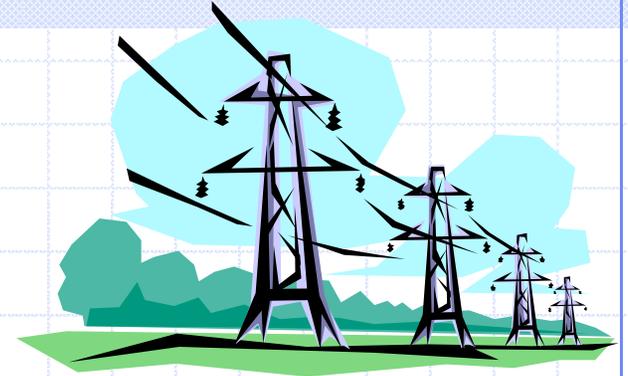
DEMEC



Why is a Second Unit Needed?

-  Growing Demand in Delaware
-  Transmission Capability is inadequate and results in a capacity “surcharge” on Delaware ratepayers
-  Peaking generation enables and supports intermittent renewable resources
-  Electric Reliability must be assured

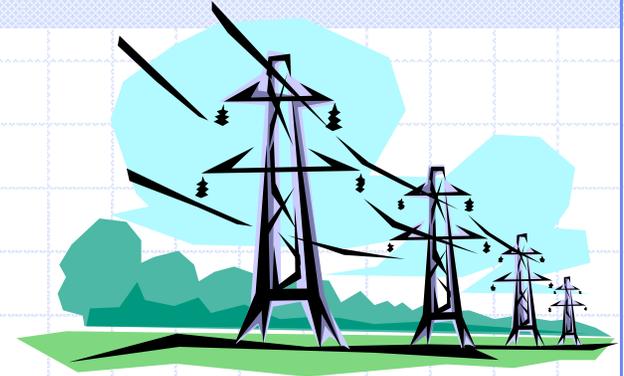
DEMEC



Growing Demand in Delaware

-  Economic slowdown will end in the near future
-  Adequate, reliable energy supply is critical for Delaware's economic recovery and expansion
-  Additional generation needed to eliminate Capacity Surcharge of approximately 10% currently imposed on Delaware ratepayers

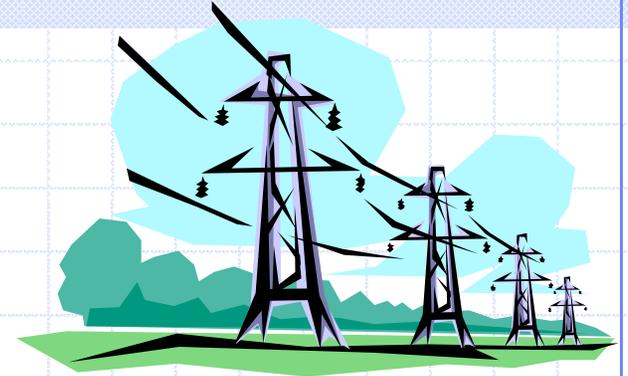
DEMEC



Transmission Capability is inadequate and results in a capacity “surcharge” on Delaware ratepayers

-  While MAPP Transmission project may come, it is years away.
-  Current capacity costs being imposed on Delaware by PJM are high (110%+) compared to surrounding states, forcing ratepayers to pay more than they should and challenging our economic health
-  Additional domestic generation is necessary to eliminate capacity “surcharge” in the future

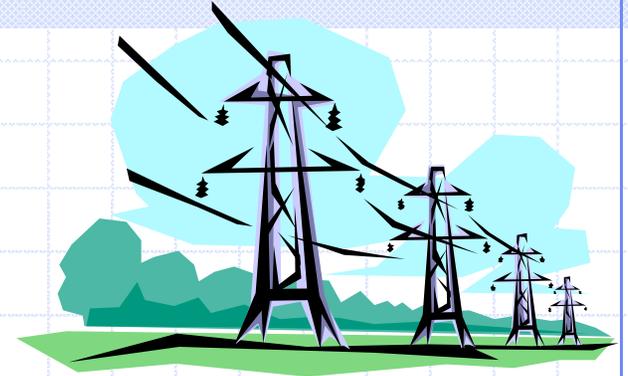
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Peaking generation enables and supports intermittent renewable resources

-  Peaking generation provides support for intermittent renewable energy such as Solar and Wind to be fully developed without endangering electric service reliability
-  Expansion of wind power in Delaware is hampered by inadequate transmission support and backup generation
-  Eliminating the capacity “surcharge” on Delaware frees up more money to be invested in additional Renewable Resources in Delaware

DEMEC



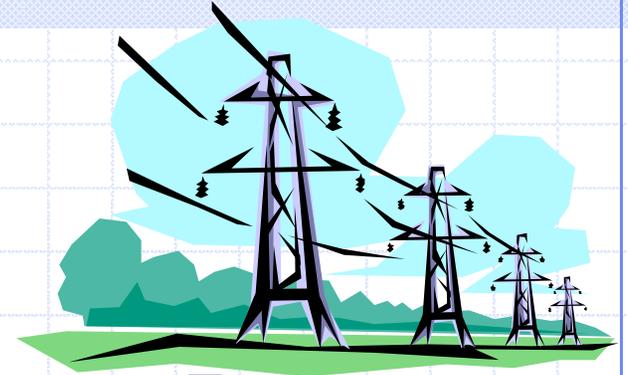
Proactive, Environmentally Responsible
Electric Generation Technology



Meeting critical goals of:

-  Providing for the growing demand for reliable electric supply in Delaware
-  Reducing the electric capacity “surcharge” imposed on Delaware
-  Enabling and supporting development of additional Renewable Generation in Delaware

DEMEC

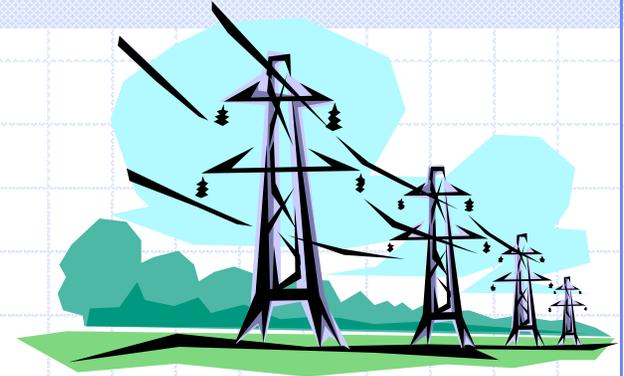


Summary of Purchase Power Agreement Terms:

(Substantially similar to 2001 PPA. PPA the same for all participants)

-  Participating Members secure Power Entitlement Shares (Milford 19.58%)
-  DEMEC owns and operates the Facility for the Participant's benefit solely.
-  Contract Term = Life of Bonds (25-35 years)
-  Take-or-Pay Contract Commitment equal to Entitlement Shares. DEMEC pledges payments to Bond Holders as security.

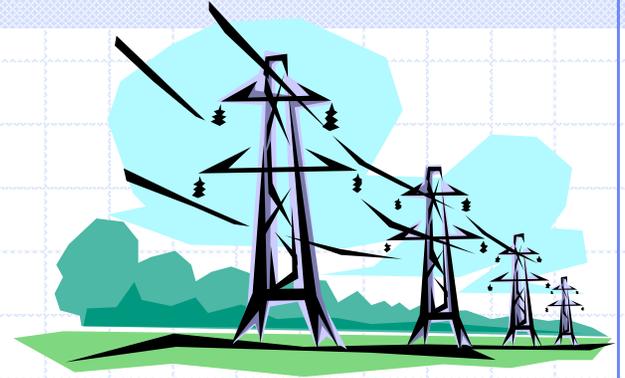
DEMEC



Next Steps:

-  Participating Members approve the Power Purchase Agreements (PPA) with DEMEC
-  DEMEC makes financing commitment
-  Project construction begins in 2011
-  Target Commercial Operation Date is:
June 1, 2012

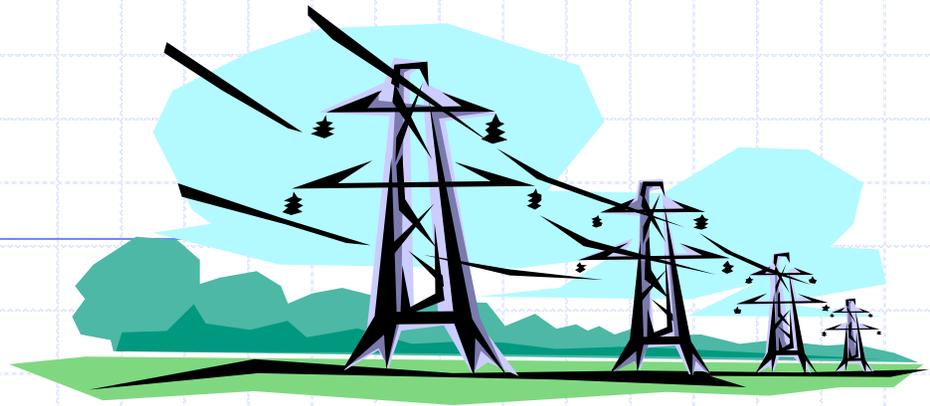
DEMEC



DISCUSSION

DEMEC

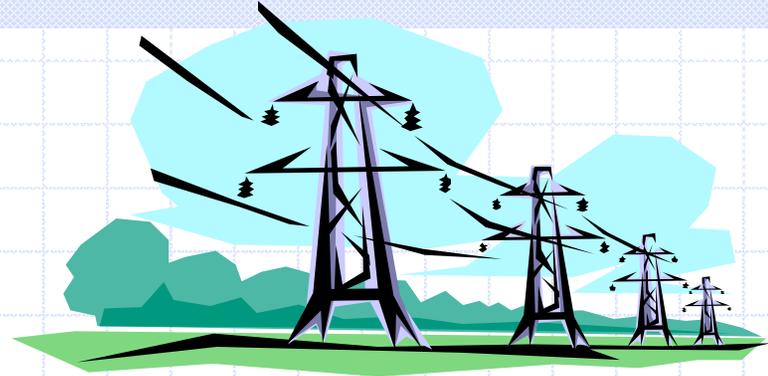
Delaware Municipal Electric Corporation



Summary of
Energy Related Legislation
Passed by 145th General Assembly
And effects on Municipal Electric Companies

July 1, 2010

DEMEC



Three Energy Related Bills Passed:

SS 1 for SB 119: Renewable Portfolio Standards Enhancement

-  Title 26, Subchapter III-A
-  Substantial new impacts and obligations for Municipal Electric Companies

SB 266: Green Energy Endowment Program

-  Title 29, Chapter 80, Subchapter II-The Delaware Energy Act
-  no direct obligations created on Municipal Electric Companies

SB 267: Aggregate Net Metering (after DEMEC amendments)

-  Title 26, Chapter 10 – Electric Utility Restructuring
-  Allows retail customers aggregate usage and build or contract for RE systems up to 110% of their annual aggregate consumption.
-  Substantial administration and billing impacts
-  Possible revenue impacts

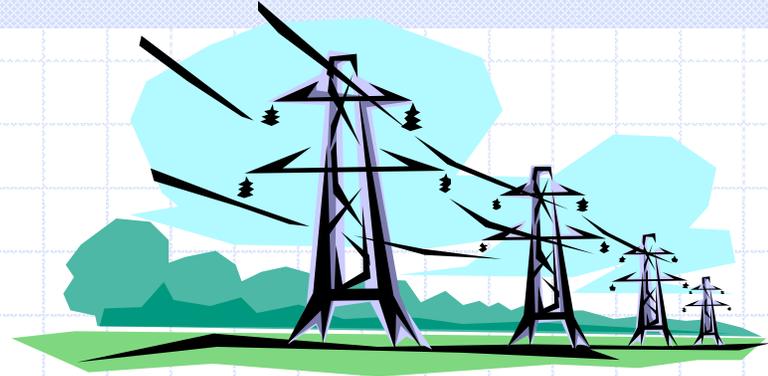
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SB 119 - Original Proposed Changes to Current RPS Law :

-  Proposes to eliminate the Municipal and Cooperative alternative compliance language currently in the RPS law. Would set the RPS goals the same for all utilities in Delaware.
 -  Utilities would be required to meet annual targets which escalate from 2% to 20% in 2019 and 29% by 2029
 -  Large penalties in the form of Alternative Compliance Payments (ACP) required to be made into green energy funds if targets not met.
 -  System Benefit Charge to customers increased from 0.0178 to 0.0356, and would probably be periodically increased in future years.

DEMEC



Summary of SB 119 As Adopted (after DEMEC Amendments):

-  Munis/Coop may opt out of RPS by developing and implementing “a comparable program” to the RPS
-  Regulation only by “Local Regulatory Authority”, No state regulation
-  Continues Green Energy Funds and contributions at 0.178/mWh for all sales.
-  Provides all multiple REC & SREC incentives currently provided to DPL
-  Caps Implementation costs at 3% (1% Solar Cap)
-  No Penalties for failing to meet targets (No ACP, No loss of 363 Special Provisions)

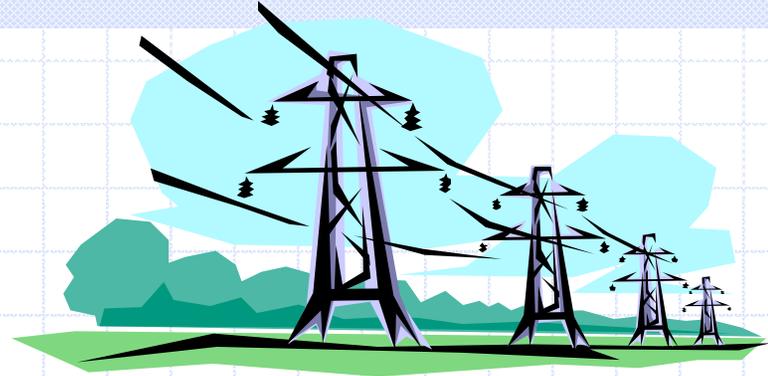
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 Munis/Coop may opt out of RPS by developing and implementing “a comparable program” to the RPS

-  Comparable program means targets of 25% RE and 3.5% Solar by 2025, but our own schedule of how we get there. Schedule can be changed as needed.
-  Municipal Electric Utilities individually, or collectively through DEMEC, must create and submit a plan by 1/1/2013. The plan is submitted to its Local Regulatory Authority, the General Assembly, and the Energy Office.
-  Annual progress reports required to be filed with same entities.
-  “Local Regulatory Authority” means is its City or Town Council, Board, or Commission. No state regulation.
-  Local Regulatory Authority determines program based on local “need, value and feasibility” and “economic and environmental well being” of its members.
-  Program targets can be suspended if implementation costs exceed established caps:
 -  3% of total cost of purchased power for Eligible Energy Resources
 -  1% of total cost of purchased power for Solar
 -  4% increase in average consumer’s monthly bill for all implementation costs
 -  The Local Regulatory Authority may approve increases in these caps

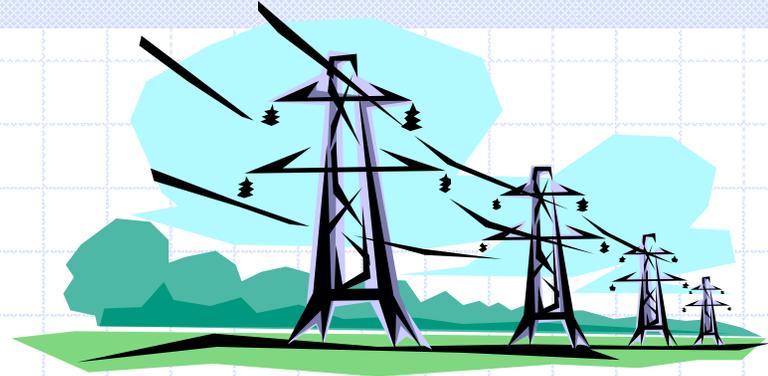
DEMEC



Green Energy Fund Programs Continued:

-  Must continue to contribute at least \$0.178 per Megawatt hour of all sales to Fund.
-  Funds must be used to support the following programs:
 -  Energy Efficiency Technologies
 -  Renewable Energy Technologies
 -  Demand Side Management Programs
-  Grant Programs to end-use customers not required
-  State Requirement for Green Energy Subscription Program Eliminated
 -  Municipalities may chose to continue or eliminate.
-  Local Regulatory authorities may increase the contributions to the Green Energy Funds
 -  To date, only Newark has done so, increasing to \$0.356.

DEMEC



 Municipal Electric Utilities will receive all Renewable Energy Credit (REC) incentives currently provided to DPL

 10%+ 10% bonus for DE Projects:

 10% bonus for all projects sited in Delaware and 50% of equipment manufactured in Delaware

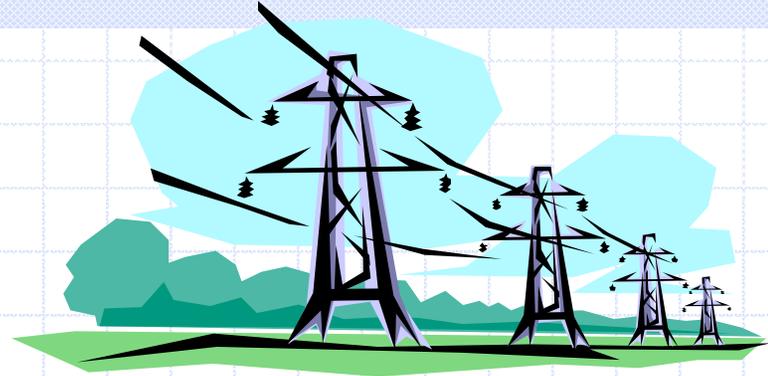
 10% bonus for all projects sited in Delaware and 75% of labor from Delaware workforce.

 300% for all Solar RECs

 350% for all Off-Shore Wind RECs

 Any other incentives provided by paragraphs 356 and 357 of the Chapter.

DEMEC



No State Regulation, No Penalties

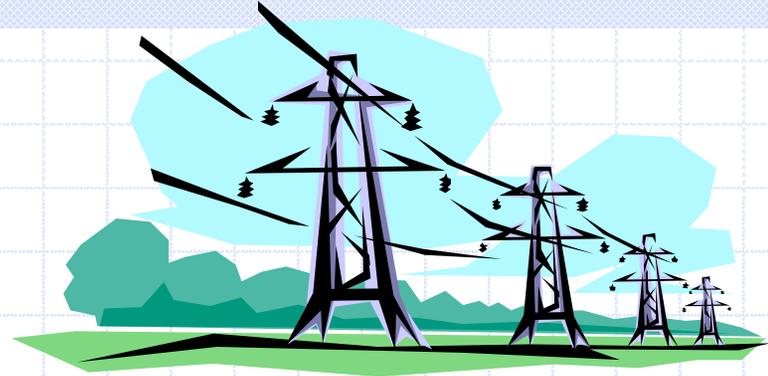
-  No regulation by General Assembly, DNREC or PSC
-  No Alternate Compliance Payments required (\$400 - \$500 / mWh for DPL)
-  Local Regulatory Authority determines program pace and cost impacts to customers.

DEMEC



-  SB 266: Green Energy Endowment Program
 -  no direct obligations created on Munis
 -  Redefines the Green Energy Endowment Program
 -  Incentives for “Cost effective energy efficiency projects”
 -  Grant sizes set by DNREC Secretary and SEU Oversight Board

DEMEC



-  SB 267: Aggregate Net Metering (after DEMEC amendments)
 -  Reduces retail customers ability to build system from up to 125% of their annual consumption to 110%.
 -  Still requires utilities to buy excess generation.
 -  Allows retail customers to aggregate buying power to secure alternative energy contracts, with controls.
 -  Strengthens the Generator Interconnection Application requirements to assure stability and safety of distribution systems.
 -  Allows Utility to bill a single account.
 -  May allow third-party suppliers to serve load inside Municipal service territory.
 -  May impact revenues if large projects are built
 -  Implementation delayed until July 1, 2011 to allow for further study.

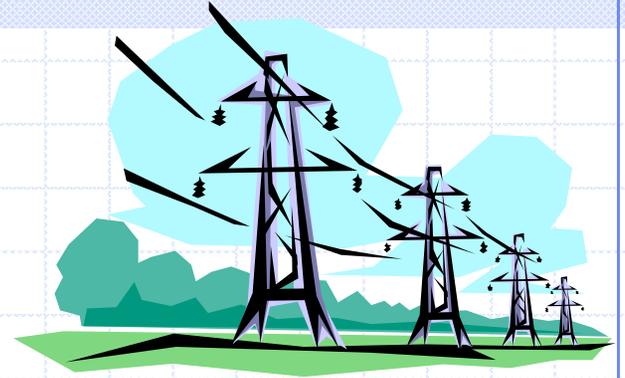
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Ramification of Aggregate Net Metering for Municipal Utilities:

-  Will probably cause an increase in the rate of Solar Deployment inside Municipal Distribution Systems
-  Generator Interconnection Application Process becomes Critical.
 -  Increase requirements to assure stability and safety of distribution systems
 -  Feeder load modeling important to prevent overloads or instability
-  Utility billing systems may require modification to accommodate.
-  May allow third-party suppliers to serve load inside Municipal service territory.
 -  Is this a violation of the Retail Choice Law?
 -  May need to consider Decoupled Retail Rate Designs
-  May impact electric revenues if large projects are built
-  Implementation delayed until July 1, 2011 to allow for further study.

DEMEC



DISCUSSION

**CITY OF MILFORD
FUND BALANCES REPORT**

Date: MAY 2010

Cash Balance - General Fund Bank Balance	\$1,935,999
Cash Balance - Electric Fund Bank Balance	\$2,782,686
Cash Balance - Water Fund Bank Balance	\$571,128
Cash Balance - Sewer Fund Bank Balance	\$342,236
Cash Balance - Trash Fund Bank Balance	\$519,417

	General <u>Improvement</u>	Municipal <u>Street Aid</u>	Real Estate <u>Transfer Tax</u>	Water Bond <u>Escrow</u>
Beginning Cash Balance	472,098	609,559	801,772	412,758
Deposits	2,485		153,883	
Interest Earned this Month	92	111	176	18
Disbursements this Month		(33,252)	(45,261)	(300)
Investments			1,600,000	
Ending Cash Balance	\$474,675	\$576,418	\$2,510,570	\$412,476

	GF Capital <u>Reserves</u>	Water Capital <u>Reserves</u>	Sewer Capital <u>Reserves</u>	Electric <u>Reserves</u>
Beginning Cash Balance	1,172,331	1,971,852	1,266,331	4,313,743
Deposits	14,500	250,000		
Interest Earned this Month	65	143	81	205
Disbursements this Month		(6,629)	(79,896)	
Investments	500,000	1,750,000	1,500,000	5,000,000
Ending Cash Balance	\$1,686,896	\$3,965,366	\$2,686,516	\$9,313,948

	Water <u>Impact Fee</u>	Sewer <u>Impact Fee</u>	Electric <u>Impact Fee</u>
Beginning Cash Balance	16,380	14,074	5,901
Deposits			
Interest Earned this Month			
Disbursements this Month			
Investments	850,000	\$625,000	\$250,000
Ending Cash Balance	\$866,380	\$639,074	\$255,901

INTEREST THROUGH THE ELEVENTH MONTH OF THE FISCAL YEAR:

General Fund	13,771	Water Fund	4,027
GF Capital Reserves	15,320	Water Bond Escrow	230
General Improvement Fund	2,277	Water Capital Reserves	23,168
Municipal Street Aid	3,311	Water Impact Fees	3,821
Real Estate Transfer Tax	12,419	Sewer Fund	1,999
Electric Fund	20,751	Sewer Capital Reserves	22,626
Electric Reserves	71,153	Sewer Impact Fees	2,877
Electric Impact Fees	1,095	Trash Fund	2,419

TOTAL INTEREST EARNED TO DATE \$201,264

REVENUE REPORT

Page Two

Date: MAY 2010 ACCOUNT	AMOUNT BUDGETED	MTD	YTD	92% of Year Expended
				YTD%
Budgeted Fund Balance	264,600	25,000	264,600	100.00%
General Fund Capital Reserves	104,600	0	104,600	100.00%
Property Transfer Tax-Capital	184,300	(72)	153,634	83.36%
Property Transfer Tax-Police	520,000	43,334	476,667	91.67%
Real Estate Tax	2,929,600	1,655	2,915,911	99.53%
Business License	48,000	1,600	33,950	70.73%
Rental License	62,500	300	87,050	139.28%
Building Permits	40,000	1,395	26,313	65.78%
Planning & Zoning	40,000	12,492	45,151	112.88%
Misc. Revenues	342,575	9,923	215,787	62.99%
Transfers From	3,215,480	267,958	2,947,524	91.67%
Police Revenues	305,000	12,483	161,398	52.92%
Engineering & Inspection Fees	50,000	0	34,720	69.44%
Total General Fund Revenues	\$8,106,655	\$376,068	\$7,467,305	92.11%
Water Revenues	2,160,130	196,123	2,059,938	95.36%
Sewer Revenues	2,264,970	158,761	2,048,570	90.45%
Kent County Sewer	1,600,000	120,711	1,235,536	77.22%
Solid Waste Revenues	1,015,000	85,338	936,766	92.29%
Solid Waste Rebate	48,000	0	46,988	97.89%
Solid Waste Budgeted Fund Balance	112,065	0	0	0.00%
Electric Revenues	28,225,431	1,989,587	24,536,922	86.93%
TOTAL REVENUES	\$43,532,251	\$2,926,588	\$38,332,025	88.05%
YTD Enterprise Expense		89,303		
YTD Enterprise Revenue		80,847		
LTD Carlisle Fire Company Building Permit Fund		20,065		

EXPENDITURE REPORT

Page Three

Date: MAY 2010

92% of Year Expended

ACCOUNT	AMOUNT BUDGETED	MTD	YTD	YTD%	UNEXPENDED BALANCE
City Manager					
Personnel	378,310	\$28,794	337,965	89.34%	40,345
O&M	136,390	\$9,667	99,601	73.03%	36,789
Capital	0	\$0	0		0
Total City Manager	\$514,700	\$38,461	\$437,566	85.01%	77,134
Planning & Zoning					
Personnel	157,435	\$12,874	138,583	88.03%	18,852
O&M	66,105	\$3,301	36,295	54.91%	29,810
Capital	0	\$0	0		0
Total P, C & I	\$223,540	\$16,175	\$174,878	78.23%	48,662
Code Enforcement & Inspections					
Personnel	205,390	\$12,715	143,105	69.67%	62,285
O&M	45,205	\$3,854	30,863	68.27%	14,342
Capital	0	\$0	0		0
Total P, C & I	\$250,595	\$16,569	\$173,968	69.42%	76,627
Tax Department					
Personnel	71,940	\$5,336	\$62,285	86.58%	9,655
O&M	24,020	\$68	\$10,019	41.71%	14,001
Capital	0	\$0	\$0		0
Total Tax Department	\$95,960	\$5,404	\$72,304	75.35%	23,656
Council					
Personnel	30,150	\$1,542	28,474	94.44%	1,676
O&M	84,800	\$38,713	81,177	95.73%	3,623
Capital-Green Acres	100,000	\$0	100,000	100.00%	0
Council Expense	12,000	\$1,245	13,239	110.33%	(1,239)
Contributions	268,000	\$0	268,000	100.00%	0
Codification	2,500	\$0	0	0.00%	2,500
Employee Recognition	8,000	\$0	6,357	0.00%	1,643
Community Events	10,000	\$0	0	0.00%	10,000
Insurance	16,920	\$595	11,426	67.53%	5,494
Total Council	\$532,370	\$42,095	\$508,673	95.55%	23,697
Finance					
Personnel	360,565	\$27,259	319,708	88.67%	40,857
O&M	63,300	\$2,600	33,041	52.20%	30,259
Capital	0	\$0	0		0
Total Finance	\$423,865	\$29,859	\$352,749	83.22%	71,116
Information Technology					
Personnel	219,275	\$17,178	196,340	89.54%	22,935
O&M	160,360	\$8,590	140,861	87.84%	19,499
Capital	86,300	\$0	54,567	63.23%	31,733
Total Information Technology	\$465,935	\$25,768	\$391,768	84.08%	74,167

EXPENDITURE REPORT

Page Five

Date: MAY 2010

92% of Year Expended

ACCOUNT	AMOUNT BUDGETED	MTD	YTD	YTD%	UNEXPENDED BALANCE
Water Division					
Personnel	244,770	\$19,837	216,762	88.56%	28,008
O&M	1,137,400	\$86,931	915,602	80.50%	221,798
Capital	45,000	\$0	0	0.00%	45,000
Debt Service	732,960	\$0	447,741	61.09%	285,219
Total Water	\$2,160,130	\$106,768	\$1,580,105	73.15%	580,025
Sewer Division					
Personnel	246,115	\$19,844	216,748	88.07%	29,367
O&M	1,304,255	\$99,832	1,365,024	104.66%	(60,769)
Capital	35,000	\$0	4,352	12.43%	30,648
Debt Service	679,600	\$0	249,433	36.70%	430,167
Sewer Sub Total	\$2,264,970	\$119,676	\$1,835,557	81.04%	429,413
Kent County Sewer	1,600,000	\$119,620	1,235,285	77.21%	364,715
Total Sewer	\$3,864,970	\$239,296	\$3,070,842	79.45%	794,128
Solid Waste Division					
Personnel	322,265	\$21,917	268,737	83.39%	53,528
O&M	662,800	\$56,879	593,325	89.52%	69,475
Capital	190,000	\$0	0	0.00%	190,000
Total Solid Waste	\$1,175,065	\$78,796	\$862,062	73.36%	313,003
Total Water, Sewer Solid Waste	\$7,200,165	\$424,860	\$5,513,009	76.57%	1,687,156
Electric Division					
Personnel	1,110,695	\$45,567	909,785	81.91%	200,910
O&M	1,931,106	\$115,354	1,498,027	77.57%	433,079
Transfer to General Fund	2,500,000	\$208,334	2,291,667	91.67%	208,333
Capital	515,520	\$0	37,947	7.36%	477,573
Debt Service	668,110	\$0	298,110	44.62%	370,000
Electric Sub Total	\$6,725,431	\$369,255	\$5,035,536	74.87%	1,689,895
Power Purchased	21,500,000	\$1,609,723	18,294,471	85.09%	3,205,529
Total Electric	\$28,225,431	\$1,978,978	\$23,330,007	82.66%	4,895,424
TOTAL OPERATING BUDGET	\$43,532,251	\$2,961,532	\$35,832,713	82.31%	7,699,538

EXPENDITURE REPORT

Page Four

Date: MAY 2010

92% of Year Expended

ACCOUNT	AMOUNT BUDGETED	MTD	YTD	YTD%	UNEXPENDED BALANCE
Police Department					
Personnel	3,369,535	\$248,937	2,965,971	88.02%	403,564
O&M	413,525	\$19,682	322,392	77.96%	91,133
Capital	112,200	\$0	96,467	85.98%	15,733
Total Police	\$3,895,260	\$268,619	\$3,384,830	86.90%	510,430
Streets & Grounds Division					
Personnel	397,975	\$28,419	349,071	87.71%	48,904
O&M	344,850	\$22,626	285,661	82.84%	59,189
Capital	0	\$0	0		0
Debt Service	46,720	\$0	41,671	89.19%	5,049
Total Streets & Grounds	\$789,545	\$51,045	\$676,403	85.67%	113,142
Parks & Recreation					
Personnel	460,730	\$40,029	396,578	86.08%	64,152
O&M	229,515	\$12,133	210,938	91.91%	18,577
Capital	110,000	\$0	110,000	100.00%	0
Total Parks & Recreation	\$800,245	\$52,162	\$717,516	89.66%	82,729
Engineering & Inspections					
Personnel	160,825	\$12,143	141,833	88.19%	18,992
O&M	43,815	\$6,894	39,709	90.63%	4,106
Capital	0	\$0	0		0
Total Engineering & Inspections	\$204,640	\$19,037	\$181,542	88.71%	23,098
Less Interdepartmental Revenue	(\$90,000)	(\$7,500)	(82,500)	91.67%	(7,500)
Net Engineering & Inspections	\$114,640	\$11,537	\$99,042	86.39%	15,598
Total General Fund					
Operating Budget	\$8,106,655	\$557,694	\$6,989,697	86.22%	1,116,958
Budgeted General Fund Balance					
City Hall Renovations	149,188	\$0	\$78,621	52.70%	70,567

INTERSERVICE DEPARTMENTS REPORT

Page Six

Date: MAY 2010

92 % of Year Expended

ACCOUNT	AMOUNT BUDGETED	MTD	YTD	YTD%	UNEXPENDED BALANCE
Billing & Collections					
Personnel	428,105	32,062	371,179	86.70%	56,926
O&M	162,500	13,210	117,084	72.05%	45,416
Capital	0	0	0		0
Total Billing & Collections	\$590,605	45,272	\$488,263	82.67%	102,342
Garage					
Personnel	137,260	15,547	127,903	93.16%	9,357
O&M	29,040	1,681	22,411	77.17%	6,629
Capital	0	0	0		0
Total Billing & Collections	\$166,300	17,228	\$150,314	90.39%	15,986
Meter Department-Water					
Personnel	123,455	8,940	112,751	91.33%	10,704
O&M	93,585	9,711	62,497	66.78%	31,088
Capital	60,500	0	57,914	95.73%	2,586
Total Billing & Collections	\$277,540	18,651	\$233,162	84.01%	44,378
Meter Department-Electric					
Personnel	236,435	18,851	212,944	90.06%	23,491
O&M	122,405	10,707	72,494	59.22%	49,911
Capital	32,000	0	32,079	100.25%	(79)
Total Billing & Collections	\$390,840	29,558	\$317,517	81.24%	73,323
Public Works					
Personnel	0	0	0		0
O&M	143,480	12,148	127,648	88.97%	15,832
Capital	0	0	0		0
Total Billing & Collections	\$143,480	12,148	\$127,648	88.97%	15,832

ALL COSTS SHOWN ON PAGE 6 ARE ALSO INCLUDED IN THE VARIOUS DEPARTMENTS LISTED ON PAGES 3-5 OF THE EXPENDITURE REPORT WHO UTILIZE THE SERVICES OF THE DEPARTMENTS LISTED ABOVE. INTERSERVICE FUNDS ARE ENTIRELY FUNDED BY OTHER CITY DEPARTMENTS.

MILFORD CITY COUNCIL
MINUTES OF MEETING
May 25, 2010

The Finance Committee of Milford City Council met in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware, on Tuesday, May 25, 2010 to discuss the upcoming FY 2010-2011 Budget.

PRESIDING: Chairman S. Allen Pikus

IN ATTENDANCE: Committee Members Douglas Morrow and Garrett Grier

Mayor Joseph Ronnie Rogers

STAFF: City Manager David Baird, Finance Director Jeff Portmann
and Recorder Christine Crouch

The Finance Committee Meeting was called to order at 1:11 p.m. by Chairman Pikus.

City Manager Baird provided the committee with some background on the city's budget. He advised the city has two operating funds. The first is the general fund that Administration, Planning and Zoning, Code Enforcement and Inspections, Finance, Information Technology, Tax Assessment, Council, Police, Streets, Parks and Recreation and Engineering Departments Fall Under, all of which are tax supported.

The Water Department is funded by water revenues; the Sewer Department is self funded though our treatment is conveyed to Kent County for treatment. The Kent County cost adjustment is \$2.34 per one thousand gallons which has not increased the past two years. The Sanitation Department handles recycling and trash pickup. The Electric Department is also self funded and of their budget, a little more than \$20 million is used to purchase the power. Mr. Morrow confirmed that is 60% of our budget.

Mr. Baird announced the proposed budget this year is \$41 million as has been the case the past three years. However, we continue to see declining revenues. They have met with individual department heads to review their requests, both on the operating and capital side. He is presenting a budget that is predicated on a 5-cent tax increase that would increase the tax rate from 46 to 51 cents. He added this proposal was explained in an e-mail he sent to council last week.

The city manager feels we are in good shape on the water side with no rate increase proposed.

Referencing the problems with I&I this past year, Mr. Baird stated the sewer has had a significant impact on the city with \$200,000 in transfers needed. There are increases in the operating costs and in the I&I of which reserves have been used to cover capital costs. Despite that effort, an increase of 11.92% is still needed.

Recycling and solid waste costs are included in the sanitation budget. Based on the recent deals made with Delaware Solid Waste Authority, it appears we will maintain the \$22 monthly rate over the next year. By doing this, Mr. Baird explained we will defer costs that must be made in the near future and specifically year three. Net costs will go from \$51.50 a ton to \$68.00 a ton for fiscal year 2010-2011, \$78.00 a ton the following year and \$88.00 a ton in year three.

Significant increases will occur across the board though this year they will remain the same.

Mayor Rogers asked how much of an increase will be needed once it is implemented; Mr. Baird said it will be in the neighborhood of \$2.50. The mayor asked if a smaller increase should be considered this year versus a significant increase all at one time. Mr. Baird said that could be considered and in that case, it could be leveled off at \$78 for each of the three years. However, the unknown is what will occur with recycling. Putting a three-year rate into effect will be difficult not knowing how recycling will impact the city.

Mr. Morrow confirmed that Mr. Baird's plan is to combine the recycling rate with the trash fee; Mr. Baird stated that is correct. Mr. Pikus feels that the city can substantiate an increase because DSWA is increasing the city's rate.

The city manager stated that the city has no choice but to offer recycling whether it is through the city or an outside contractor. Mr. Morrow recalled when the city initially offered recycling, trash pickup was reduced from two to one times a week. He asked if we are capable of handling the recycling because of the decrease in pickups. Mr. Baird said this would put us back on the same schedule with a trash pickup and a recycling pickup.

Recycling will still be taken to the Milford site and DSWA has agreed not to charge a fee for the next three years. However, Mr. Baird is confident a fee will be assessed beginning in year four.

Mr. Baird believes our Street Department is capable of handling the once a week trash pickup along with a recycling collection on Thursdays. There will be some operational costs associated with the change. The trucks will be on the road longer so their O&M will increase by 20% with the extra day. The DSWA annual contract costs of \$45,000 to \$50,000 will be moved to cover the minimum recycling costs we anticipate will be associated with this new service.

Mr. Pikus asked if significant adjustments were made in the Solid Waste Department when we reduced pickups to once a week, noting the fee did not decrease to cover the recycling costs. It was confirmed the number of employees went from nine to six at that time, of which two were temporary.

When discussed whether to implement the \$2 increase per month now, Mr. Baird cautioned the committee that would level it off at \$78 which is the projected increase in year two. However, he is unsure what additional costs may occur with the recycling.

Mr. Morrow stated as Mr. Baird noted, we have the staff, the recycling center is in town and we have the trucks. Mr. Baird added the only concern is holidays, because the open day (Thursday) is used to adjust those weekly schedules. With the added recycling day, overtime will increase with holidays and similar situations. Wednesdays are for bulk pickup and truck maintenance. Commercial collection schedules occur two to three times a week and must be considered as well.

When asked if this will level the rates off to a break-even point, Mr. Baird said that for the first year, it will provide some additional revenue, the second year it will break even and it will balance out the third year.

Mr. Pikus emphasized the city's costs must be covered. Mr. Baird said we can cover it this year without an increase though larger increases will be needed in year two and three.

When asked how much it is going to cost the city using our crews and equipment for recycling, Mr. Baird explained the current contract is approximately \$45,000. He used the solid waste budget, backed out the landfill fees and added 20% of the budget (based on one day per week of recycling). He estimates our recycling costs to be approximately \$135,000. He said that when comparing recycling to recycling, it makes no sense for the city to become involved in the recycling business. However, adding it in with the overall solid waste operations makes sense because we have the existing equipment and personnel to handle it. If necessary, some minor modification could be made to their schedule to make it work.

He emphasized that the costs of the recycling must be considered when the city grows to a point we need a full five-day-a-week trash collection. At that point, more staff will be needed. At the same time, we will have additional revenues to support the increase in our customer base by 20 to 30 percent. Mr. Pikus said that is a different scenario and should not be considered at this time.

The consensus of the finance committee was that an increase is justified to cover the city's increased costs and to prevent customers from being burdened with a much larger increase later. They recommended that Mr. Baird provide a letter to our customers explaining the increase with the next utility bill.

The city manager then reported the Electric Department budget has capital built into that as well as a large amount of debt

service for a total budget of \$26,932,000. The current budget is balanced based on the current rate structure. He said that according to DEMEC, our rates remain the same through the end of the calendar year and are projected to hold through next year.

When asked, Mr. Baird explained that several years ago, DEMEC installed a gas-fired generator at their park in Smyrna. Over the years, it has allowed their members to save on capacity charges. When the energy rate comes down, capacity and transmission charges are assessed. When one is under control, the other increases. It has produced a savings and because capacity charges are currently higher, a second unit is being considered. The plant was designed for two generators, though only one has been installed. A study confirmed a second generator should be added.

Though that will not be a savings to the city, it will ensure some cost control and protect us from spikes in the capacity market by maintaining our rates.

Mr. Pikus then referenced the tax increase being proposed. He said some expenses need to be cut in lieu of a tax increase due to the current economy. He said that though it will be very difficult, are there any positions no longer needed because of the slowdown in the economy.

Mr. Pikus emphasized the need to maintain services that the public demands. He asked for a list of those areas where we may be heavy in each department.

Mr. Baird agreed stating there is no question those issues need to be considered though they are tough. He said that over the past couple of years as the city began to see revenues decline, there have been major cuts in each of the departments' operating budgets. If it was not needed, it was not budgeted or we stopped budgeting for things that might happen. Instead, we budgeted only for what we were going to accomplish. In his opinion, that was the first round of cuts. He said the city was successful with that over the last couple of years and was able to defer any tax or rate increase other than those that were already scheduled.

The city manager added that currently, from a citywide perspective, the only place to make cuts that will have any significant increase is in personnel. He said that is the reality of the situation. He feels the labor costs are the largest costs but at the same time, jobs cannot be done without people. Staff has been added to a certain level over the past few years and he agrees those decisions will need to be re-evaluated. From a budgetary standpoint, that is where the city stands today.

Mr. Baird said there are options to utilize reserves for a year and possibly two. However, if there are places to make cuts, it will come at the expense of personnel. We may be able to go through the budget line by line and possibly save \$40,000 to \$50,000. But if significant budgetary cuts are needed, it is to the point that is where we need to go or we can no longer provide a certain level of service.

Mr. Pikus emphatically stated we will not do that. Mr. Morrow agreed that we have been cutting our budget everywhere possible the last few years and unfortunately, this is the last place but it must be considered. He does not see any recovery on the horizon.

Mr. Baird said there are a number of possibilities to consider. The hardest will be to redline employees. Another option is to reconfigure operations and provide a new structure. We would then phase those savings in over the next year. Also, older employees could be offered an incentive to leave.

Coming from an HR background, Mr. Morrow explained that there is much more involved than just cutting out a trash truck. When dealing with personnel, he stated there are rules, regulations, Department of Labors laws and discrimination issues. Pay, performance and seniority must all be taken into account. He explained it is not possible to just randomly cut one person, then another. There must be a justifiable plan in place and the entire picture considered.

It was agreed it has come to the point where some positions may need to be eliminated. Mr. Pikus added that if that happens, other positions will need to be readjusted. He said the 5-cent tax increase brings approximately \$315,000. He

said it is unfortunate that it is going to have to fall back on staff.

Mr. Baird agreed stating that he and Mr. Portmann have had this conversation over the past six months to a year recognizing that is what they anticipated going into this budget. When they met with each of the department heads and reviewed their budgets, it was determined they are bare boned from an operations standpoint. It was clear at that time, that with the deferral of capital over the years, this would need to be discussed. This will need to be a coordinated effort between the city administration and the elected leadership. From a management point, he said we need to sustain ourselves from a financial standpoint.

It was agreed that once positions and names began to be discussed, the committee or council must go into executive session.

Mr. Pikus asked the city manager to sit down and discuss with each department head any potential essential and non essential personnel. He does not recall this ever being done in the past.

Mr. Baird confirmed that what the finance committee is asking for is for him to deliver a plan. He agreed to do that, but asked that everyone be in this together.

Mr. Portmann agreed that Mr. Baird has talked to him several times about certain individuals. If incentives are provided, some may be willing to retire at some point in the near future. Mr. Pikus said that something must be done this fiscal year and this cannot wait. Otherwise, a 5-cent tax increase will be required.

Mr. Portmann agreed there are ways to address the shortfall besides a tax increase. Mr. Morrow said nothing can be answered without some specific numbers being presented.

Mayor Rogers emphasized that he does not want panic among our employees and if a retirement package is offered, that employee will have the option of making that decision.

Mayor Rogers then asked if on-call pay could be considered and if an employee could submit comp time instead. He would not want a key employee removed because of the slowdown and then the city have to pay top dollar for a later replacement.

Mr. Baird explained he did not want to put forth any major reform the past two years because it would have ended up in grid lock with city council. He wanted to bring something before council though it would have been split on the issue at that time.

Mr. Morrow stated the perception has been that Mr. Baird was coming in to clean house. He feels Mr. Baird needs to remove himself from that which takes time. He is now starting his third year and the city manager can make recommendations especially with the current budget deficit.

Mr. Baird said he would like to reorganize parts of the city operations. However, where the variables need to come in to play include some of our senior employees who may be ready to retire on their own or some who may be a year or two out. The city needs to speed that process alone. He also feels that some employees could be used in other areas and departments. There are employees that can pull double duty to make this work.

Mr. Pikus asked if new positions were added that we may not need at this point; Mr. Baird said all those issues are being considered.

Mr. Baird said the new code position was considered though the fee was put in place to justify the additional position. Mr. Morrow said the fee was to pay for the additional inspections and recalled the work that was done in the third ward/S.E. Second Street area.

The city manager said that he does not want to discuss this without Chief Hudson being here, but noted there are vacancies at the Police Department. His feels some savings can be passed along by not filling those positions for six months or by waiting until next year. However, the chief needs to be part of that conversation so he does not want to belabor that. With

the other departments, he will talk to them internally.

Mr. Pikus asked Mr. Baird to discuss this with the other department heads. He suggested the city manager sit down with them and ask them how they can keep the same level of service through some type of revamping and ask them where they may be heavy in an area and if so, where a position could be eliminated.

Mr. Morrow recommended the public works director also be included in this conversation. He feels he can more easily identify those positions needed versus what is not needed anymore. Mr. Pikus emphasized it should be done collectively.

Mr. Baird said his conversation with the department heads is going about how we can move ahead successfully. He added that when he has these discussions, the word will get out. He agrees there are areas where cuts can be made and a number of ways to do it. It cannot be applied evenly across the board. In the Electric Department, the staffing levels and specific technical requirements needed must be considered. If they have people close to retirement, then we might want to suck it up over the next six months to a year, knowing that person will not be here eventually.

Mr. Morrow pointed out that we have cut and cut from the budget. This is a last resort. Mr. Pikus emphasized the need to maintain a good level of service and public safety which is what the taxpayer demands and deserves.

Finance Director Portmann asked if we are talking about cuts for all departments or just the general fund. He explained the general fund is the only one that needs a rate increase. Mr. Pikus said that will need to be considered.

Mr. Pikus stressed that it must be done fairly and that time is of the essence.

Mayor Rogers said we have some key people in important positions. We must depend on them to review these departments to come up with a plan they feel can be done without causing chaos. It must be reviewed very carefully and a plan brought back.

Mr. Baird alluded to a previous comment there are other options to balance the budget besides the tax increase. Mr. Portmann explained there is real estate transfer money and general fund capital account which are pockets of money for a rainy day fund.

Mr. Pikus said he is very leery of using reserves. Mr. Baird reported the general fund currently contains \$1.6 million. It was confirmed that the I&I overage has been paid from the sewer capital reserve account which has approximately \$3 million; of that, \$400,000 has already been transferred. Mr. Portmann added he expects another \$200,000 is needed.

The finance director confirmed the 11.82% increase would cover the \$200,000 deficit caused by I&I.

Mr. Baird added there are proposed capital projects that should eventually reduce the I&I going into the system. The mayor pointed out we will not see an immediate savings though it will hopefully help those costs in the future. The city manager also pointed out we should not see as wet of a year in the future as was experienced last year.

Mr. Pikus stated he does not want to cut personnel but does not see any other solution; Mr. Baird agreed noting it is part of the mayor, council and city manager's fiduciary responsibility to address these issues. Also, they should be addressed in the proper time frame in order to meet our financial needs.

Health insurance co-pays were then considered. It was noted that all employees currently pay 10% of the costs. Mr. Portmann said one possibility is to require new employees to pay 20%.

It was also noted the FOP contract expires next year and a lot of these benefits will need to be reexamined.

In reviewing the electric budget, Mr. Portmann said that the only real change is the substations line item increase from \$30,000 to \$80,000. That is a result of some issues with the transformers and lines at the existing station at Wilkins Road and Elks Lodge Road.

The reduced salary line item is the result of one less budgeted position.

Mr. Baird expects it will take 2 ½ years before the new substation is on line. He added the O&M will increase over the next couple of years until the new substation is on line. At that time, the entire city load will go to that substation. At that time, this can be taken off line for an overhaul.

Mr. Pikus questioned the energy audit line item which did not exist until this year and remains at \$20,000 this fiscal year. Mr. Baird explained the issue with electric used to be to flip the switch in order to have power. Today, our customers are looking for conservation programs and energy efficiency programs. Our portfolio needs more green technologies which is a battle he is having with DEMEC. One of the misconceptions is the city has extremely high power costs. When looking at a lot of the structures around the city, many are old and poorly insulated. This will allow the city to provide energy audits to determine where the energy losses are. Though the city will not pay for the entire audit, the city will participate on a percentage basis. From a utility provider prospective, Mr. Baird said our customers need to conserve as much energy as possible. The governor has already announced his intent to reduce consumption and referenced the '15% by 2015' and '30% by 2030' programs. Mr. Baird feels that with the way the legislative and regulatory climate is within the state, the city will be left to implement the program. He said that is why we need to establish a more one on one customer service relationship and get in the door to analyze their energy needs.

In addition, Mr. Baird said there is a state pilot program that exists. Though they are still working to improve it, he feels we may want to participate in that program and obtain some state matching funds.

Mr. Morrow noted the \$2.5 million transfer into the general fund. Mr. Baird added another \$500,000 should be added for transfers to support other departments including the Meter, Public Works, Billing and Engineering Departments.

The finance director verified there are legal funds budgeted in each department who have legal needs.

Mr. Portmann stated that other than the items mentioned, the costs are basically flat with the exception of the substation.

The DEMEC power costs shows a decrease of \$1 million while revenues show a decrease slightly over \$1 million which addressed the cost of the power contracts.

Overall, the Electric Department has a balanced budget.

Mr. Baird then explained that when the Billing Department moved to the public works facility, they were placed in the room initially used as a meeting room and an emergency communication center and bunkhouse. During the snow storm, we realized the room was still needed and not a permanent area for our billing staff. Sooner or later, that building needs to be turned back into a public works facility.

A needs assessment/feasibility study was added to the budget in order to move forward with those plans. The city manager said it needs to be decided where the new building should be placed, what type of building is needed, services, etc.

Mr. Morrow emphasized the need to put the billing staff back downtown. Mr. Baird said his goal is that any city bill can be paid at any building where money is taken.

Mr. Portmann advised that of the \$85,000 budgeted for capital equipment in the Electric Department, \$75,000 is for a replacement track loader. The \$10,000 left is for a snow plow to be placed on the one-ton dump truck. The vehicle line item of \$10,000 will be added to the \$150,000 budgeted last year to purchase a \$160,000 bucket truck. There is \$50,000 budgeted for the LED lighting project downtown.

When asked about the debt service, Mr. Portmann advised the bond project has not happened yet. He explained this shows money has accumulated for the bond project which has not been bid out yet. No new money has been requested this year. Mr. Baird advised we will be utilizing some of the previous years' proceeds to purchase the land in conjunction with the bond issue.

The finance director noted the revenues in the water fund of \$2,142,212 are slightly below last year's number.

In the Water Department, the salary line item is reduced because of one less employee whose salary is shared by two departments.

No other changes noted; the total O&M budget is \$710,435.

Mr. Portmann reported that no capital funding has been requested this year.

The city manager then added that capital projects are continuing on the new wells and treatment plants on the southeast side of town and will be paid from bond proceeds. From a maintenance standpoint, the three existing towers need work. He plans to revisit the option of a maintenance contract on those towers. That portion is not budgeted at this time because an unknown number would have been added. An RFP will be prepared and numbers and services compared. That recommendation will be provided to council for final action.

In addition, a recommendation will be made to utilize some of our water reserves to prevent a rate increase the first couple of years.

Mr. Baird said the other option is to use the tower improvement portion of the bond project. However, he cannot justify paying the next thirty to forty years for tower maintenance that will only last ten to twelve years. He feels it should fall under maintenance. He expects it will cost between \$100,000 and \$125,000 a year over that period of time though that is a guess at this point.

The sewer revenues show an increase from Kent County which is only a pass thru. That has been declining over the years which means there are fewer gallons being processed as a result of industrial conservation.

Mr. Pikus referenced the \$35,000 budgeted last year through a transfer from capital reserves; Mr. Baird advised that was for a portable generator which is currently being bid out.

The finance director noted the service billings increase to \$1,958,706 to cover the I&I. Earnings on investments decreased from \$8,000 to \$1,000 as a result of decreased interest earned.

In the O&M portion of the Wastewater Department, the decrease in salaries is the result of the other half of the employee whose salary is shared by two departments.

Mr. Portmann noted the increase in the mains' line item from \$10,000 to \$50,000. Mr. Baird pointed out that some of the simpler I&I work can be done in house. We are tasking our employees to do that which will ultimately result in a savings to the city.

The finance director noted the increase in lift stations from \$60,000 to \$80,000 which ties in with the work being done on the mains.

Mr. Baird said he has requested a complete inventory of all the lift stations in the city to provide their condition and needs. This will allow a logical approach to making repairs and putting those pump stations on a schedule. This will result in an improved capital program which will allow us to spend money more wisely as we move into the future.

Mr. Portmann advised the \$400,000 budgeted last year has increased by \$500,000 for a total of \$900,000 this fiscal year. To date, we have spent \$880,00 which does not include May and June. He recalled the request by the city manager to transfer \$400,000 from reserves to cover those costs.

He added that \$200,000 was placed in reserves as an allocation in case we do not meet those targets with additional rainfall.

Mr. Baird advised there were a number of capital requests scratched this year. Two were sewer main replacements on

Charles Street and Delaware Avenue totaling \$110,000. They were removed because of some root damage. The consensus was to continue monitoring them on an annual basis. As part of the pipe inspections, a lot of cleaning is being done as well.

The city manager noted the grinder is needed for two of the pump stations. Grinders are installed to prevent blockages and/or pumps from freezing. Two stations with grinders have resulted in substantial savings. As a result, \$85,000 is allocated until the pump station inventory is worked on that he alluded to earlier.

The city manager added the same applies to the Fisher Avenue pump station in regard to some of the valve work.

The last item is a sewer vacuum truck for \$250,000 which is an estimated cost. They are experiencing some problems with the current truck though they are trying to fix them. In the meantime, they are contacting vendors for replacement costs. Because they determined that \$250,000 was not an adequate number, it was agreed to remove the item until some more reliable numbers were obtained. He added it is a critical piece of equipment and saves call outs by allowing regular maintenance.

The other proposal is to transfer the old truck to the Street Department to be used for storm drain cleaning, etc.

Overall, in the general fund, Mr. Portmann announced there was 5-cents budgeted in the real estate tax line item. Removing that will result in a \$315,000 deficit.

Rental licenses have increased from \$62,500 to \$82,500. Building permit fees show a decrease to \$30,000. Mr. Portmann confirmed that in 2009, \$44,707 was actually received; previous year \$143,521 was received. Currently, we are at \$22,600.

Police fines are at \$150,000; the cemetery fund decreased from \$40,000 to \$30,000. Mr. Baird explained the reduction in revenues is because a portion of Carroll Jester's salary for grasscutting management is being removed and will be supported solely by city dollars. This is an attempt by the city to help the cemetery through some tough times as was discussed at a previous council meeting.

There was discussion about the Wawa lease and when it will come up for sale. At minimum, the city will receive \$1.2 million.

There are no reported changes in the city manager's budget. There is a small increase in salaries and the addition of a \$3,000 overtime line item.

When asked about the discretionary fund, Mr. Baird said that is a savings account used throughout the year when another department or a council member asks for something. Those items are paid from this account.

Mr. Baird advised the majority of that fund has been spent on the parks and recreation software program this fiscal year.

Mr. Portmann reported the Planning and Zoning Department's overall budget has decreased this year.

The code enforcement increased from \$182,500 to \$195,490. He noted that the demolition line item increased by \$10,000 and property maintenance increased by \$8,000 for a total of \$18,000. Mr. Pikus asked if the city is eventually reimbursed for these costs or if a lien is placed against the property. Mr. Baird explained the reports the building inspector generates are not accurate because he only has half the information. The rest of the information on what is billed out comes from the Finance Department. Don Williams takes it through the first billing after it is sent over for collections through our miscellaneous billing process. However, the two processes do not communicate according to the city manager. Mr. Baird said we have approximately two months of charges that need to be billed in the amount of \$12,000. In arrears, we have \$40,000 to \$50,000. The previous process was to lien the property though the city never received that until it was sold. The process is changing to allow those charges to be added to the tax bills as the current ordinance allows. That permits us to collect the fees in the same manner as taxes.

It was noted that several amendments are being prepared to streamline the collection process for these violations. Mr. Morrow noted that South Bethany is able to collect any fine or violation within a four-week period.

Mr. Portmann reported that no changes reported in the Finance Department.

Changes to the Information Technology Department are for an increase in website maintenance to \$8,600 as was approved by council last evening. It was noted the previous website host was paid from the software maintenance line item.

The finance director explained that as software programs are added, their maintenance is added to the software maintenance line item. For example, the Parks and Recreation program added another \$3,000 to the IT budget.

A capital request of \$27,000 was included for a hardware backup system. Mr. Baird explained the current backup system in place is antiquated. This is a tape drive system which is faster and more secure.

Mr. Morrow left at this time.

Mr. Portmann reported the City Hall Building expenses are split between the six departments housed there at a cost of \$9,800 per department. Building maintenance and repairs increased from \$7,800 to \$12,000.

The Tax Billing and Assessment Department shows an overall decrease of approximately \$5,000. That was the result of the contract services decreasing from \$7,000 to \$1,000 for property tax appeals. There was an estimated number budgeted last year.

The biggest change in the Engineering budget was the transfer to the public works line item which increased by \$25,000 to assist in the cost of the new public works director and his administrative assistant. Previously she was working for Engineering and the Street Department. When Brad Dennehy was promoted to the public works director position, that assistant was transferred to Mr. Dennehy. Each of the Public Works Departments are paying into an allocation for the salary and expenses of the public works director and his assistant.

A major increase in the Streets and Grounds budget is the transfer to public works as was described in the Engineering Department. Snow and ice removal increased from \$12,000 to \$17,000. Storms, sewers and drains increased from \$6,000 to \$15,000 which is the result of the findings of the work being done.

Mr. Baird noted the snow and ice removal line item only applies to materials such as sand and salt. Labor is factored into a separate line item.

It was confirmed that \$17,000 was spent this year.

Mr. Pikus reported that in capital items, Street Superintendent Tim Webb has requested \$85,000 for a backhoe and \$6,000 for a snow plow. He asked the difference in the snow plow being requested for the Electric Department. Mr. Baird said the one being requested for the Electric Department also includes chains for the tires for all of the Electric Department vehicles. This is only for the plow and bucket for the salt spreader.

The city manager advised the backhoe has needed to be replaced for a number of years. Right now, the city has two of which the one needs to be replaced. That older (third) backhoe would be kept and used only in the yard.

He said the proposal is to keep the dump truck, the backhoe and the snow plow.

According to Mr. Portmann, Parks and Recreation is showing an increase in salaries which is the result of moving 20% of Carroll Jester's salary from the cemetery wage line item back into the Parks and Recreation salary item. The cemetery management line item showing \$9,405 last year shows zero this year because of the elimination of the shared salary. An additional \$6,000 was added to temp wages for programs. Contract services dropped from \$40,000 to \$18,400 which previously covered the city arborist and his assistant. The balance covers the cost of background checks, Delaware Electric

Signal and \$15,000 for the Riverwalk Festival sound, entertainment and fireworks.

Mr. Baird advised that contracted services and temporary employees were eliminated from this budget.

The finance director reported that maintenance and repair of facilities went from \$65,000 to \$70,000 with the addition of more Riverwalk and Greenway properties.

Overall, the operating budget went up \$3,000.

Included was a request of \$12,600 for capital equipment to purchase WebTrack which is the second portion of the software purchased last year. This software allows web-based registration for their programs.

The only change in the Council budget is a \$10,000 community event line item added last year and the \$100,000 Green Acres Reserves which were both requests of the previous mayor and have been eliminated this year.

Mr. Portmann advised the capital in the general fund is \$12,600, the police cars and the \$27,000 hardware backup for IT. Those three items are funded from the real estate transfer tax.

Those items displayed as 'see other page' will be addressed individually and a determination made whether they will be paid from capital reserves, a tax increase or not be funded at all.

Parks and Recreations submitted two requests—\$35,000 for a two to five year play structure and \$50,000 for the Greenway project.

Mr. Baird then advised the layout for the Tony Silicato Memorial Park shows two play structures. One is for older children and one is planned the following year.

He added the \$50,000 will be used for a continuation of the Riverwalk which will make the connection in front of where Fisherhawke was planned. The total project is \$260,000 and the balance will be paid from the Land and Water Conservation Trust Fund and other legislative dollars.

The city manager explained the \$50,000 coming from Senator Bonini could qualify as an eligible expense. If that occurred, the \$50,000 would have to go to the Boys and Girls Club option.

Mr. Portmann questioned whether that would qualify as city match money; Mr. Baird said he is planning to use other legislative funding. He further explained that money is only able to be used for certain projects and the Riverwalk qualifies.

The finance director then advised there is a \$25,000 request for the Boys and Girls Club rental from Parks and Recreation and a one-time \$20,000 Cemetery Expense request of the Cemetery Board of Directors.

Mr. Baird advised that Mr. Emory is requesting an additional \$25,000 to subsidize the rent paid to the Boys and Girls Club. This could impact his program rates and would allow some flexibility in what he charges the participants.

The city manager advised the cemetery agreement only allows utilization of the interest earnings on the perpetual fund account which is not covering the costs. The \$20,000 covers their operating expenses and provides an operating reserve of \$15,000 to cover any emergency. Mr. Portmann explained the \$20,000 covers the \$5,000 a year request for the past four years in addition to another \$5,000 requested this year.

The finance director noted that these two items are not eligible for capital reserves and tax money will need to be used or some other cut made.

Mr. Portmann concluded by saying the interservice funds are spread throughout the various departments as is noted in the budget. The Billing and Garage Departments are both supported by allocated costs.

When asked if the garage manager's position has been filled, Mr. Baird said a decision will not be made until the budget process is finalized. He advised there are more than 150 pieces of equipment serviced through the garage.

The Police Department budget will be addressed upon Chief Hudson's return. Mr. Baird advised the police department's operating budget is a bare bones budget. The only issue he will need to be made aware of is the personnel issue.

With no further business, the Finance Committee meeting adjourned at 3:40 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
Transcriber

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 1, 2010

The Finance Committee of Milford City Council met in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware, on Tuesday, June 1, 2010 to discuss the upcoming FY 2009-2010 Budget.

PRESIDING: Chairman S. Allen Pikus

IN ATTENDANCE: Committee Members Douglas Morrow and Garrett Grier

MAYOR & COUNCIL: Mayor Joseph Ronnie Rogers
Council Members Owen Brooks, Jr. & Katrina Wilson

STAFF: City Manager David Baird, Police Chief Keith Hudson,
Finance Director Jeff Portmann & City Clerk Terri Hudson

Finance Committee Chairman Pikus called the FY 2010-2011 Budget Hearing to order at 5:13 p.m.

He advised that the committee had met last week and a number of items have been removed since their original requests by department heads. Mr. Pikus then turned the meeting over the city manager.

Mr. Baird explained the general fund makes up the majority of the city departments. He stated we are facing a \$315,000 to 320,000 shortfall and are proposing a 5-cent property tax increase. That would take our rates from 46 cents to 51 cents per hundred.

He advised that on the water fund, there are no rate increases. There is a proposed sewer rate increase of 28 cents per thousand gallons only on the city's portion of the rate structure which equates to an 11.29% increase. He referenced the significant amount of reserves that has been used for I&I which is one of the reasons for the proposed increase.

He then reported the following:

The solid waste fund is showing no increase. There are no proposed increases in the electric fund nor any additional miscellaneous fee increases.

The cover sheet for the budget shows \$693,100 for capital expenditures. The appendix shows a larger number and the difference is the manner in which some of the projects are funded. In addition, some of those projects are bond related and not included in the operating budget. Others are grant supported.

The city manager stated that at the end of the finance committee meeting last Tuesday, the general consensus was to eliminate the proposed 5-cent tax increase and propose an increase in solid waste fees to cover the landfill increases proposed by Delaware Solid Waste Authority (DSWA) over the next three years.

He said it was also agreed the proposed budget is an extremely lean budget and is down to core operating costs. A number of cuts have been made over the past couple of years because of the economy and how it has impacted our citizens and the city.

Mr. Baird is also in agreement this will be a much more difficult budget than the past two years. He recalled the goals and objectives presented last year. This is unable to be accomplished at this time but will be done once final decisions are made on how to address the shortfalls. After that is accomplished, those items will be presented before the end of June.

The budget review began with city revenues.

Mr. Baird advised the real estate tax levy is at \$330,000 because of the projected five cent tax increase. If council does not approve the increase, that amount will need to be made up by either increasing revenues elsewhere or by reducing numbers in the operating budget.

He noted that \$152,100 has been retained from the real estate transfer tax for capital expenditures in the general fund and \$500,000 for the police department.

He also reported that licensing revenues are down for business and merchant licenses mainly because the license only applies to contractors. The rental license fund has increased as was expected. Other revenues are flat or declining.

Mr. Baird noted the decrease in building permits from \$125,00 and \$150,000 in 2007-08 and 2008-09 to a projected \$30,000. Mr. Pikus asked for the year-to-date fees; Mr. Portmann advised \$24,908.

The city manager stated the police department revenues have stayed relatively flat over the past four years with a slight reduction based on current trends.

Miscellaneous revenues are projected with the same numbers as last year's budget.

Departmental transfers remain the same as last year; the transfer from the electric department, capped at \$2.5 million, also remains the same.

Approximately \$.5 million in additional income is expected with the majority coming from the tax increase of 5 cents and utilization of the general fund capital reserves at \$346,000 for capital expenditures.

Mr. Baird advised the budget includes a 3% salary increase which is based on the third year of the FOP contract.

In the general fund, the administration area which includes the city manager, city clerk and support staff, shows a slight overall increase from \$504,700 to \$518,945. There is also an increase in the cost allocation for the city hall building.

Mr. Pikus noted that contract services for all departments total about \$185,000. It was explained the administration budget had zero budgeted for last year but reflects \$2,700 this year. City Finance Director Jeff Portmann further explained that funds the Laserfiche program which is the city clerk's record management system for meeting minutes and permanent documents. The software was purchased last year and maintenance was included in the initial costs which is why it showed zero.

The planning and zoning department has a slight increase of approximately \$2,500 though several line items have been reduced including legal expenses and engineering costs. A number of those expenses are now being done in-house versus contracting those services out.

Mr. Morrow asked about the \$12,065 budgeted for POD rentals; Mr. Baird explained that is a result of the move from city hall to public works. Because there is no storage area there, the PODS are needed for billing records. When the administration moved back to city hall, several were emptied though some are still being used at that location.

Ms. Wilson asked if some of the public works offices that have been vacated could be used for temporary storage. Mr. Baird said that decision can be made once it is decided how to utilize the remaining staff once the budget is adopted. Mr. Pikus suggested the records be consolidated into one central area for storage to eliminate these costs.

Mr. Baird noted the code enforcement and inspection budget only increased a thousand dollars. There were some modifications to the salaries based on actual numbers. There have been some reductions in other areas though they have been offset by demolitions and property maintenance which increased a total of \$18,000. This is an area that is continuously being worked on and emphasized that money spent cleans up properties. The money can be recouped but only through a lien. Unfortunately, the sale of a property often takes a considerable amount of time. Some additional measures are being considered which will include adding the charges to utility bills versus the tax bill/lien process.

Ms. Wilson confirmed this budget includes an additional code enforcement officer. Mr. Baird noted this covers two code officials and the building inspector.

The city manager advised the finance department budget increased \$8,000. All costs are relatively flat with the exception of personnel. Contract services covers National HVAC, alarm system, fire system and fire extinguishers. Mr. Portmann confirmed they have a weekly cleaning service that is separate from city hall.

Mr. Baird reported an overall decrease in the IT budget of approximately \$35,000. Personnel includes the department head, one person that works with the website and front end operations and a third person that specializes in our HTE software and serves as a coordinator of communication between our employees and HTE. The reduction is the result of reduced capital.

The capital request is for a backup hardware system. Currently, the city has seventeen servers and each has a tape backup system, most of which are outdated. This will provide a combined system where all servers can be backed up on one disk.

Mr. Brooks asked if HTE training continues to cost \$30,000 a year; Mr. Baird answered it is \$5,700 which is the same as last year.

Every department housed at city hall now pays into the city hall cost allocation. Last year there was a projected cost of \$49,000; this year it is budgeted for \$54,200. The major increase is on building maintenance and repairs increasing from \$7,800 to \$12,000. Routine and preventive maintenance is needed for the building; an example is the minor work needed to the brick steps at the side entrance. Mr. Pikus confirmed the steps are only two to three years old.

It was confirmed a temporary employee was hired whose cleaning services are split between city hall and the public works facility.

The tax billing and assessment budgets were reduced from \$95,960 to \$93,319. Mr. Baird recalled a contractual assessor who was working with the city. He explained that state law requires a licensed real estate appraiser or a full time city employee to fulfill these duties. As a result, the code official was transferred to this position. The city manager explained that he ensures all tax additions and changes are provided to the billing departments and all assessments are kept current with change of assessment notices sent out. In addition, the assessor makes sure that all council decisions are provided to the planning and zoning and billing departments.

Mr. Pikus confirmed that in 08-09, the city brought our own person on board. He asked why the budget increased from \$79,000 to \$95,000; Mr. Baird explained that included the additional personnel costs involved. He feels the advantage is being able to facilitate programs because the assessor is now on staff.

Mr. Baird noted the increase in the police department's budget of over \$200,000. He explained the majority of that increase is personnel costs which were driven by the FOP contract approved by council three years ago. He said Chief Hudson had made several requested cuts in order to limit his increases.

There are two capital items in that department. One is the costs of proceeding with the building feasibility study; the other is \$112,000 for vehicle replacements. Chief Hudson advised replacement vehicles include three police cars and a four-wheel drive. That would replace their current SUV which has 160,000 miles which would be sold through a bid process.

Mr. Baird added that some police vehicles are being used by other departments when they are removed from the road.

The chief then advised the department's contract service line item covers canine medical costs, radio and console maintenance, telephone recorder, air conditioning and heating system, Bayhealth/Occupational Health for drug screens, blood tests and physicals, time clock, fire alarms and extinguishers, SPCA for animal control, microfilming, Bridgeville Fire Arms for mandated certification and qualifications, ADT Security Services for downtown cameras, Security Instruments for alarms, towing services and a language line for interpreting.

Mr. Brooks asked why the city pays for school crossing guards; Chief Hudson said it has been the responsibility of the

police department to provide that service for many years, along with their training and equipment and uniforms. Mr. Pikus recalled that first occurred more than twenty years ago when the school superintendent asked the city to provide that service.

Mr. Adkins confirmed the \$50,000 is for the police facility feasibility study.

Mr. Pikus confirmed that the police department is allotted thirty police officers. Chief Hudson explained that one is on terminal leave until the end of June. One is out under the family medical leave act for an injury and will be taking short term disability after that. Another recruit is currently in the academy and will continue training for approximately one year before being on the road on his own. He said that unfortunately, police academies are not being scheduled on a regular basis which is a concern because of the amount of time it takes to certify and train an officer.

He reported they are in the final phases of applicant testing to create a pool of applicants. Several background investigations are currently underway but any hiring will again depend on the availability of an upcoming academy.

Mr. Baird then advised the engineering and inspections department has seen some declining activity because of the reduced interest in development though they continue to work on city projects. This department also handles utility locates on citywide projects. Overall, the total expenses for this department have increased slightly from \$204,000 to \$233,000 with a portion related to the personnel as a result of increases.

However, the largest share is the reallocation to the public works operations; the transfer to public works increased by \$25,000. The city manager noted that every department at the public works facility pays toward their operation. He confirmed the public works department consists of two positions--the director of public works and the administration assistant who serves the water, sewer, trash, solid waste, recycling and engineering.

Mr. Pikus confirmed that the administration assistant works for the public works director; Mr. Baird said she is not directly assigned to him but serves all the divisions under him. The only department that has their own administrative assistant is the electric department because there has been enough volume there to support that position over the years. In addition to the electric department, she also assists with the warehouse.

Mr. Baird advised there is an overall budget increase in the streets and grounds division from \$742,825 to \$786,156. Again, a large portion of this increase is the transfer to public works with the addition of a public works director. He said there is more focus on doing the work in house. In that manner, we keep our crews busy and utilize the equipment and materials we have.

In the general fund capital expenses, there is a \$211,000 increase over last year. Requests include a new dump truck with a snow plow and salt spreader for \$120,000. The salt spreader will be used on an older truck. One of the drawbacks this year was having only one dump truck with a salt spreader. Also, included is the replacement of a backhoe for \$85,000 and snow plow for \$6,000. The old backhoe will not be sold but will be used around the yard as needed.

It was noted the street department will continue to maintain the same number of people. Mr. Portmann then explained that last year's salary line item was budgeted too high because of an error in numbers.

When asked how much was spent over this year for snow removal, Mr. Baird explained the costs shown are just for materials. Labor costs were already included in the salaries and overtime costs. He believes there was a total of \$263,000 spent on snow removal. Mr. Portmann added that currently, we are expecting \$50,000 to \$60,000 back from FEMA which was based on the highest 48 hours versus the entire snow storm.

The city manager advised that the actual relocation of snow is not considered removal and is not an eligible expense.

Mr. Baird then advised that parks and recreation operational expenses are down from \$690,245 to \$685,580. This was the result of an adjustment where previously the cemetery covered a portion of one of our employee's salary which was eliminated and will now be entirely covered by the city. However, they will continue to pay the salary of the grass cutting crews.

The city manager advised the \$12,600 shown for capital equipment is the cost of the web-track software which is the second phase of the program that allows participants to register on line. He noted the enterprise program revenues have been declining over the past couple of years and this on-line program should boost participation. A Boys and Girls Club rental of \$25,000 has also been added. In the past, it was supported by program revenues and those dollars can no longer support it. Therefore, a general fund expense was added. If participation increases, he hopes to reduce that amount.

The capital parks project of \$85,000 includes \$35,000 for the second playground structure at the Silicato Park. The additional \$50,000 is the city's match for a Land and Water Conservation Trust Fund grant that will be added to the money received from local legislators for continuation of the Riverwalk Project in front of the old Fisherhawke site. Overall, it is a \$260,000 project.

Mr. Baird advised the city council budget has been reduced significantly from \$577,770 to \$475,885. The main reason is the elimination of the \$100,000 Green Acres Reserve that was in the past two budgets at the request of the former mayor. Donations remain flat with \$140,000 for the Carlisle Fire Company, \$18,000 for Milford Museum, \$35,000 to Downtown Milford, \$75,000 to Milford Library and \$105,400 to the Boys and Girls Club. The cemetery was added in the amount of \$5,000 a year. They originally asked for \$5,000 the past three years and \$5,000 for this year for a total of \$20,000 though that was not done.

The city manager advised that lot sales are down along with investment earnings. The perpetual fund is still in place though they are unable to access that fund and can only utilize interest.

It was confirmed the cemetery land was turned over to the Community Cemetery which is its own entity though the city has a majority membership of the board.

Mr. Pikus asked what happens when all the interest is gone and will the city have to fund the cemetery; Mr. Baird answered that is what is occurring this year.

Mr. Pikus asked how some of the perpetual funds can be transferred to pay for maintenance. Mayor Rogers said that was considered a few years ago and it was determined it could not be done by a court order. Mr. Pikus noted how important it is to take care of our cemetery and its meaning to our town. He believes the principal will continue to grow because there is a great deal of property left.

The city manager then reported the total general fund is \$8,522.132 which matches the proposed revenue predicated on the five-cent tax increase.

Mr. Baird referenced the real estates transfer tax that is supporting \$152, 100 in general fund capital and \$500,000 for police. He said the hardware backup system, parks and recreation software and the police vehicles qualify as capital expenses though they are somewhat of an operational item because they are seen on an annual basis and a recurring expense.

When asked how many miles are on a police vehicle typically, Chief Hudson advised they are used as patrol vehicles for 80,000 to 85,000 miles. He explained those vehicles are used 24/7 and experience much harder wear and tear than other city vehicles. At that point, they are removed from the road and transferred to the criminal and administrative departments. They are generally sold when mileage reaches 120,000 miles or higher.

The finance committee temporarily recessed for a break at 6:35 p.m.

Finance committee meeting resumed at 6:47 p.m.

The city manager then reviewed the various entities that city council funds. He advised we are at year three of a five-year agreement with Downtown Milford; year three of a four-year agreement with Milford Library; year three of a five-year agreement with the Boys and Girls Club. Mr. Portmann clarified the library and boys and girls' club are paid through the general fund-fund balance; Downtown Milford is paid through the regular budget.

When asked about the donation to Carlisle Fire Company, Mayor Rogers confirmed the donation has increased the past couple of years. Mr. Portmann advised that the Carlisle Fire Company Building Permit Fund contains \$20,065 after they withdrew money last year to purchase a residence next to the fire hall.

Reviewing the enterprise funds, the city manager reported that revenues in the water department are down \$18,000 to \$2,142,212. He said that was based on connection fees and associated items.

Mr. Baird said a quick review of the water department expenses indicates a major reduction in personnel which was due to the retirement of their superintendent last year. He said the majority of his salary funded the public works director's salary. The difference in his salary this year is being picked up by the allocation to the public works departments which increased from \$21,000 to \$28,000.

The city manager then noted the \$10,000 increase in mains is the result of the project currently underway though we will be utilizing city crews more in the future.

Mr. Pikus pointed out that nothing was budgeted for cell phones in 2007-08 and 2008-09, but \$4,000 has been budgeted the past two years. Mr. Portmann explained that cell phones were not broken out in previous years but are now being tracked through separate accounts.

The water division O&M shows an approximate \$30,000 increase from \$1.382 to \$1.412. Numbers on the debt service have remained flat according to Mr. Baird. He added that at this point in time, there is no city funded capital program. The bond project for the new wells, tower and treatment on the Southeast side of Milford continues. Easements and right-of-ways are currently being obtained in order to proceed.

Mr. Brooks asked how much of the work has been completed of the \$15 million bond referendum approved in February of 2008. Mr. Baird answered that of the \$4.50 million for sewer work, bonds for \$1.2 million were issued for the North Front Street sewer project. In addition, approximately \$500,000 has been allocated for the I&I study. He added that later this summer, additional work will be done as a result of the I&I findings.

The city manager further explained that of the \$5 million borrowed for water projects, approximately \$.5 million has been spent to cover internal costs such as water mapping and preliminary work. He added the same applies to the electric side for preliminary engineering and survey work for land acquisition for a total of approximately \$150,000.

As part of the capital program, Mr. Baird advised there is \$8 million projected for the electric project versus the \$5.5 million borrowed for electrical work.

Mr. Baird then pointed out the water division O&M is down by \$28,000. He added there is an increase in the interdepartmental transfer to the public works, billing and engineering departments. The largest transfer is to the metering departments as a result of the meter replacement program which in its final phase will address the larger commercial meters.

No rate increases are projected on the water side.

The city manager explained the sewer division is showing declining revenues and is projected to be approximately \$100,000 less this year. That revenue includes a projected rate increase to 28 cents per thousand gallons. That is a result of the I&I costs and decreased flows which is also the case on the water side. Consumption is down and because last year was an extremely wet year, less water and sewer was used. In addition, many of the larger users are using conservation measures that impact our system. Declining revenues and consumption will cause the cost per gallon to increase.

Wages are down in the wastewater division which Mr. Baird explained is due to the same reason he discussed on the water side. There is a \$200,000 reduction in the wastewater treatment cost also a result of flows being down. An increase of \$100,000 is reflected in I&I costs. He noted that this year those costs are projected to reach \$1 million. This year's budget is predicated on less rain fall and snow storms and a more normal level. Thus, \$500,000 is a more realistic projection.

The contract service line item covers \$20,000 for Roy's Electrical Service and Industrial Instrumentation Solutions which are both pump related items according to Mr. Baird. He explained there are no licensed electricians in the electric department. He said the electric department is responsible for getting electricity from one point to another and not the finished product. The city manager agrees there would be benefits to hiring an employee with those credentials. He said most towns do not have certified electricians and only in the past couple of years has the county added them.

Mr. Baird said the overall costs of the sewer O&M have decreased from \$2.75 million to \$2.713 million. Bond costs are staying steady and are in accordance with the agreements and obligations we have outstanding.

A number of items were removed from the capital program and are being deferred until next year. Other items included pump station maintenance needed to do a complete assessment.

The city manager explained our approach the last couple years has been haphazard. The public works director will assess the needs of our pump stations in order to be more proactive and how best to invest our money to prevent making a fix this year that may need to be redone a couple of years from now. Therefore, as the year progresses, council may see additional requests for funding to do some of this work.

Mr. Baird stated that reduced revenues are also anticipated in the solid waste department down from \$1.175 to \$1.017 million. A truck is currently being purchased and therefore, will not need to be shown in the new fiscal year.

Personnel costs shows a slight increase based on the 3% increase.

As of August 1st, the city manager stated that city crews will collect recycling as the DSWA contract expires July 31st

Landfill fee increases are projected to increase from \$300,000 to \$327,000 which is the result of the DSWA rate increase. As discussed previously, the current cost is \$51.50. Next year, it will increase to \$68.00 a ton, \$78.00 a ton in year two and \$88.000 a ton in year three.

The \$1.50 monthly increase will be passed onto customers to prevent a substantial increase in year two and three. This will result in a trash rate increase of \$22.00 to \$23.50 a month. Mr. Baird is hoping that rate will hold over the next three years. The one variable is recycling and if any changes needed next year will be a direct result of that. Recycling will continue to be biweekly with once-a-week trash pickup.

Mr. Portmann explained that the extra money this year will be placed in reserves to defray future costs. Year two would be a break even and year three would be a deficit; the money collected in year one will now pay for year three.

Mr. Baird reiterated that existing manpower is sufficient with the added recycling service. It is also able to be built into the current operating schedule. Currently, one temporary employee is being used.

The city manager emphasized that recycling, on its own, is a loser financially. The only way this will work is coupling it with the solid waste collection. He also noted that for the next three years, DSWA will take the recyclables at no cost. After that, he expects a fee to be assessed.

Mr. Baird said that in future, should the city decide to contract out recycling collection, solid waste collection should be considered at the same time.

Electric revenues are projected to be down by \$1.3 million which is a result of decreased consumption. Service billings year to date are at \$22,296,000 but was projected to be \$28,000,000. Mr. Portmann noted that power purchase costs are also down and were budgeted at \$21.5 million though we have only spent \$16.6 million which offsets one another.

Mr. Baird noted the significant decrease in salaries because of a vacant position. There is a \$50,000 increase in the substation line for the Elks Lodge Road station and some significant repairs. Additional repairs will be needed until the new substation is on line. Though failure is not a concern, more routine maintenance on the transformers will be needed to get through this period of time.

Once the new substation is on line, the old one will be taken off for a complete overhaul.

Contract services cover the fees associated with Progressive Engineering Consultants, who is the city's electrical engineer and Joseph Smith, who handles our substation work and underground boring.

When asked why uniforms in the electric department are considerably higher (\$15,000) than other departments, Mr. Baird said they have several more employees than the other departments. It was determined the electric department has twelve employees. The city manager also explained the newest FERC regulations require higher standards for uniforms and equipment which caused a 50% increase in costs.

The boots and safety gear line was also budgeted at \$15,000. Mr. Baird said that some of the arc-rated clothing require specialized cleaning. Mr. Portmann then added that some of the uniforms are rented. Mr. Baird then confirmed that \$11,000 has been spent on uniforms this year and \$5,600 spent on boots and safety gear. The cost of uniforms have been climbing as the arc-protection requirements have been added. He agreed that last year it was over budgeted and believes it may be budgeted higher than necessary again this year.

Mr. Morrow asked if the city is tied in with one uniform company and how often it is bid. Mr. Baird explained there are very few uniform companies interested because the city provides the shirts. It typically only involves a pair of pants or jeans, whichever the employee prefers. We purchase boots that some of our streets and grounds and solid waste employees use because of the wear and tear on their clothing. They normally opt with the uniforms in addition to the electric department because of the specific safety requirements.

When questioned, Mr. Portmann confirmed we do contract with one company. Mr. Morrow recommends we consider bidding that out as he has found that to be a very competitive business. He suggests it be looked at very closely because a lot of money can be wasted with small increases, added fees, etc. as he has found in his business.

Mayor Rogers referenced the \$12,000 budgeted for small tools and suggested that instead of purchasing a tool that may be used only once, perhaps that item can be rented.

The city manager reported a new item was added this year with \$20,000 budgeted for energy audits. He said with the price of energy today, energy providers are partially funding energy audits for their customers. That is a way to reduce waste and provide good customer service. The city manager advised that he has been talking to two companies about how to set this up and will continue to move into that direction.

Mr. Baird also referenced the \$2.5 million transfer to the general fund and their financial support of the meter, public works, billing and engineering department.

He reported the meter department serves both the water and electric department. The water department pays for the water meter operations and the electric departments pay for the electric operations. However, the employees go where they are needed and some may be more skilled in one area or another.

When asked how many employees are in that department, Mr. Baird said there are a total of five employees with half of the supervisors position being paid from the water and half from the electric department. There is a temporary position that is not funded in this year's budget. Additional personnel were added when the metering department began their meter replacement project. Those numbers were reduced through retirements and attrition. In speaking with the metering supervisor, it was determined they could proceed without the temporary position.

Mr. Brooks questioned the increase in the electric metering line item from \$56,785 to \$82,900. Mr. Baird said it had been previously funded as a capital equipment expense but they felt it was more of an operational item this year. Therefore, their capital was reduced from \$32,000 to zero. He referenced the capital expense of \$100,000 for water meters which is related to the large commercial customers that need to go on the AMR program (meter replacement program). Mr. Pikus confirmed it went from \$60,000 to \$100,000.

Mr. Pikus referenced the uniform costs that are split between the water meter and electric meter departments for a total

of \$5,800 and asked if it that was for the same five people. Mr. Baird said they were able to track about half of those dollars or 50% and will follow up.

The city manager then addressed the interservice funds that are paid from each of the departments previously reviewed. The budget of the public works department is \$345,582 and is broken down by those departments paying into it.

He said the same goes for the garage. The city has more than 150 pieces of equipment, lawn mowers, vehicles and equipment in general. Currently, there is a vacancy with the recent retirement of Everett Roberts. However, both positions are funded in this budget.

Mr. Baird reported the billing and collections department have a budget increase of \$590,605 to \$603,672. Their costs are covered through the water, sewer, solid waste and electric departments. They also bill property taxes though the majority of their work supports the city utilities.

It was confirmed the Billing Rate Consultant is Jay Kumar of ETC (Economic and Technical Consultants).

Mr. Portmann referenced the postage budget in the billing department that used to be \$5,000 but now includes postage for the water, sewer, trash and electric departments. They all go into the billing department which is the reason for the increase to \$50,000 but are cost allocated back out. The large increase this year is also the result of increased postage rates because the post office has required us to change how we deliver our mail.

Mr. Baird agreed and explained there was a change in who qualifies for bulk mail rates. Not only does it require more work and postage charges, but now we are required to physically carry our mail to the Dover Post Office because it is no longer accepted in Milford. With the loss of the temporary employee on the meter side, we are considering some local vendors to handle this service. In addition, one of our overall goals is to offer e-billing.

When asked if the bank costs were negotiated noting the reduction from \$30,000 to \$12,000 this year, Mr. Portmann said he had budgeted an estimated number for commercial users last year. In previous years, no one was permitted to pay by credit card if their bill was over a certain value. However, it was offered to all customers last year though there were less users than were anticipated last year.

Mr. Portmann then reviewed the impact fee funds. Broken out were the anticipated revenues for water, sewer and electric. He explained that when those impact fees were put in place, there were no associated costs for the first five years.

Mr. Pikus asked if the moratoriums recently approved through ordinances were taken into consideration; Mr. Portmann stated yes.

The finance director referenced the water bond debt escrow account which was established to retire the water bond debt early. He advised there has been no active participation as far as adding new money though it is eligible to use.

Mr. Portmann explained that of the water capital reserves, approximately \$4 million is anticipated next year. Anticipated expenditures for capital have already been approved by council. The 07-08 capital had \$158,684 left and the 08-09 capital had \$136,565. Funds collected for the new debt service for the water bonds is \$946,002 which will be spent toward the water project before the money is borrowed.

He said there is also \$1.5 million anticipated toward the new bond project and the North Front Street Water Project is a \$20,000 contract which may be spent this year.

The General Fund Capital Reserves has \$1,671,130 of which \$200,000 was reserved for the Green Acres funding with no anticipated funding this year.

Mr. Portmann said the Real Estate Transfer Tax Fund has \$2,456,643 with \$250,000 anticipated next year.

The budgeted expenditures are \$152,100 for capital transfers to the general fund and \$500,000 to the police department

leaving a balance of \$2,071,543.

Municipal Street Aid has \$576,492 with \$185,000 anticipated this year from the state. It was noted the Governor's Budget includes restoring \$4 million of the \$6 million for municipal street aid.

The finance director also reported that expenditures include \$150,000 for street improvements, \$34,410 for the balance of the Southeast Front Street Engineering project for Davis, Bowen and Friedel and \$150,000 of an \$850,000 Washington Street Bridge project which the state/federal governments will provide the balance of the funding. This leaves a balance of \$428,082.

Mr. Portmann explained that in years past, the General Improvement Fund was used to fund the legislative projects until they were reimbursed. Currently, there are very few state projects. There is very little activity anticipated in the fund.

There is a balance of \$14,830 for the Boys and Girls Club Paving Project for their parking lot and an anticipated \$24,005 balance for Carpenter Pit Road, both being paid through legislative funding.

Several years ago, Mr. Portmann advised there was a Sidewalk Fund of \$11,998 that had been collected.

The Carlisle Fire Fund from the building permit fees is estimated to be \$21,000.

The current balance of the Sewer Capital Reserves is \$2,451,94 after \$400,000 was spent on an I&I transfer. Mr. Portmann explained that \$600,000 was put in this current year and another \$200,000 is anticipated to come back before council. That is shown as coming over in Fiscal Year 2010-11 in case we have similar problems to those experienced last year. Mr. Baird added that fund would have up to \$700,000 available next year for I&I.

Mr. Portmann referenced anticipated expenditures of \$1,185,989. Those include Balance of New Debt FY 10 of \$350,000, Balance of New Debt FY 07-09 of \$330,974, Capital Projects for FY 08 of \$200,000 and \$105,015 for the Balance of the Bond Project approved in 09. He stated if all those things occur next year, there will be \$1,633,952 left in the sewer capital reserve funds.

The current balance of the Electric Capital Reserves is \$9,314,043 of which the largest expenditures is the substation project anticipated being \$2,750,000. There is also the same debt issue of \$1,110,000 to be spent on that project. Mr. Portmann reported those costs now are around \$8 to \$9 million for the new substation. These funds would be used before anything is borrowed.

There is also a balance of capital projects of \$270,810 for prior years.

It that occurs, Mr. Portmann reported there would be \$5,551,438 left in the electric reserves.

He explained the General Fund-Fund Balance is an accumulation of budgeting more than was spent in years past though things are much tighter now. Approved expenses from this account include the DMI Streetscapes Project which is a 60/40 city participation match of \$351,840, \$75,000 for the Milford Library Building Annual Fund and \$105,400 for the Boys and Girls Club Annual Funding.

After paying those expenditures, \$47,787 will be left. However, that balance includes future allocations to both Milford Library and the Boys and Girls Club.

It was confirmed that a number of capital projects have been eliminated since the original submission by each department head.

When asked about a tax increase, Mr. Baird said that is one option. He said that currently, the budget has a \$330,000 shortfall if we do not move forward with the tax increase.

The city manager asked the finance director to review the reserve accounts that may be considered to fund the shortfall.

Mr. Portmann explained that any reserve account can be used though it must be an operating transfer. For example, the electric reserves could be used which would be his recommendation because it is the most self sustaining reserve we have. Though any of the reserves could be used for transfers into the general fund to balance the budget.

Mayor Rogers asked if it would be possible to repay that reserve. Mr. Portmann said it depends on how it was done and if it was done as a one-time rainy day fund, then he would not recommend it. However, if it were long term, he would need to find a way to pay for it.

Mr. Baird said if this was done, it should be done only one time. It is not something we can do year after year to cover our expenses.

Mayor Rogers said in today's economy, he does not feel that \$3.5 million is a lot of money.

Mr. Baird stressed that if council decides to use reserves to fund this shortfall, it is a one time shot and we can only go there once. However, it will not change the picture we will be facing next year. He said it is somewhat of a deferral next year. He said that over the course of the next year, he and Chief Hudson will be dealing with the FOP Contract. As the negotiations are taking place, it will be presented with the tax consequences associated with it. He said almost immediately, it must be passed along in some shape or form at that time.

The city manager further stated that he does not anticipate a revenue stream improving over the course of the next year. He said we need to create an environment where people want to make an investment here. That is how the city's revenues will begin to peak again. It can be done by controlling our tax rate and letting people know we have been a financially sound government over the last decade or more as a result of a lot of hard work and making the right decisions. We need to continue to make the right decisions as we move forward. It was a tough decision to set that money aside when there was a lot of pressure to spend that money.

Mr. Baird said he is asking council to consider the consequences one way or another. This city is in good shape today and no matter which way council decides to proceed, it is important to remember we are only one or two bad decisions or catastrophes away from being in a bind. Patience and tolerance are needed and today may be the day to make that tough decision. Or, if we are willing to buy a year and put a band-aid on it, then next year we will have to say we took a pass last year and now need to buckle up.

Mr. Brooks feels our citizens also need to be considered. Many do not have jobs now and things are difficult for them. The mayor agreed and emphasized the importance of continuing to maintain the same level of service to our citizens.

Mayor Rogers said he wants to go on record as saying he does not want to use the reserves to balance this budget. He never wanted those accounts reduced to below six.

Mr. Brooks then recalled when all the reserves were in one account. Since then, they have been divided among the different utilities.

The mayor said it is important that we figure out how to come up with \$400,000. Mr. Baird agreed and emphasized it is important to keep in mind that the general fund is where the shortfall is. He said the general consensus is to move forward with the increase on solid waste as a result of the increases from DSWA and the fact we need to make adjustments to our sewer to protect our sewer reserves. But with the increases in sewer and solid waste, council does not want to pass on other increases.

Mr. Morrow confirmed this increase is not based on the large amount of rainfall we experienced this past year noting it was a very unique situation. Mr. Baird agreed stating that is the reason for the \$500,000 in the department budget and if needed, another \$200,000 can be taken from reserves.

Mr. Pikus said the finance committee will meet again and review the options. They will work hard and come back with some recommendations for council. The decision that will be made must be beneficial to the taxpayer who are the people council needs to answer to.

Mr. Pikus confirmed the entire budget was reviewed this evening.

With council not being happy with a tax increase or use of reserves, Mr. Baird said the third option is to go through the budget and cut expenses. Over the past couple of years, there have been significant cuts from each of the departments to offset the need for a tax increase or rate increase. Each department head delivered what was asked and we were able to get through the last couple of years.

The city manager emphasized that everything possible has been cut. If we go through the budget again, we may be able to find another \$50,000, which is worthy of savings, but will not alleviate the decision that needs to be made. He said we are to the point where we need to talk about a reduction, which means we are talking about personnel, which is all that is left and a large part of our costs. He wants to make sure that if we talk about reducing expenses, it will probably impact personnel. The budget proposal starts to do that now. There is one position in the electric department that has not been funded, in addition to three other contractual or temporary positions that were not funded as part of this budget proposal.

Mr. Baird wants to make sure that everyone understands that is where we currently are. Those conversations and decisions will become very difficult. According to the city manager, there are other options that could be considered, but that is why everyone must work together.

When asked if anyone wished to speak, a citizen noted there have been many areas in the budget where much more is budgeted than appears to be needed, noting the recent finance report. Mr. Pikus said that is why he asked how much has actually been spent this year in various areas.

Mayor Rogers noted the monthly finance report is actually a couple months behind to allow time for bills to be paid and revenues to be accurate.

Mr. Grier said he is unfamiliar with which departments might be able to operate without an employee or if one is much busier than another right now. Mr. Baird said we will look at our work force overall. We may have to look at individual employees and consider those that are close to retirement or if someone is a recent hire. Also, if there are positions that can be merged. He said there are always ways to do some of that and sees more of that in our enterprise operations, which is our utilities, than he does in our general fund. However, that does not mean that some of the savings would not be reflected there.

The city manager agrees it would have to be done in a methodical method instead of just coming in and making a decision. He said it is also important to remember those that are left behind will need to pick up the extra workload or do more. In addition, the message we send out to our other employees must be considered. They do not want to be looking over their shoulder wondering when their name will come up.

He said it may be a combination of things and will need to be considered over the next couple of days in order to come back with a solid recommendation for the entire council. He agrees it can be done, there is no doubt about it.

Mayor Rogers recalled rolling our sleeves up in the past when we went through some tough budgets in the 80's. He just thinks we need to come up with a good, fair plan.

Mr. Baird asked the three finance committee members to stick around for further discussion because time is of the essence in moving forward.

With no further business, Chairman Pikus adjourned the Finance Committee Meeting at 8:25 p.m.

Respectfully submitted,

Terri K. Hudson, CMC

City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 3, 2010

A Finance Committee Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Thursday, June 3, 2010.

PRESIDING: Chairman S. Allen Pikus

IN ATTENDANCE: Committee Members Douglas Morrow and Garrett Grier

MAYOR & COUNCIL: Mayor Joseph Ronnie Rogers
Council Member Katrina Wilson

STAFF: City Manager David Baird, Police Chief Keith Hudson,
Finance Director Jeff Portmann & City Clerk Terri Hudson

Called to Order

Finance Committee Chairman Pikus called the FY 2010-2011 Budget Hearing to order at 5:37 p.m.

FY 2010-2011 Budget Discussions

Mr. Pikus recalled a previous question about the costs of uniforms. He spoke with Finance Director Portmann who confirmed it is an item in the water, wastewater, electric, meter, code enforcement, streets and code enforcement departments that totals \$33,000. He asked Jeff to review the costs from last year to determine if there is room to cut some of the projected expenses.

Mr. Portmann stated he reviewed those items from the previous three years. Electric spent about \$10,000 and budgeted \$15,000. Water and sewer was budgeted \$3,750 and never spent more than \$2,000 in any year. Water meters had \$2,650 budgeted and never spent more than \$1,500; electric meters had \$3,100 and spent \$1,700. In general, solid waste, garage, code enforcement and streets spent what was budgeted. He believes the first five departments could save approximately \$11,000; however, those departments do not involve tax dollars and are supported by enterprise funds.

Mr. Morrow asked if those costs involved rental fees. Mr. Portmann said it includes everything from dry cleaning, rental costs and purchases. It was confirmed this line also includes purchasing the polo shirts with the city seal.

Mr. Pikus asked if \$11,000 can be legitimately saved in this line item. Having dealt with uniform companies in the past, Mr. Morrow recommended the uniform company be audited twice a year and those costs negotiated. Mr. Portmann said a lot of the purchases include boots and safety equipment. Mr. Pikus recommends a comparison of prices be done with the company Mr. Morrow's employer is currently using.

Mr. Baird agrees there is a potential savings in those line items of \$10,000 to \$12,000.

Ms. Wilson said it does not appear to her that the streets and solid waste uniforms are equal to the other departments. It is apparent their uniform budget is much lower versus the other departments though she sees a need for heavier coats and adequate gloves and boots during the winter months. Mr. Baird said that in most instances, they chose their own clothing and prefer lighter wear.

Ms. Wilson asked that Mr. Baird keep an eye on it to ensure they are afforded the same opportunity the other departments are getting.

Mr. Baird said he will be conscious moving forward with the uniform services and noted there is a small savings to this budget.

It was then reported that some of the city utility vehicles were seen in other towns on weekends. Mr. Baird said he will check into it.

Mr. Pikus asked if anyone in the public had any comments. No one responded. Mr. Pikus then closed the floor for public comment.

He then asked if any member of the finance committee or council had any comments.

Mayor Rogers said it is not a big issue but asked if the police department could defer purchasing some of their police vehicles this year. He also referenced the overtime budgeted for the police officers noting it went from \$100,000 in 2008-2009 to \$143,270 in 2009-2010 to \$149,500 this year. He asked if being short officers this past year impacted overtime.

Chief Hudson explained that may have had some impact on the shifts when requiring an officer to hold over or be called in when a shift was short. But there are also other reasons. For example, the police departments have a reciprocal agreement which allows their officers to come to Milford to work at the Halloween Parade, for example. In turn, they send Milford officers to work their events all over the State of Delaware. This occurs throughout the year and is something that he feels obligated to do knowing these officers are willing sent to Milford to assist with the Halloween Parade. When that occurs, those offices receive overtime pay.

Police Chair Morrow also explained that a lot of that overtime is driven by the police contract. Chief Hudson recalled that between FY 08-09 and FY 09-10, a new contract was ratified which could have impacted the overtime budget.

The mayor then asked about the increase in court and standby costs and asked if that applied as well. The chief said much of that is created by the courts. He has been trying to work with the attorney general's office to come up with a better system to reduce the amount of court and on-call times involved. But unfortunately, a lot of that is out of his hands and is at the mercy of the court.

Chief Hudson explained the police cars are emergency response vehicles that are driven 24/7. He said he has a good replacement program in place but after a few years, because of safety reasons, the cars cannot withstand the wear and tear and need to be taken off the road.

Mr. Baird understands what the mayor is saying, but feels that if that was done this year, it would be lost over time. He feels it is an operational item that should be in the city's budget on an ongoing basis.

Mr. Pikus said that his opinion is the police department is not a money making department and are an expense to the city, but a necessity because it involves public safety. He feels that when we start taking things away from the police department, it is going to be a big detriment to this city and a lot of services could be impacted. Also considering the economy, things could get really bad if we start reducing or cutting in that area.

When asked if the mayor had further questions, he said he would wait until it was later discussed.

Mr. Morrow then announced we have a challenge to come up with \$300,000 plus dollars. Mr. Baird responded that is exactly the number that must be addressed through the general fund and emphasized the enterprise accounts are all covered by water, sewer and electric rates.

Mr. Morrow suggests that council be cautious when considering the continual increasing of utilities. He does not want the city to run the big industries out of town stressing that the city needs them as well. He suggests we look at decreased flows rather than always raising rates as the answer.

Mr. Baird said there is another option on the I&I which has not been discussed. He recalled when each month the county's portion of the sewer bill had a variable charge based upon what the city paid to Kent County. That fluctuated and the problem was that no one could budget based on the unknowns. It was the same scenario with the electric bills when the PPCA (purchase power cost adjustment) was being adjusted. However, it has been kept steady the past couple of years,

which has helped our customers.

Mr. Morrow prefers a fixed rate. He noted the county rate is currently \$2.34 per thousand gallons. The problem is they bill us for the I&I, which must be added to the city rate. Previously, the city was charging 95 cents and the surcharge would fluctuate. When the county came out with a flat rate, the city calculated the I&I, then came up with a flat rate of \$2.43. That calculates to a sewer bill of \$4.77 per thousand gallons. Now the city is considering an increase to \$5.05 though the county has not increased their rate the past two years.

On the residential side, Mr. Baird stated the average is 5,000 gallons per month. A 28-cent increase calculates to \$1.40 a month or \$16.80 a year. He feels it is reasonable though the industries and big users will be hit with the lions share.

Executive Session - Pursuant to 29 Del. C. §10004(b)(9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed.

Mr. Pikus then moved to go into Executive Session reference a personnel matter, seconded by Mr. Morrow. Motion carried.

Mr. Pikus recessed the Finance Committee Meeting at 6.07 p.m. to go into a Closed Session.

Return to Open Session

The Finance Committee returned to Open Session at 7:45 p.m.

Mr. Pikus moved to present to city council the finance committee's recommendation as was discussed in Executive Session and to proceed with the passing of a balanced budget as is being presented, seconded by Mr. Morrow. Motion carried unanimously.

Adjourn

With no further business, Chairman Pikus moved to adjourn the Finance Committee meeting, seconded by Mr. Grier. Motion carried.

The Finance Committee Meeting was adjourned at 7:46 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 14, 2010

A Meeting of the Public Works Committee of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, June 14, 2010.

PRESIDING: Chairman Owen Brooks, Jr.

IN ATTENDANCE: Committee Members-Council Members Katrina Wilson and Jason Adkins
Mayor Joseph Ronnie Rogers

ALSO: City Manager David Baird and City Clerk Terri Hudson
Public Works Director Brad Dennehy and City Engineer Mark Mallamo

Public Works Chairman Brooks called the Public Works Committee meeting to order at 6:01 p.m.

Erik Retzlaff of Davis, Bowen and Friedel, Incorporated (DBF) was also present.

Mr. Brooks turned the meeting over to City Manager Baird.

Mr. Baird then advised the purpose of the meeting is to update the committee on the projects occurring within the city and for them take the action to proceed as needed. He then asked the city engineer to comment on the projects.

Washington Street Bridge

City Engineer Mallamo reported the Washington Street Bridge is one of three owned by city and is in the worst condition. He recalled the Church Street bridge being replaced not long ago; the Southwest Front Street bridge has a low load rating but is not in a critical state at this time. The Washington Street bridge has a beam that is corroding resulting in some really serious weight restrictions being applied. Some delineators are being installed to divert traffic off the weak beam.

He advised that beam alone has a three-ton load rating. Restricting the bridge to three-tons was considered though that would not permit vehicles such as school buses from crossing it. Mr. Mallamo said it is a heavily-traveled school route with approximately 5,000 vehicles per day accessing it according to the last traffic count.

The city engineer reported the bridge is still safe and has an overall twenty-ton load rating. It does have some restrictions adding that a fully loaded tractor trailer weighs forty tons which is twice as much as the bridge can carry safely.

Mr. Mallamo emphasized it will not fall down when a heavy truck uses it, but after repeated uses, it will begin to break. To preserve it for a short period of time, the delineators will be installed to remove traffic from the area of the weak beam.

This morning, he said a meeting with held with representatives of DelDOT, Federal Highway Administration, Historic Preservation and some contractors to discuss the bridge. The next step will be to replace the bridge with a similar type bridge. The bridge is listed as potentially historic though it is outside the historic district of town by one block. The objective of the Historic Preservation Office is to preserve bridges though they realize there comes a time when it must be replaced. In this case, repairs are no longer practical. The new

bridge, will look similar and will meet all the new safety standards and carry forty ton loads.

The project will take a little more than two years to complete with the clock starting this morning with the paperwork. Mr. Mallamo added that potentially, the bridge should be completed by December 2012.

Because of the historic issues, there will be some additional reviews and other work that will affect the schedule and the reason it will take slightly longer. In addition, the city engineer advised it could also impact costs. It is a steel girder bridge and if it was installed today, a steel girder bridge would not be used because of the tidal water that contains potential salt water. He noted that steel rusts in salty environments. Because it is listed as a steel girder bridge, Mr. Mallamo explained they may have to compromise with a similar bridge though it should have some special coatings for some long term metalizing of the structure to prevent rust.

The Federal Highway Administration will potentially provide 80% of the costs with the city paying 20%. The city engineer recalled that in 2008, some bridge engineers provided replacement costs which have been budgeted. He feels if the estimates were correct and we can hold the line on the historic issues, that should keep the costs within budget. However, they also realize that safety is of primary importance.

Ms. Wilson asked if the Historic Preservation has funds to support their recommendations. Mr. Mallamo said he does not believe there are any funds available through Historic Preservation. Two different types of funding are being pursued. One involves standard highway funds from the federal government and other is called Highways for Life.

The city engineer explained this bridge is potentially a candidate for innovative construction materials with an orthotropic deck. He said that is a term for combining steel and concrete in a different fashion. Some of the consultants they met with this morning are proposing to use that technology. In that manner, they are able to get funding from the other program though there is only \$600,000 available for the State of Delaware. DeIDOT wants to pursue it because every state is expected or offered to get one bridge in this program. The Washington Street bridge has been selected in Delaware.

Mr. Mallamo feels it will not save any money and is only coming from a different funding source on the federal side. It will be a unique structure that will not only get a lot of attention in the engineering world, but will be monitored by eight months by Perdue University after it is put in service.

He noted that though it is a city-owned bridge, federal funding has to come through DeIDOT. Therefore, they will take the lead and handle the bidding process.

The meeting today was to meet the Highways for Life funding schedule which requires a letter verifying the city is on board and willing to fund the 20%. However, this does not tie the city into a deal should we decide not to proceed for some odd reason. The letter must be provided within a week to stay on schedule.

Mr. Mallamo then advised that Verizon has fiber optics running beneath the bridge which needs to be preserved. The city has a sewer force main adjacent to the bridge. He said work can be done around it but extra care is needed to protect it to prevent any jostling during construction.

Recapping what Mr. Mallamo had reported, Mr. Baird said initial improvements will be through the placement of the delineators. Financially, the city is in good shape based on the capital funding already in place.

Mr. Mallamo is hoping no additional money will be needed and believes the initial estimates of \$700,000 to \$800,000 will handle it because no substructure is needed and should keep the costs down. He hopes the actual

bridge replacement will be very fast with the bridge being out of service for a month or less.

Ms. Wilson asked if any transportation or related businesses need to be contacted; Mr. Mallamo has recommended the school district and any major trucking companies such as Atlantic Concrete be contacted. If it became a three-ton restriction, all businesses would need to be notified because anything larger than an SUV would be over limit. When the plan is set, notifications will be sent.

He said that with the addition of the delineation, the road will still have two twelve-foot lanes which are capable of handling any vehicle and should have a calming effect. If they are run over, they will bounce back but will eventually need to be replaced. Their estimated cost is \$350 to \$400.

No action was needed on this matter by the committee at this time.

I&I Project

Mr. Mallamo reported the I&I Study is on going and is currently in Phase 3. That phase involves jet cleaning and video inspections of the zones identified in Phase 2 and will also include smoke testing. This project is covered by the bonds and is not being funded from the operating budget.

He expects Phase 3 to be completed in July. At that time, a bid package will be prepared to construct the repairs and replacements identified. Roots, cracked pipe and water seepage have been found to name a few problems. An actual gusher was found on Marshall Street while it was being paved by DeIDOT. DeIDOT was unable to delay their paving schedule to allow the repairs to be made. As a result, a newly paved street will need to be cut to fix it.

Based on what they have found, he sees a number of streets that need to be torn up with new sewer pipes installed in the near future. He warned there may be some calls from residents who see smoke coming out of the roofs of their house. They will provide notices beforehand on all the doors stating that smoke testing will be done in the area. It will explain what needs to be done with drains and traps that are not used very often to prevent the smoke from coming into the house.

He added another benefit is the sewer is being cleaned as the work is done. He explained this is heavy-duty cleaning that our regular maintenance cannot handle. Mr. Mallamo suggests that once this is complete, the city set up a schedule where every couple of years, big jets are used to clean the sewers to identify the areas with sediment problems.

Mr. Baird said the schedule set forth in the project indicates this phase will be completed by the end of July at which time additional work will be needed based on their recommendations. Bids would then be awarded and the work completed.

Water Tower Maintenance

Mr. Baird reported the city maintains three water towers and all three require some work. An inspection was completed in the past two years outlining the current status of those tanks and the recommended improvements.

He said things have not changed much since that point but one of the two options to proceed must be decided. The first is for the city to handle it. Put a capital project schedule together based on the improvements needed on the towers and bid each project. The drawback is the costs are unknown until the bids come in which will depend on the market condition at that time. In addition, someone will need to be dedicated to that project the

first few years. That could be an employee in-house or someone contracted out to assist with the city engineer with that work.

The second option is to put together proposals to tank maintenance companies. This was considered several years ago and would allow the city to enter into a maintenance contract. The company selected would handle all the improvements needed on the three overhead storage tanks.

The city manager advised we are leaning in that direction. However, more information on the costs is needed before a final decision can be made. To get that, an RFP will need to be prepared to see what they are willing to put on the table from a contractual standpoint.

A copy of the RFP was included in the committee's packet. He explained that once the pricing is obtained, an accurate analysis can be made whether the work should be done ourselves or contractually.

Mr. Brooks asked the costs of RFP; Mr. Baird answered only the costs of advertising and a little time.

Mayor Rogers arrived at this time.

Mr. Baird asked for any feedback from previous committee members who were familiar with that process in the past.

Mr. Brooks recalled that council could not agree on who to award the bid to though there was a lot of work done by both companies; Ms. Wilson agreed.

Mr. Baird said that some cleaning was done on the towers thereafter, but the city did not move ahead with the necessary repairs. He stressed the importance of maintaining the towers as part of our infrastructure and recommends moving forward with the RFP in order to compare costs.

Public Works Director Brad Dennehy pointed out another benefit with contracting it out is the maintenance would be on a schedule and the city would know what was being done over the next ten years.

Mr. Baird agreed noting that if we do the work in-house, each year it would become a budget issue from the standpoint of deciding whether to make the investment though the improvement is needed. He said it does not make sense for tower maintenance programs to go out and borrow money because it would take longer to pay the loan back than the repairs would last.

The committee agreed to proceed as Mr. Baird recommended.

Street Paving Priorities

Mr. Mallamo referenced the following memo:

We have 15 potential streets for paving or restoration in the 2010 construction season as follows:

1. *Church from N Front to Banneker School*
2. *SE 3rd from S Washington to Montgomery*
3. *NE 7th from N Walnut to N Washington*
4. *Masten Circle*
5. *Bridgeham from 3rd to 4th*

6. *N Washington from NE 6th to Rehoboth Blvd*
7. *N Columbia*
8. *N McColley*
9. *N Marshall*
10. *Mispillion from Marshall to Fisher*
11. *10th from Walnut to Silicato Blvd*
12. *Evans*
13. *Airport Road single lane westbound from Mosquito Control to Cascades*
14. *Foster*
15. *Water*

He said that unfortunately, there is not enough money to pave all them. The costs are not broken out because the curbing and ADA ramps vary from street to street. Additional survey time will be needed to decide which curbs can be preserved and which can be replaced.

The city engineer explained we are working with a \$150,000 budget and blacktop overlay and Masten Circle alone can cost over \$100,000. Though it needs work, he does not want to spend the entire budget at that location. Therefore, it may need to be pared back and some repairs done instead of a total overlay.

Another option that may be considered is micro-surfacing which DeIDOT recently did on Route 36 out to Cedar Beach Road. He explained it is a very thin surface and though it is thicker than paint, it is much thinner than a normal overlay. It can be done on the right road though it must be basically smooth. A road that is in bad shape would not qualify in Mr. Mallamo's opinion. It saves a lot of money though it will not get as long a life. Therefore, more evaluation is required on the cost benefit analysis.

In reviewing the list, he feels that Church Street is a priority as it needs a complete repaving. It receives a high volume of traffic particularly with Banneker School. If not fixed now, it will only get worse every year.

Mr. Mallamo emphasized a lot of the streets will not get done and priority is based on the volume of traffic in addition to the available money. They plan to structure the bid so that more work can be added if more money becomes available. If the state comes back with the money they used to allocate for streets and improvement programs, then more streets could be added.

They will bid out the streets that must be done and get unit pricing for additional streets for a period of one year. He added there is still the potential of adjustments for asphalt costs that must be added to the contract. With oil prices going up and down, no one is going to commit to a year-long contract without that flexibility.

He noted that a lot of the street paving occurring now is being done by DeIDOT with the American Resource Recovery Act money from the federal government. They are required to spend their money within a certain time frame which is why they were unable to defer the work on Marshall Street to allow those repairs to be made.

By the end of the month, Mr. Mallamo expects bids on the selected streets. The paving will most likely not begin until August or September and will continue until it is spent. Also included are the ADA ramps and curbing on streets that have sidewalks. Roads and streets such as Masten Circle and Evans Street do not have sidewalks adding Evans Street would be an easy project with a quick overlay. Other areas where handicapped ramps will need to tie into a broken sidewalk involve a great deal more work.

Mr. Baird added that whenever state or federal dollars are used on these projects, ADA improvements are required at the intersections which takes a great deal of our resources. If city dollars are used, those

requirements do not apply.

The city manager reported that \$4 of the \$6 million normally allocated for municipal street aid is currently in the state budget. There is a chance the entire \$6 million is budgeted as well. Delaware League and SCAT are lobbying hard to maintain those dollars.

Representative Dan Short, who is the former Seaford Mayor, has presented a bill to restore the \$4 million lost last year. If that is approved, the city would receive another \$180,000 which could be used for additional paving or similar capital projects.

Mr. Brooks asked if the city is prepared to do any of the work. Mr. Baird said yes, the city is bidding the first couple of projects in order to have the numbers in case the funding is approved. In that case, the city would be in a position to award the project.

Mr. Brooks recalled Tim Webb and his crews doing some of the paving in the past. Mr. Baird said that only involved some of the smaller patching jobs but any major overlays will be bid out.

Southeast Milford Water Tower, Treatment Plant and Wells

Public Works Director Dennehy advised that Erik Retzlaff of Davis, Bowen and Friedel (DBF) is overseeing the acquisition of the easements from several property owners including Key Properties and Edgar Isaacs and possibly one or two other properties.

Mr. Baird confirmed that as of last week, there had been no commitment. Mr. Dennehy advised the city cannot do any work until those agreements are signed. Some test wells are needed to determine the quality of water. Additional work is needed in addition to a survey of the area.

In speaking with Mr. Retzlaff, Mr. Dennehy said those wells have a tendency to lose their capacity to produce water. Wells 5, 9 and 12 have dropped off slightly and the city does not want to lose water though we currently have a good supply.

He said the city needs a new water tower and the funding is in place.

Mr. Baird reported the sites have been determined and at this time, we are moving forward with a plan for the elevated storage tank on the west side of Route 1. The wells and treatment plant would be on the east side of Route 1 which helps protect the source water area as required by those laws passed by the federal and state governments. This will also provide good quality water to the east side of Route 1 because it will not have a dead end.

N. Front Street Sewer Project

Mr. Mallamo advised the first project was identified by Phase I of the I&I Study and is being funded through the bond money.

The city engineer reported the project is not going as smoothly as it should. It is behind schedule and has taken much longer than anticipated. He said the underground work is essentially done on the western end of Front Street where the concrete patches are in place. However, they are required to come back and smooth that off with a blacktop overlay. Some additional work to replace water service lines was done though that was unable to be included in the contract because the source of funding was for sewer only. The work is needed as a result

of some bad lines and to prevent cutting brand-new blacktop to repair water leaks. When the work is done, Mr. Mallamo anticipates a cost of \$20,000.

The next side of the project is being done now from Rehoboth Boulevard to the Kent County Pump Station on Northeast Front. He said traffic control will be a major concern in that area because of access issues to the police department and other businesses in that area.

Mr. Mallamo anticipates some problems noting the contractor has already asked for some extra time and money though they were denied.

He explained there may be some areas they need to work around with the existing Kent County force main. He feels that getting around it or under it may be difficult. He emphasized that must be preserved and cannot fail as it did several years ago on its own.

Mr. Mallamo added that despite the problems, there is nothing wrong with the design, though it is difficult to build and the contractor has not performed as was expected. He predicts it will be back before council because of a number of potential issues.

Mr. Adkins asked if there is anything in the contract that states what happens if it takes longer than the time frame in which the price was guaranteed. Mr. Mallamo explained we have liquidated damages in the contract of \$500 a day if they go over the time frame. Reviewing their work, Mr. Mallamo feels it is impossible they will have the work done in time. He will assess those damages and though they will not actually be billed, he will keep track of the contract days and the additional days. He said as he tracks those dollars, they will ask for more money. They can hopefully come to balance of the final cost. If for example, they ask for an additional \$10,000, the city can say they overran by \$11,000 and the contractor owes the city money. Ultimately, they will not be paid for the work until they have satisfactorily completed the work and we still have retainage.

Mr. Baird said this has been an ongoing discussion with the contractor and probably sixty days into the contract back in March, they felt they would not meet their deadline. One of the major hurdles was the fact they wanted to modify the traffic plan but ran into a number of problems with DelDOT. The city offered to help out a number of ways to get that traffic plan through, but it took a lot of time. Unfortunately, it became lost time as they moved forward.

When asked if this contractor has been used before, Mr. Baird said he was on a project with them six to eight years ago. When the bids were opened and they were the low bidder, it gave him a reason to pause. He said there was a significant gap between this company and the second lower bidder and because of the difference, this contractor may be trying to get some of that back possibly through change orders or some other way. However, they said they could do the job for that amount and are now trying to find reasons to say they cannot fulfill the agreement.

Mr. Baird explained that is the bidding environment and they need to be competitive. If something is cut too much, the contractor will try and get it back.

Ms. Wilson said it appears a lot of checkpoints are needed not only in the field, but administratively and financially as well.

Mr. Dennehy agreed there are many eyes on the project including Mr. Mallamo, Mr. Baird and himself as well as DBF.

Mr. Baird said he will continue to keep the committee informed. If something needs to be brought before council, the committee will at least be familiar with it.

It was suggested the committee meet every other month for an update of the projects.

Adjourn

With no further business, Mr. Brooks adjourned the meeting at 6:57 p.m.

Sincerely,

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 14, 2010

A Special Council Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, June 14, 2010.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steven Johnson, Garrett Grier, S. Allen Pikus, Jason Adkins, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

ALSO: City Manager David Baird, Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson
Finance Director Jeff Portmann

Call to Order

Mayor Rogers called the Special Council Meeting to order at 7:04 p.m.

Executive Session

Mr. Pikus moved to go into Executive Session pursuant to 29 Del. C. §10004(b)(2) Preliminary discussions on site acquisitions for any publicly funded capital improvements; and 29 Del. C. §10004(b)(9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed, seconded by Ms. Wilson. Motion carried.

Mayor Rogers recessed the Council Meeting at 7:05 p.m. to go into a closed session.

Return to Open Session

City Council returned to Open Session at 8:06 p.m.

No action was needed as a result of the discussion that occurred in Executive Session.

Adjourn

Mr. Pikus moved to adjourn the Special Council Meeting, seconded by Mr. Morrow. Motion carried.

Special Council Meeting adjourned at 8:06 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 14, 2010

The Monthly Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, June 14, 2010.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier, S. Allen Pikus, Jason Adkins, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

ALSO: City Manager David Baird, Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

CALL TO ORDER

Mayor Rogers called the Monthly Meeting to order at 8:10 p.m.

PLEDGE AND INVOCATION

Following the Pledge of Allegiance, the invocation was given by Councilman Starling.

APPROVAL OF PREVIOUS MINUTES

Motion made by Mr. Pikus, seconded by Mr. Brooks to approve the minutes of the May 3, 10 and 24, 2010 meetings as presented. Motion carried.

RECOGNITION

David Rutt/Rotary Club

Mr. Rutt provided some background on the Can-Do Playground planned for the Tony Silicato Park. He said the project is a combination of Rotary Clubs from Seaford, Lewes and Milford and will be named Can-Do Playground at Milford.

He invited council to an informational meeting on June 23rd at Milford Boys and Girls Club from 6:30 to 8:30 p.m. Additional information was included in the council packet.

POLICE REPORT

Mr. Morrow noted that the police continue to be extremely busy adding they work round the clock. Mr. Morrow moved to accept Chief Hudson's report, seconded by Ms. Wilson. Motion carried.

CITY MANAGER REPORT

Mr. Baird read the following report into record:

**205/207 NW Front Street—Board of Appeals*

The Board of Appeals has been rescheduled from its original meeting date of June 23, 2010 to mid July to hear an appeal of the condemnation order of 205 & 207 NW Front Street. This hearing follows the condemnation order issued by the City Code Official and denial of the owner's appeal to the City Manager. This is the final appeals process outlined in the City's Building and Property Maintenance Codes, although the owner could have additional options through the State Courts.

**DelDOT Public Workshop—Wilkins Road/Rt. 30/Rt. 1*

DelDOT will be holding a public workshop on Monday, June 28 from 4:00 pm to 7:00 p.m. on the status of the overpass project at Wilkens Road and Rts. 1 & 30. At the workshop the public will be able to review and discuss the proposed safety improvements for the intersection. Current schedule for the project is final right-of-way plans to be completed fall 2010, construction to begin winter 2011. Attendees will have an opportunity to review display materials and provide comments to the DelDOT representatives present.

**Independence Commons Lot Sale*

The City has sold a 1.42 acre to 4Blaine, LLC for \$145,000 at the Independence Commons Business Park. The property will be home to a new dental office. Settlement is expected to occur on or before December 31, 2010. The City has had discussions with this party in the past, however, the buyer has indicated the recent tax and impact fee incentives are speeding up the process to purchase and proceed to plan approval and construction.

**Hearthstone/West Shores Utility Easements*

The City is working with owners of West Shores and Hearthstone Manor regarding the use of the utility easement that is necessary for West Shores to connect to City water, sewer, and electric utilities. The City's preferred option is that the Hearthstone Manor design be used within the easement as it not only serves the needs of Hearthstone Manor but also that of West Shores and is the preferred option for the City as it will be ultimately responsible for the ownership, maintenance and operation of the utilities upon their completion.

**Pedestrian and Bike Master Plan Advisory Committee*

The Parks and Recreation and Planning Departments are moving forward with the development of the Bike and Pedestrian Master Plan through a \$25,000 grant received from the State through the Land & Water Conservation Trust Fund. The City is seeking volunteers interested in serving on the advisory committee to provide input and direction on this project. The first meeting will be held on Tuesday, June 22, 2010 at 3:00 p.m. at City Hall.

COMMITTEE REPORTS

Public Works Committee

Mr. Baird advised the Public Works Committee met earlier this evening. A summary of the issues is on line.

Mr. Brooks asked the city manager to update council on the Washington Street Bridge.

City Engineer Mark Mallamo was present and reported the bridge is owned by the city who is responsible for maintenance and repair. DelDOT has coordinated with the city for two reasons. They have performed inspections the past two years and have assisted with load rating. He said the most important reason they are involved is for replacement funding. The bridge is over 70 years old and has reached its lifespan. The city can receive an 80% match from the federal government though it must come through DelDOT. Therefore, the project will be managed through DelDOT for those savings.

The city engineer advised there is one beam which is very corroded and will not carry heavy loads of traffic anymore. The entire bridge has nine beams so the load is distributed and the bridge is safe. To keep the beam from seeing accelerated deterioration, traffic will be diverted five feet off the bridge. Tomorrow, Mr. Mallamo will be installing some traffic delineators that will be glued down to the surface. He said the bridge can still accommodate two way traffic with two twelve-foot wide lanes and maintain a twenty-ton load rating which will take care of most of the traffic. He added that twenty tons can handle school buses and small delivery trucks.

He emphasized the delineators will help protect it for the two plus year course of design and replacement by keeping the traffic off that area.

Mr. Pikus noted a number of tractor trailers use Washington Street to access the southeast industrial area of Milford. He asked if no heavy truck traffic signs should be installed. Mr. Mallamo said the street is currently posted at twenty tons. Additional signs have been ordered to be placed a block or so away from that street so the drivers are able to get a

forewarning.

There is a sign in the area of the skating center which would direct vehicles to turn onto Park Avenue though generally the trucks continue. In speaking with the drivers, Mr. Mallamo said they indicate their GPS sends them in that direction.

Mr. Mallamo added that one of the issues is historic preservation as the bridge is on the DelDOT list as potentially historic though it is not on the national register. The historical aspect could require some additional time to the time line. He explained the Highways for Life Program is a federal program that may be used to fund the bridge. He said it is very interesting to DelDOT right now because the federal government only wants one program per state. Washington Street is the bridge that was chosen for the program in Delaware.

The program has some different requirements and is a green program which means the bridge will be designed more efficiently and through the use of fewer raw materials.

He then advised they had a meeting this morning with historic preservation, some environmental departments, DelDOT and some private contractors who were approved for the Highways for Life Program in other states.

A letter will be sent to the federal government expressing our interest in the program. The city has budgeted for our portion of the bridge replacement. He is hoping that by December 2012, we would have a new bridge.

When asked if there are any stormwater outlets under the bridge, Mr. Mallamo answered no, the storm outlets are on the side. However, there are utilities which include the sanitary sewer force main adjacent to the bridge and overhead electric utilities and cable. In the bridge itself is a major trunk fiber optic line for Verizon.

Mr. Mallamo concluded by saying the bridge was built in 1934.

Community Cemetery Board

Ms. Wilson advised she spoke to Board Member Scott Sipple and asked if he would be interested in coming back and updating the new council members on the cemetery.

Mayor Rogers said he will follow up on that matter.

COMMUNICATIONS

Included in packet.

UNFINISHED BUSINESS

Adoption of Resolution 2010-7/City of Milford Charter Amendments

Mr. Pikus moved to adopt the following resolution, seconded by Mr. Morrow:

Resolution 2010-7
Amending the Charter of the City of Milford

A Resolution amending the City of Milford Charter, subject to approval of the Council of the City of Milford in accordance with Title 22, Chapter 8, Section 811 of the Delaware Code.

THE CITY OF MILFORD HEREBY ORDAINS:

WHEREAS, the Town of Milford was first incorporated on February 5, 1807; and

WHEREAS, on January 18, 1932, the Charter of the City of Milford, contained in Chapter 726, Volume 57, Laws of Delaware, entitled "An Act Changing the Name of the Town of Milford to 'The City of Milford' and Establishing a Charter Therefore" was consolidated into one complete act; and WHEREAS, since this time, the Charter has been amended seven times, with the last comprehensive review occurring in 1999; and WHEREAS, periodically, the Charter is reviewed to help ensure that it is current and that it properly reflects the overall direction of this community; and

WHEREAS, on August 25, 2008, the City Council appointed persons to a Charter Review Committee and charged the committee with reviewing and proposing amendments to the City of Milford Charter; and WHEREAS, following a series of meetings, the Charter Review Committee presented a draft of the proposed Charter to City Council on January 25, 2010 at a public meeting;

WHEREAS, the City Council has thoroughly and completely reviewed the proposal and after considering the amendments, the Council called for a Public Hearing to be held on April 26, 2010 at which time all citizens so desiring were afforded the opportunity to be heard; and WHEREAS, the City Council has henceforth considered the approval or rejection of various amendments to the Charter; and WHEREAS, City Council finds it to be in the public interest to declare the adoption of the amendments to the City's Charter, and to adopt the amended Charter, including the rearrangement and renumbering of various articles and paragraphs in the Charter authorized by the Charter.

NOW, THEREFORE, BE IT RESOLVED the City Solicitor of the City of Milford is authorized and directed to forward a copy of this Resolution and revised City of Milford Charter to members of the Delaware General Assembly and to seek the assistance and support of those members of the General Assembly for this City of Milford Charter Amendment.

BE IT FURTHER RESOLVED that the General Assembly of the State of Delaware is hereby requested, during its 2010 Session, to approve by no less than a two-thirds vote of all members elected to each branch, the amendment of the City Charter of the City of Milford, Delaware in the form and manner, attached hereto as Exhibit A.

Motion carried.

Appointment of City of Milford Planning Commissioner

Mayor Rogers does not have a firm commitment at this time and will have this added on next month's agenda.

NEW BUSINESS

Bid Approval/LED Lighting/Electric Department

The city manager reported that four bidders submitted bids for this project. This will retrofit the existing lights in the downtown area utilizing the \$50,000 grant received from the federal government as part of the Energy, Efficiency and Conservation Block Grant. In addition, the city has funded \$50,000 towards recoding the power coding on the poles where these will be refitted. Sixty lights will be refitted as a result.

We anticipate a four-year payback on the investment based on the energy savings and initial costs. This was initially proposed as a pilot program which aligns with some of the initiatives of the downtown group as well as Loflands Boatyard in the downtown area.

The recommendation is to award the bid to Wesco in the total amount of \$48,600.

When asked if they are local, Mr. Baird explained they are not though Wesco is the preferred contractor.

Ms. Wilson moved to award the LED Lighting bid to Wesco in the amount of \$48,600, seconded by Mr. Pikus.
Motion carried.

Adoption of Resolution 2010-8/Thomas Annexation Request/Committee Investigation

A letter was received from property owner Walter N. Thomas II asking to annex approximately 72 acres of land. The property runs from the Milford-Harrington Highway back to Holly Hill Road and is contiguous to city property.

Mr. Pikus moved to adopt the Resolution 2010-8, seconded by Mr. Starling:

Annexation/Lands of Walter N. Thomas II
Tax Parcel MD-00-173.00-01-62.00-000
Tax Parcel MD-00-173.00-01-62.02-000
71.92 +/- Acres
Current Zone AC/Proposed Zone R-3

COMMITTEE DIRECTED TO INVESTIGATE ANNEXATION

Whereas, a Petition, signed by the legal property owner and duly witnessed, requesting annexation into the City of Milford, land situated south of State Route 14 and north of County Road 447, Kent County, legally described as follows:

Tax Parcel 5-00-173.00-01-62.00-00001
64.362 Acres Parcel of land, Land of Walter N. Thomas, II
State Route 14, North of Delaware County Road 447, Kent County, Delaware.

BEGINNING for the same at a rebar and cap set at the intersection of the division line between the land conveyed by and described in a deed from Myra H. McIlvaine to Howard F. Morton and Phyllis Ann Morton dated July 31, 1959 and recorded in the Office of the Recorder of Deeds in and for Kent County, Delaware in Deed Book C, Volume 22, Page 447 and the land conveyed by and described in a deed from Walter N. Thomas to Walter N. Thomas and Walter N. Thomas, II, dated November 4, 2005 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book 2521, Page 141 with the southern right of way of Delaware Route 14, eighty foot wide, thence binding on southern right of way of Delaware Route 14, as now surveyed, with bearings referred to the Delaware Coordinate System (NAD'83/86),

1. South 62° 50' 42" East 327.57 feet to a rebar and cap set at the northwest corner of Lot 1 as shown on a plat entitled "Minor Subdivision Survey, prepared for Walter N. Thomas, II" and recorded among the aforesaid Office of the Recorder of Deeds in Plot Book 101, Page 96, thence leaving the southern right of way of Delaware Route 14 and binding on the outline of said Lot 1, the following five courses, viz
2. South 34° 44' 24" West 216.04 feet:
3. South 27° 21' 26" West 201.23 feet to a pin and cap (Adams-Kemp) heretofore set,
4. South 19° 39' 12" West 192.30 feet to a pin and cap (Adams-Kemp) heretofore set,
5. South 12° 05' 37" East 358.28 feet to a pin and cap (Adams-Kemp) heretofore set,
6. South 46° 57' 53" East 277.57 feet to a pin and cap (Adams-Kemp) heretofore set , and
7. North 35° 10' 24" East 511.09 feet to a pin and cap (Adams-Kemp) heretofore set at the end of the second or South 38° 58' West 176.57 foot line of a deed from Grace M. Thomas to Jon A. Thomas, dated August 23, 1991 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book H, Volume 50, Page 325, thence leaving the aforesaid Lot 1 and binding reversely on the second line of said deed,
8. North 33° 15' 46" East 176.56 feet to a one inch pipe heretofore set at the end of the second or North 53° 30' 00" West 209.79 foot line of a deed from Jardevtan Corporation to Patricia M. Marney, dated August 29, 2005 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book 2375, Page 094, thence binding reversely on the second and first lines of the last mentioned deed, the following two courses, viz:
9. South 59° 28' 22" East 210.00 feet to a rebar heretofore set, and,
10. North 38° 06' 38" East 68.69 feet to a rebar and cap set on the aforesaid southern right of way of Delaware Route 14, thence binding on the southern right of way of Delaware Route 14,
11. By a non-tangent curve to the right with a radius of 3397.87 feet and an arc length of 335.20 feet, said curve being subtended by a chord bearing South 55° 57' 09" East 335.07 feet to a rebar and cap set at the end of the fourth or North 60° 57' 00" East 185.32 foot line of a deed from Polly Hudson to Polly O'Day and Thomas O'Day , dated February 17, 2006 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book 2770, Page 302, thence binding reversely on said fourth line,

12. South 34° 04' 53" West 189.69 feet, thence binding in or near the center of a ditch, the following seventeen courses, viz:

13. South 32° 56' 39" West 9.00 feet,

14. South 36° 27' 16" West 51.77 feet,

15. South 38° 29' 07" West 65.98 feet,

16. South 36° 37' 41" West 48.90 feet,

17. South 34° 05' 59" West 61.05 feet,

18. South 27° 13' 27" West 37.39 feet,

19. South 21° 42' 17" East 77.94 feet,

20. South 30° 53' 41" West 71.70 feet,

21. South 47° 36' 00" West 43.38 feet,

22. South 49° 53' 24" West 69.97 feet,

23. South 47° 55' 06" West 69.19 feet,

24. South 74° 09' 47" West 37.17 feet,

25. South 47° 00' 07" West 94.01 feet,

26. South 33° 44' 05" West 66.74 feet,

27. South 30° 33' 37" West 62.79 feet,

28. South 31° 20' 18" West 58.11 feet,

29. South 47° 48' 37" West 161.09 feet to the end of the fourth or South 34° 26' 35" East 95.21 foot line of a deed from Walter N. Thomas to Jeffrey A. Thomas and Nancy J. Thomas, dated March 17, 2003 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book 532, Page 030, thence binding reversely on the fourth, third, and in part on the third lines of the last mentioned deed, the following three courses, viz:

30. North 38° 12' 32" West 95.21 feet,

31. North 30° 51' 16" West 72.69 feet, and

32. South 14° 11' 36" West 774.23 feet to the center of County Road 447, thence binding in the center of County Road 447,

33. South 84° 32' 03" West 1295.05 feet to a boundary line agreement between the said land of Walter N. Thomas and Walter N. Thomas, II and the land conveyed and described in a deed from Wayne L. Hill to Wayne L. Hill, Trustee under the Revocable Trust Agreement of Wayne L. Hill dated 12/18/95, dated December 18, 1995 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book 153, Page 274. thence binding on the boundary agreement line,

34. North 14° 56' 54" East 2255.01 feet to a ¾ inch pipe heretofore set at a common corner for the said land of Walter N. Thomas and Walter N. Thomas, II and the land conveyed by and described in a deed from David E. Baker and Shirley A. Baker to Robert E. Southard, III and Jeanette Ann Southard, dated May 5, 1976 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book R. Volume 30, Page 143, thence binding in part on the land of Robert E. Southard, III and Jeanette Ann Southard and binding in part on the land described and conveyed in a deed from Willard E. Zook and Virginia Zook to Donald L. Brittingham and Margaret E. Brittingham, dated June 21, 1984 and recorded in the aforesaid Office of the Recorder of Deeds in Deed Book L., Volume 39, Page 264 and binding in part on the aforesaid land of Howard F. Morton and Phyllis Ann Morton,

35. South 62° 52' 18" East 256.08 feet, thence binding reversely on the second or South 35° 30' West 430 foot line of the aforesaid Howard F. Morton and Phyllis Ann Morton deed,

36. North 27° 07' 42" East 422.47 feet, to the place of beginning.

CONTAINING 64.362 acres of land, more or less.

Tax Parcel 5-00-173.00-01-62.02-00001

7.556 Acre Parcel of Land, Land of Walter N. Thomas, II

State Route 14, North of Delaware County Road 447, Kent County, Delaware:

BEGINNING for the same at rebar and cap heretofore set on the southern right of way of Delaware Route 14, eighty foot wide, said rebar and cap being the northeast corner of Lot 1 as shown on a plat entitled "Minor Subdivision Plan, prepared for, Walter N. Thomas, II, dated October 27, 2009 and recorded in the aforesaid Office of the Recorder of Deeds in Plot Book 101, Page 96, thence binding on the outline of Lot 1, as now surveyed, with bearings referred to the Delaware Coordinate System (NAD'83/86),

1. South 34° 44' 24" West 216.04 feet to a rebar heretofore set,
2. South 50° 16' 32" East 115.08 feet to a pin and cap (Adams-Kemp) heretofore set,
3. South 35° 10' 24" West 511.09 feet to a pin and cap (Adams-Kemp) heretofore set,
4. North 46° 57' 53" West 277.57 feet to a pin and cap (Adams-Kemp) heretofore set,
5. North 12° 05' 37" West 358.28 feet to a pin and cap (Adams-Kemp) heretofore set,
6. North 19° 39' 12" East 192.30 feet to a pin and cap (Adams-Kemp) heretofore set,
7. North 27° 21' 26" East 201.23 feet to intersect the aforesaid southern right of way of Delaware Route 14, thence binding on the southern right of way of Delaware Route 14,
8. South 62° 50' 42" East 505.54 feet to the place of beginning.

CONTAINING 7.556 acres of land, more or less, BEING part of the land conveyed by and described in a deed from Walter N. Thomas to Walter N. Thomas and Walter N. Thomas, II, dated November 4, 2005 and recorded in the Office of the Recorder of Deeds in and for Kent County, Delaware in Deed Book 2521, Page 141. BEING ALL of Lot 1 as shown on a plat entitled "Minor Subdivision Plan, prepared for, Walter N. Thomas, II, dated October 27, 2009 and recorded in the aforesaid Office of the Recorder of Deeds in Plot Book 107, Page 90, has been submitted to the City Council of the City of Milford.

Now, Therefore, a Committee, composed of four (4) elected members of City Council and one (1) member of the Planning Commission has been appointed by the Mayor to investigate the possibility of annexing said property, said Committee to be comprised of Chairman Katrina Wilson, Douglas Morrow, S. Allen Pikus and Planning Commission Chairman Charles Rini.

Be It Further Resolved, that said Committee shall submit a written report containing its findings and conclusions, including the advantages and disadvantages of the proposed annexation both to the City and to the property proposed to be annexed and said report shall further contain the committees' recommendations whether or not to proceed with the proposed annexation and the reasons therefor.

Adopted: June 14, 2010

Motion carried.

It was confirmed this property would become part of the fourth ward upon annexation.

Easement Agreements /North Front Street Sewer Project-Wilkerson, Atlantic Concrete, Sharp, Warfel

Mr. Baird advised that five agreements are currently being prepared. He anticipates verbal agreements from all five property owners and asked this be postponed to the next meeting.

He explained this will provide easements along Northeast Front Street where the county and city's joint sewer project is occurring.

Milford School District Agreement/Tennis Courts

Mr. Baird said he has been working with the school on an agreement to allow the public to use the tennis courts recently installed as part of the improvements at Milford High School.

The following agreement was then read into record by the city manager:

Agreement, dated this _____ day of _____, _____, by and between The City of Milford, a municipal corporation of the State of Delaware, hereinafter referred to as "CITY"

-AND-

Milford School District, hereinafter referred to as "DISTRICT"

WHEREAS, DISTRICT has constructed six new tennis courts at Milford High School; and,

WHEREAS, DISTRICT has installed six new MUSCO lights for school and community use of the tennis courts during evening hours; and,

WHEREAS, DISTRICT and CITY agree the installation of the new tennis courts and lights mutually benefit DISTRICT and the Milford community; and,

WHEREAS, DISTRICT and CITY have enjoyed a longstanding interdependent relationship that provides a healthy recreational and instructional outlet for the residents of our community and school district.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties hereto agree as follows:

- 1. DISTRICT will provide for public and community use, the six (6) new tennis courts located at the Milford High School.*
- 2. DISTRICT shall be responsible for the installation and regular maintenance and repair of the tennis courts, to include but not be limited to the surface, striping, netting, posts, and fencing.*
- 3. DISTRICT shall be responsible for the installation, maintenance and operation of the lighting system. This shall include the lighting system, wiring, meter pan and timing device for usage. CITY shall be responsible for the installation and maintenance of the electric meter and all electric usage charges for the tennis courts.*
- 4. DISTRICT shall have the exclusive use of the tennis courts during regular school hours or school sponsored events such as MHS tennis matches or any other event as determined by DISTRICT. The tennis courts shall be open for use by the public or CITY Parks and Recreation during all other times between the hours of 8:00 a.m and 10:00 p.m. DISTRICT and CITY may agree to modify the operating normal operating hours for the use of the tennis courts by the public and establish polices for public access.*
- 5. Both parties agree to indemnify each other from all claims by a third party for property damage or personal injury which may arise out of authorized activities of the other party while acting outside of their respective jurisdictions pursuant to this agreement.*
- 6. The term of the initial agreement shall be for one year, commencing on the date when executed by both parties. The agreement shall be automatically extended annually in subsequent years for a one year term, provided either party may terminate the agreement by providing written notice to the other party one year prior to the anticipated termination date.*
- 7. Both parties agree to review the agreement on an annual basis to assure that all parties are sufficiently benefiting and to allow an opportunity to introduce desirable modifications to this agreement.*

The parties have incorporated in this Agreement their entire understanding. No modification or waiver of any terms of this Agreement shall be valid during the term of this agreement unless mutually modified by both parties in writing.

Mr. Baird advised the school district has taken affirmative action on the agreement and is waiting approval from council.

Mr. Brooks added that anyone that has not seen the tennis courts should take the time as they are beautiful.

When asked if there will be a charge, Mr. Baird said there will be no charge. For the minimal amount that a person would be charged, it was agreed it was not worth it and a timer was added instead.

Ms. Wilson asked the opinion of Parks and Recreation Director Gary Emory. Mr. Baird said he discussed this with Mr. Emory who was presented a copy. Mr. Emory was fully supportive noting this now allows him to offer tennis programs on behalf of the Parks and Recreation.

Mr. Adkins moved to approve the agreement, seconded by Mr. Brooks. Motion carried.

Adoption of Resolution 2010-9/Tax Appeal Hearing Scheduled

Mr. Pikus moved to adopt the Resolution 2010-9, seconded by Mr. Morrow:

WHEREAS, the provisions of Article X, Section 10.05 of the Charter of the City of Milford state that Council shall cause a copy of the General Assessment to be hung in two public places in the City of Milford and there to remain for the space of ten days for public information; and

WHEREAS, attached to said copies shall be notice of the day, hour and place that Council will sit as a Board of Revision and Appeal for said General Assessment.

NOW, THEREFORE, BE IT RESOLVED, that on Monday, the 12th day of July 2010 at 7:00 p.m., the City Council of the City of Milford will sit as a Board of Revision and Appeal for the 2010-2011 General Assessment.

Mayor Joseph Ronnie Rogers

Motion carried.

City of Milford Fiscal Year 2010-2011 Budget

Mr. Pikus read the following statement into record prepared by the finance committee into record:

The Finance Committee has presented the Mayor and City Council and citizens of Milford with a budget for Fiscal Year 2010-2011. It is a balanced budget. It does not remove funds from our reserves and does not include a tax increase nor does it take away from public safety or public services. The necessary changes through reductions, cutting expenses and extreme belt tightening enables our committee to present this budget to the City of Milford.

Mr. Pikus moved to adopt the Operating and Capital Budget for FY 2010-11, with all changes presented to council, to be implemented effective July 1, 2010. He added the City Manager will present his budget message at the next meeting.

Mr. Morrow concurred as a member of the finance committee and seconded the motion.

Motion carried by unanimous roll call vote.

Mayor Rogers thanked council for approving the budget noting it has been very difficult, but was necessary to pass a balanced budget, emphasizing there was no reserve funds used for this purpose. It was balanced as a result of some tough decisions that had to be made. In addition, no services will be cut and the tax rate will not be increased.

FINANCE REPORT

Through the tenth month of Fiscal Year 2009-2010 with 83% of the fiscal year having passed, 81.38% of revenues have been received and 75.55% of the operating budget expended.

Mr. Pikus reported the budget is tight and we are in restraints as department heads continue to be frugal. There are some sections that are underspent and some that are slightly overspent, but through good management and because of Jeff Portmann our Finance Director, things continue to run very smoothly.

Mr. Pikus moved to accept the April 2010 Finance Report, seconded by Mr. Morrow. Motion carried.

ADJOURN

With no other business, Mr. Pikus moved to adjourn the Monthly Meeting, seconded by Mr. Grier. Motion carried.

The Council Meeting was adjourned at 8:49 p.m. by Mayor Rogers.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 28, 2010

The Milford City Council held a Public Hearing on Monday, June 28, 2010 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware.

PRESIDING: Vice Mayor Katrina Wilson

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier, S. Allen Pikus, Jason Adkins, Owen Brooks, Jr., Douglas Morrow and James Starling, Sr.

ALSO: City Manager David Baird, Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

Vice Mayor Wilson called the Public Hearing to order at 7:10 p.m. to take public comment and make a final determination on the following matter:

Judith M. Diaz for a Conditional Use to Allow a Day care Center in an R-2 District at 102 NE Fourth Street, Milford, Delaware. Tax Map MD-16-183.10-03-16.00.

Adoption of Ordinance 2010-5

City Planner Gary Norris reviewed the application, noting that following a public hearing, the Planning Commission recommended approval by a vote of 4-3 subject to the following conditions:

- 1) A loading and unloading parking area be striped and curb painted for parents to drop off and pick up children. The area is to be the width of the property with exception of the driveway entrance.
- 2) Informational signage identifying a daycare in the area be installed. This will not be considered commercial signage for the daycare.

Mr. Norris said there was an extensive debate by the planning commission regarding this request. He would also like to refer to the zoning ordinance as it relates for the criteria for evaluation for a conditional use:

- *The presence of an adjoining similar use.
- *An adjoining district in which they are permitted.
- *There is a need for the use in the area proposed as established by the comprehensive plan.
- *There is sufficient area to screen the conditional use from adjacent different uses.
- *The use will not distract from permitted uses in the district.
- *Sufficient safeguards such as traffic control, parking, screening and setbacks be implemented to remove potential adverse influences on adjoining uses.

He advised the applicant and her representative were present.

Attorney Lisa Anderson of 1201B Savannah Road, Lewes, Delaware, spoke on behalf of the applicant and asked for comments or questions from council.

Mr. Morrow said he read in the minutes that Ms. Diaz is applying through the state for a daycare and asked which of the three types she is applying for. Ms. Anderson explained there are three types of daycares in the state criteria but not in the City of Milford. She said this will be a large family daycare for 12 to 15 children.

Mr. Pikus asked how many caretakers will be employed. Ms. Anderson stated she is required to have at least one other employee. Judith Diaz then added that she has been approved by the state for up to 15 children with at least two employees who must be certified. Ms. Diaz stated she is already certified.

Ms. Wilson asked if Ms. Diaz will open with 15 children or will she work up to that number. Ms. Diaz explained she currently has a small family daycare with six children in her home. She is going through the process to prepare for more children but she will have a minimum of six children. She also confirmed she lives at the other house.

Ms. Anderson noted that Ms. Diaz and her husband own the property and currently lease it to tenants. She also advised the children will be a combination of preschool and school-aged children.

Mr. Pikus asked how close the house is to the street. Ms. Anderson explained it is a typical house that sits close to the street as other homes in Milford do.

Ms. Diaz confirmed they will not live in the house and it will only be used for the daycare.

Because it is set up for occupancy right now, Ms. Anderson added the property would need some improvements to operate the daycare center at that site. Fencing and other state regulations must be met.

Mr. Pikus stated that most of the objections to the application at the planning commission were due to safety concerns.

Ms. Wilson asked for Planning Chairman Chuck Rini to comment.

Chairman Rini reported the planning commission dealt with this extensively that night and it did pass with a 4-3 vote with his vote being the tie breaker. Conditions were added by the planning commission which Mr. Rini asked council require if the application is approved. The safety concerns were mainly related to children being dropped off and picked up.

He also reported there is a school crossing intersection in the neighborhood that some of the people felt was dangerous as it currently exists. The planning commission felt it was an existing problem and did not have a direct impact on the daycare because these children would be dropped off and picked up at this location. However, that is the reason they added the conditions regarding the signage requirement and prohibited parking with the exception of the drop off zone for the children.

Mr. Morrow said his concern is the signage in the residential neighborhood and loading and unloading on the street. Mr. Rini said the planning commission felt that was needed for safety reasons. He does not believe it would have passed if those conditions had not been added. If they did not designate a drop off and picking up zone during the hours of operation, vehicles would park there and create additional problems.

Mr. Johnson confirmed the requirement is for restricted parking and not a sign for the daycare itself. Mr. Rini stated that is correct.

Ms. Anderson confirmed the hours of operation are Monday through Friday from 6 a.m. to 6 p.m.

Mr. Rini again verified the sign would not be used for advertising but only to address an area to drop off the children.

Mr. Morrow asked if the state requires the owner to live at the home for a large family daycare. Ms. Anderson stated no.

Ms. Diaz confirmed her present daycare is located at 713 Evergreen Lane.

When asked for comments from the public, Cindy Mullarkey of 11 NE Fourth Street said she spoke at the Planning Commission hearing and was the one that expressed concerns about the corner of Washington and Fourth Street and the number of accidents that occur there. She described it as very tight with cars parking on both sides. All the lots are 60 x 120 and very small in the front. This property is two lots from the corner. She wants to make sure the children are safe and is unsure what would happen if a backup occurred. She said there has been a school bus accident at this location.

She noted that a lot of the houses in this area do not have driveways so residents park on the street. She said that

someone typically parks in front of the house the entire time which is why it should be marked as a drop off area for children.

Ms. Mullarkey also stated that they had previously said there would be an adult there to meet the children and take them into the house.

Mr. Brooks asked if Ms. Mullarkey is for or against the application. Ms. Mullarkey said she is for the daycare but only wants to the safety issues addressed. She was pleased to learn they will not live there and prefers it as a business which will be an improvement to the neighborhood.

She confirmed her only concern is the traffic issues emphasizing that school buses have a difficult time making the turns. Sometimes they have to stop and back up and if there was another car double parked that would create even more problems.

She said there are also speeding problems which is why she is trying to prevent a child from being injured.

Ms. Mullarkey confirmed she is happy with the signage requirement.

Ms. Anderson then said she believes it was the intent of the planning commission to have the clients park on the road. However, the property does have a driveway which could be extended to allow off street parking.

Mr. Brooks asked how Chief Hudson feels about the parking and signs. Chief Hudson said he agrees with Mrs. Mullarkey that there is a great deal of vehicles that park in this area. He agrees there has been accidents in the area though this is two lots from the intersection.

He believes the signage would help because there is a great deal of residential parking along the side streets though he believes this would allow some additional space directly in front of the residence for children to be dropped off.

When questioned, the city manager noted that Washington Street is a snow emergency route though the side streets are not. Mr. Baird said he does not believe the daycare would create any additional parking.

Mr. Morrow moved to approve the application with the conditions recommended by the planning commission and to adopt Ordinance 2010-5:

- 1) A loading and unloading parking area be striped and curb painted for parents to drop off and pick up children. The area is to be the width of the property with exception of the driveway entrance.
- 2) Informational signage be installed identifying a daycare in the area. This is not considered commercial signage for the daycare.

Ordinance 2010-5

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILFORD, DELAWARE AUTHORIZING A CONDITIONAL USE PERMIT FOR JUDITH M. DIAZ TO ALLOW A DAY CARE CENTER IN AN R-2 DISTRICT AT 102 N.E. FOURTH STREET, MILFORD, DELAWARE. TAX MAP MD-16-183.10-03-16.00.

Whereas, the City of Milford has been requested by Judith M. Diaz to allow a conditional use for a daycare center; and

Whereas, the Planning Commission reviewed the application at a public hearing on May 18, 2010 and has presented item to be considered by the City Council; and

Whereas, the City Council held an advertised public hearing on June 28, 2010 to allow for public comment on the application; and

Whereas, it is deemed in the best interest of the City of Milford to allow the daycare center on .167 +/- acres as herein described.

Now, Therefore, the City of Milford hereby ordains as follows:

Section 1. Upon the adoption of this ordinance, Judith M. Diaz is hereby granted a conditional use permit for a daycare center in accordance with the application, approved plans and any conditions set forth;

Section 2. Construction or operation shall be commenced within one year of the date of issuance or the conditional use permit becomes void.

Section 3. Dates.

Adoption Date: 06-28-10

Effective Date: July 8, 2010

Mr. Morrow then stated that daycares are needed in the city and he believes the traffic issues will work themselves out. Mr. Brooks seconded motion.

Mr. Brooks confirmed the hours of operation will be from 6 a.m. to 6 p.m., though that was not a condition of the approval.

Motion carried by unanimous roll call vote.

With no further business, the Public Hearing was adjourned by Vice Mayor Wilson at 7:34 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 28, 2010

A Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall on Monday, June 28, 2010.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier, S. Allen Pikus, Jason Adkins, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

ALSO: City Manager David Baird, Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

CALL TO ORDER

Mayor Rogers called the Council Meeting to order at 7:35 p.m.

PLEDGE AND INVOCATION

Following the Pledge of Allegiance, the invocation was given by Councilman Starling.

Introduction of Milford Police Department Seasonal Officers

Chief Hudson advised that four of the five seasonal officers are present this evening. Julius Young, Evan Gillespie, Dalton Tally and Brian Peterman were then introduced. The chief added that Adam Board was unable to attend this evening due to another commitment.

He reported that after completing forty plus hours of training, they have been out on foot patrol and bike patrol and have worked several special events.

The chief stated this is an exceptional group of young men noting they have done an outstanding job already.

Mayor Rogers said he has observed them in their duties and appreciates their interest in being part of our police department and hopes they will eventually consider Milford as a career.

City Manager FY2010-2011 Budget Message

Mr. Baird referenced the budget approved at the last meeting. He then presented the following manager's message: *Mayor & Members of the City Council:*

I am pleased to present you with the proposed Fiscal 2010-11 Budget for the City of Milford. The budget is for the period July 1, 2010 through June 30, 2011 and totals \$41,619,667. This document serves a number of purposes for the City.

First, the budget provides the citizens of Milford with information regarding the operations of the City government and the details on how public funds will be utilized throughout the community.

Second, the annual budget is used as a managerial tool by the City Manager and all of the City Departments. The annual spending plan not only serves as a monitoring tool of revenues and expenses for each of the various departments of the City, but also as a means of evaluation to ensure that public resources are used in the most effective and efficient manner.

OVERVIEW

The proposed FY10-11 Budget presented to you is a balanced budget that offers a revenue and spending plan that will allow the City to operate and meet the obligations of the community. The total budget for FY 10-11 is \$41,619,667, a decrease of \$1,411,353 (-3.28%) from the previous year.

The FY10-11 budget proposal does not include increases to the tax, water and electric rates or the City's fee schedule, however, the proposal does include a \$1.50 per month increase in the trash fee and a \$0.28/1,000 gallons increase in the sewer rate.

The City's budget is divided into five funds. A General Government Fund accounts for the overall operations of the City and four enterprise funds that each account for their respective business/utility function. The table below represents the variance in each of the five funds from FY09-10 to FY10-11.

	<u>\$ Increase (Decrease)</u> <u>over FY09-10</u>	<u>% Increase (Decrease)</u>
General Fund	84,277	1.0%
Water Fund	(20,818)	(0.96%)
Sewer Fund	(98,014)	(2.83%)
Sanitation Fund	(89,363)	(7.60%)
Electric Fund	(1,287,435)	(4.56%)

On the following pages, you will find an overview of each fund and a departmental summary for each department. Within the departmental summaries, the major objectives for FY10-11 have been identified and will serve as the priority for the City's operations. These objectives, along with those contained in the 2008 Comprehensive Land Use Plan will serve as the guiding documents for the City in FY10-11. Detailed line item revenue and expense sheets by fund and department will follow the fund overview and summary section. I trust both the Mayor & City Council, as well as the public, will find this format and the information contained within to be beneficial and informative.

PERSONNEL

The FY10-11 budget reflects a number of personnel changes that will impact a number of City Departments. This proposal reduces the number of full time positions by 5 (Administration, IT, Finance, Code Enforcement and Electric), the number of contractual positions by 2 (Parks & Recreation), and the number of temporary positions by 1 (Meter). Additionally, there are 2 full time positions (Garage and Electric) that are currently vacant and while fully funded, it is not anticipated these positions will be filled immediately.

SUMMARY

Over the past few years, the City has been reducing its discretionary spending while continuing to make investments for the future. This budget is no different. Throughout the budget development process, difficult decisions have been made to address the continued trend of declining revenues. Further cuts to spending coupled with personnel reductions will allow the City to not only continue to provide the current level of services to our citizens at an appropriate cost, but also maintain the City's sound financial condition. The current financial condition of the City is very strong and this budget will allow it to maintain that strength.

I would like to extend my appreciation to each of you as elected officials and all of the department heads for their efforts in the preparation of this document. Specifically, I would like to express a thank you for the efforts of the Chairman of the Finance Committee and the Finance Director who were instrumental in the development of the budget. The efforts of all of you will leave a positive impression on the Citizens of Milford.

David W. Baird, City Manager

Adoption of Ordinance 2010-10/FY 2010-2011 Budget and Capital Program

Finance Chairman Pikus moved to adopt the following resolution approving the Operating and Capital Budgets for Fiscal Year 2010-2011 and to accept the letter submitted by the city manager. Ms. Wilson seconded motion.

*RESOLUTION
2010-10
ADOPTING THE CITY OF MILFORD
FISCAL YEAR 2010-2011 BUDGET & CAPITAL PROGRAM*

WHEREAS, the operating and capital budgets of the City of Milford for the Fiscal Year 2010-2011 were prepared and submitted to the City Council by the City Manager in accordance with Section 6.04(5) of the City Charter; and

WHEREAS, the City Council was presented with the proposed budget after the Finance Committee made a comprehensive study and review during a hearing on June 1, 2010; and

WHEREAS, in the opinion of the City Council, the budget accurately, as possible, reflects the city's anticipated revenues and expenditures for the fiscal year beginning July 1, 2010 and ending June 30, 2011.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MILFORD, that the City of Milford's Operating Budget for Departments shown under General Fund as Administration, Planning and Zoning, Code Enforcement and Inspections, Finance, Information Technology, Tax Assessment, Council, Police, Streets, Parks and Recreation and Engineering; and the Water Department, Sewer Department, Sanitation Department and Electric Department was adopted and approved as the budget of the City of Milford for Fiscal Year 2010-2011 in the following amounts:

*Operations and Maintenance - \$38,946,427
Debt Service - \$2,100,140
Capital Program - \$573,100
Total Expenditures - \$41,619,667*

AND BE IT FURTHER RESOLVED, that the City of Milford's Capital Budget was adopted and approved for the Fiscal Year 2010-2011 in the following amount:

\$16,237,510

A copy of said budget is on file in the Office of the City Clerk as was passed and adopted by the Council of the City of Milford on the 14th day of June 2010 by a unanimous 8-0 vote.

Motion carried by unanimous roll call vote.

Mr. Brooks explained the rate increase is a result of Delaware Solid Waste Authority's increases. He then pointed out the number of people who live by themselves and put out only a small bag each week. It does not appear fair when they are charged the same amount as large families with multiple containers. He recommends council find a way to reduce the fee they are charged noting many are on fixed incomes.

He votes yes to approve the budget presented.

Mr. Morrow also votes yes, stating he agrees that is an issue that has been discussed and needs to be readdressed.

Mayor Rogers thanked the City Manager, Finance Director, Finance Committee and Council for providing a balanced budget. He agrees this was a tough year with many cutbacks. However, he appreciates the work that was done also by the department heads, which resulted in a balanced and workable budget.

Joe Palermo of 5 Misty Vale Court, Meadows at Shawnee, then spoke noting that one of the employees laid off was the Code Official whose salary was generated from rental fees which council voted on a year and a half ago. He feels this is a quality of life issue and referenced the presentation made six months ago. He wants the city maintained to the standards we have and code enforcement should be considered.

Mayor Rogers explained the city manager assured him that he had met with the code department who stated they are able to continue with the level of work that has been done in the past. He has confidence they are able to do the job as is expected and that those services will not be affected.

Mr. Baird agreed adding the mayor summed it up.

Easement Agreements-N. Front Street Sewer Project-David Wilkerson, Atlantic Concrete, Marvin Sharp, Brendon Warfel and Lemuel Hitchens

Mr. Baird explained the easement agreements are being obtained for use in the joint project by the City of Milford and Kent County for the installation of the bypass force main. The project is currently underway.

The property owners are in agreement with the proposal and all five have provided verbal agreements with three already signing off.

Mr. Brooks moved to ratify the five easement agreements as presented, seconded by Mr. Morrow. Motion carried by unanimous roll call vote.

Mayor Rogers thanked the property owners for their assistance in this project.

Introduction of Ordinance 2010-11/Chapter 193/Solid Waste Rates

The city manager advised that any changes to fees for utilities or services are required to be adopted by ordinance. This ordinance amends the fees for garbage collection as was made part of the FY2010-11 Budget.

The following ordinance was officially introduced and is scheduled for adoption on June 28, 2010:

*Chapter 193-Solid Waste Code
ORDINANCE 2010-11*

Chapter 193: SOLID WASTE

Section 1.

Section 2 of Chapter 193, Rate Schedule, is hereby amended to read as follows:

§ 193-2. Rate schedule.

Code Number Description Monthly Rate

Residential Rates Current Adopted

01	<i>Single Family [includes Multi-Units (12 and below)]</i>	\$22.00	<i>\$23.50</i>
	<i>1/week collection Weekly Collection</i>		
	<i>1/week recycling Bi-Weekly Recycling</i>		

Commercial Rates

CART	<i>95-gallon, 1/week</i>	\$30.00	<i>\$32.00</i>
05	<i>3-yard, 2/week, light</i>	\$75.00	<i>\$80.00</i>
06	<i>Customer-owned, 3-yard, 3/week, heavy</i>	\$180.00	<i>\$192.00</i>
07	<i>3-yard, 3/week, medium</i>	\$125.00	<i>\$134.00</i>
08	<i>City-owned, 3-yard, 3/week, heavy</i>	\$185.00	<i>\$198.00</i>
09	<i>4-yard, 3/week, extra heavy</i>	\$425.00	<i>\$454.00</i>

Section 3.

Introduction Date: June 28, 2010

Adoption Date: July 12, 2010

*Effective Date: July 22, 2010**

**Utility bills generated after July 22, 2010 will reflect the solid waste fees established by this ordinance.*

Introduction of Ordinance 2010-12/Chapter 185/Sewer Rates

This ordinance amends the sewer rate increase of 28 cents per thousand gallon as was proposed to balance the FY2010-11 Budget and explained by Mr. Baird.

The following ordinance was officially introduced and is scheduled for adoption on June 28, 2010:

*Chapter 185-Sewer Code
ORDINANCE 2010-12**Chapter 185: SEWERS**Section 1.*

An Ordinance to Amend the Code of the City of Milford, Chapter 185, thereof, entitled Sewers, for the purpose of amending sewer user rates.

Section 2.

Section 10 of Chapter 185, Schedule of Rates and Charges, Paragraphs (A) and (B), is hereby amended to read as follows:

§ 185-10. Schedule of rates and charges.

The Council has the authority to establish sewer rates and charges set forth in the following schedule, which shall be effective ~~August 1, 2008~~ July 22, 2010 and shall be collected from the customer of the sewer system under operation of the City of Milford. The rates and regulations shall be reviewed on an annual basis and adjusted as necessary. Each user of the wastewater facilities will be notified annually of effective user charge rates either by mail or advertisement in a paper of general circulation within the City of Milford.*

*A. Rate schedule based on metered water consumption.**(1) City service rate:*

(b) Over 1,000 gallons: ~~\$2.43~~ \$2.71 per 1,000 gallons.

*B. Rate schedule based on metered sewage flows.**(1) City service rate:*

(b) Over 1,000 gallons: ~~\$2.43~~ \$2.71 per 1,000 gallons.

*Section 3.**Dates.*

Introduction Date: June 28, 2010

Adoption Date: July 12, 2010

*Effective Date: July 22, 2010**

**Utility bills after after July 22, 2010 will reflect the sewer rate established by this ordinance.*

Mr. Baird confirmed the average residential customer in Milford uses 5,000 gallons per month.

Adjourn

With no further business, Ms. Wilson moved to adjourn the Council Meeting, seconded by Mr. Pikus. Motion carried.

Meeting was adjourned by Mayor Rogers at 7:54 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 28, 2010

The Milford City Council met in Workshop Session on Monday, June 28, 2010 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware.

PRESIDING: Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier, S. Allen Pikus, Jason Adkins, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

ALSO: City Manager David Baird, Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

Mayor Rogers convened the Workshop Session of City Council at 7:54 p.m.

Review of Ordinance 2010-11/Lighting

City Planner Gary Norris informed council the Planning Commission has worked diligently to address the objectives of the comprehensive plan. The plan stated the planning commission would work to revise the subdivision and zoning ordinance bringing the codes up to date. One issued involved a Lighting Ordinance.

A number of complaints had been received regarding problems when a commercial enterprise installed lights in parking lots or similar areas and those lights would shine into a residential property. This ordinance would ameliorate that problem.

Mr. Norris explained the ordinance is designed to allow the appropriate lighting levels while preserving safety and security. The ordinance will promote energy efficiency and reduce or prevent light pollution by adding shielding devices. Any new construction would fall under these new regulations.

Mr. Norris said this has been reviewed by the Electrical Superintendent who agrees with the purpose of the ordinance.

Mr. Pikus confirmed that any businesses with existing lighting would be grandfathered in. Mr. Norris confirmed it will only apply to new construction.

Mr. Baird reported the ordinance is scheduled for a public hearing on July 26, 2010 after which council will be eligible to take action.

Review of Ordinance 2010-22/Zoning Code/Billboards

City Planner Norris advised the city's previous interpretation of the current sign ordinance was that billboards were not permitted in any district in the city. He recalled a recent court case that did not rule in favor of the city because the judge felt the language in the ordinance was unclear. In turn, Mr. Willard had provided a brief definition of a billboard. Since that time, extensive input has been obtained from sign companies, Downtown Milford and the Chamber of Commerce.

He explained the ordinance will allow billboards as a conditional use in the C-3 District provided they meet State of Delaware requirements and the following guidelines:

- (1) Height: Billboards shall be no greater than 32 feet in height.
- (2) Size: Billboards shall be no smaller than 200 square feet or no larger than 400 square feet in area and only one advertisement per side shall be permitted.
- (3) Location: All measurements shall be made parallel to the roadway between perpendiculars extended from the billboard locations in question.
 - (a) No billboard shall be closer than a fifteen hundred (1500) foot radius from another billboard.

- (b) The leading edge of all billboards must be set back 50 feet from the street right of way.
- (c) No billboard shall be constructed within two thousand (2000) feet of any residential unit within the City of Milford.
- (d) No billboard shall be placed to face abutting residential property within the City of Milford.
- (4) Lighting: Floodlighting shall be arranged so that the source of light is not visible from any point off the lot and that only the sign is directly illuminated thereby.
- (a) Flashing lights are expressly prohibited; flashing means any method of conveyance produces or creates the illusion of motion or revolves in a manner to create the illusion of being on or off.
- (5) Maintenance: Billboards shall be constructed of durable material and kept in good condition and repair. Any billboard which is allowed to become dilapidated and considered by the City of Milford Code Enforcement Officer to constitute a nuisance shall be removed at the expense of the owner or lessee of the property on which it is located.

Any existing billboards would remain as they currently exist.

When asked how closely related this is to state law, Mr. Norris said it does not mirror the law though the planning commission felt this was workable after a great deal of input from the sign companies.

Planning Commission Chair Chuck Rini then addressed council stating this was the result of some legal action in which the city lost its case because there was no true definition of billboards in our code. In turn, the solicitor provided a definition of billboards which were prohibited in all zoning classification.

Mr. Rini added the planning commission discussed this ordinance for approximately eight months. A subcommittee was also appointed to address this. All local businesses and sign professionals were invited to participate. What is before council this evening is the planning commission's final draft.

He reported the state requirements allow a minimum of 300 feet between billboards which he felt was too close along Route 1. They were also limited to a minimum of 200 square feet and a maximum of 400 feet which is also less than the state allows.

Mr. Rini added the conditional use allows the city to have control over each billboard while providing an opportunity to the business community.

Following the final recommendation of the ordinance, he advised a sign expert from Davis, Bowen and Friedel contacted Mr. Norris stating he preferred the ordinance coincide with the state code. Mr. Rini, City Planner Norris and the DBF representative then met to discuss the matter. Mr. Rini is also meeting with Mayor Rogers to review the ordinance tomorrow.

Mr. Brooks asked if billboards will still go before the Board of Adjustment; Mr. Norris advised it will only go before the Board of Adjustment if it does not meet the criteria or the developer wants something that is not permitted.

Mr. Brooks recalled the former city manager stating in 1996 that no more billboards would be permitted in the city. Mr. Norris agreed but explained that any new billboards would have to comply to the ordinance and are required to go through public hearings before the planning commission and council with final approval by this body.

Mr. Pikus recalled during the mid 1960's when a federal law was initiated by Lady Bird Johnson for the purpose of cleaning up highways by restricting billboards. Being familiar with the law, Mr. Rini explained the original bill prohibited billboards throughout the United States though the final version restricted billboards on federal highways and defense roadways except when deemed necessary.

Ms. Wilson thanked Mr. Rini and the planning commission for the work they did and have the foresight to get local businesses and sign companies involved.

The city manager advised this will also be presented at the July 12th council meeting for final consideration.

With no further business, the Workshop Session concluded at 8:09 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder