

MILFORD CITY COUNCIL
MINUTES OF MEETING
May 27, 2008

A Public Hearing was held before Milford City Council on Tuesday, May 27, 2008 in the Meeting Room of the Delaware Rural Water Association Facility at 210 Vickers Drive, Milford, Delaware to take final action upon the following matter:

Charles Murphy Associates on behalf of John E. Morris for the Final Minor Subdivision of 2.24 acres into four lots at the end of Pennsylvania Avenue, east of South Walnut Street (34 ½ McCoy Street), Milford, Delaware. Tax Map 3-30-10.12-84.00.

PRESIDING: Honorable Mayor Daniel Marabello

IN ATTENDANCE: Councilpersons Irvin Ambrose, Michael Spillane, John Workman, Clifford Crouch, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

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

COUNSEL: City Solicitor Timothy Willard

The Public Hearing was called to order at 7:00 p.m. by Mayor Marabello, followed by a reading of the public notice.

Matthew Metz of Charles Murphy Associates presented the minor subdivision application on behalf of John Morris. Mr. Metz advised that Pennsylvania Avenue is presently a dead end. A 38-foot radius cul-de-sac will be installed and four lots created. The lots will have Pennsylvania Avenue addresses per 9-11 mapping. One parcel currently contains two dwellings.

The existing sidewalk extends into the eastern portion of the property because back in the 1980's, work had begun on the minor subdivision but was never completed.

All DAC comments and requests have been complied with.

Mr. Metz advised the owner will keep one lot though he is unable to speak for his client on the exact plans for the other lots.

When asked for comments from the public, Reverend Lawrence Spady stated he was in favor of the project. No one else spoke for or against the application.

Mr. Crouch moved for final approval of the minor subdivision, seconded by Mr. Brooks. Motion carried by unanimous roll call vote.

Mr. Ambrose asked if the policy has changed on minor subdivisions noting that in the past, they were only reviewed and approved by the planning commission.

City Solicitor Willard believes that is an area in the zoning ordinance that needs to be made clearer. The code states they should proceed pursuant to another section which calls for council approval. It is his opinion that at this point, this is a safer way of reviewing the minor subdivisions.

The Public Hearing adjourned at 7:07 p.m.

Respectfully submitted,



Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
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A Public Hearing was held before Milford City Council on Tuesday, May 27, 2008 in the Meeting Room of the Delaware Rural Water Association Facility at 210 Vickers Drive, Milford, Delaware to take final action upon the following matter:

The request of Becker Morgan Group, Incorporated on behalf of Milford School District for a Conditional Use for an 8th and 9th Grade School adjacent to Milford Senior High School to be known as Milford Central Academy in an R-2 District at 1019 North Walnut Street, Milford, Delaware. Tax Map MD-16-174.14-01-29.00; MD-16-174.14-01-51.00; Area of Petition 67.74 +/- Acres.

PRESIDING: Honorable Mayor Daniel Marabello

IN ATTENDANCE: Councilpersons Irvin Ambrose, Michael Spillane, John Workman, Clifford Crouch, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

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

COUNSEL: City Solicitor Timothy Willard

The Public Hearing was called to order at 7:07 p.m. by Mayor Marabello, followed by a reading of the public notice.

Mike Riemann of Becker Morgan Group introduced himself and Chris Duke, Lead Designer of the project. He advised that Milford Central Academy is a 124,000 square foot addition that will house 8th and 9th grade levels. The building is a partial two-story building with a two-story wing at the top.

The site circulation is generally the same with minor changes. The main access off North Walnut Street will remain in its current location and will continue to serve as the primary entrance for staff and students. Through an agreement with the City of Milford, the existing entrance which serves the BMX site, will be purchased by the school as negotiated between the city and the school. A lot line adjustment and lot line consolidation has been submitted to the planning office for review. A cross access easement will also be provided so that the city and BMX property can continue to access their portion of the property. At the request of the public works department, a utility easement is also being provided for an existing electric line.

The portion of the city's property being sold to the school will become the primary bus access for the project. Buses will enter off North Walnut Street, come behind the school and drop off behind the Central Academy. One bus depot will service both the high school and Milford Central Academy. The buses would then exit onto Tenth Street. The primary reason is to keep the student, staff and parent drop off circulation separate from the bus circulation.

Mr. Riemann advised there will be two main drop offs. The first drop off for the high school will come off North Walnut Street, loop around and exit back out. The second drop off is for the Central Academy where parents would come in off North Walnut Street, drop off and exit out.

Mr. Riemann explained this project is actually Phase 2 of the project currently underway. Phase one consisted of upgrading the existing football stadium with artificial turf field and the construction of a new artificial turf field where the existing softball field was located. That field will be used for soccer, field hockey and lacrosse.

The existing athletic fields will be reconfigured primarily because of the location of the school. The location is now on top of the shared city-school softball field as well as the field hockey field. Those fields will be relocated and the new baseball field moved to the rear of site, along with the softball field which will be shared between the school district and the city. Numerous practice fields are also being constructed.

He referred to a couple of gravel areas that will be paved as money allows. One site is the BMX parking area and the existing football stadium parking which is currently grass and dirt.

DNREC has approved the project in relation to stormwater locations. A landscaping buffer will be provided as required by the city code along all residential properties as well as additional landscaping throughout the project.

Being an adjacent property owner to the site, Mr. Brooks advised he met with Mr. Riemann and Dr. Smith who did an excellent job of explaining the project. For the record, he stated he has no problem with the retention pond on the site.

There were no comments from the public.

Mr. Starling moved for approval of the conditional use, seconded by Mr. Brooks.

Ms. Wilson asked if Parks and Recreation Director Gary Emory has seen the most recent plans. Dr. Robert Smith, Superintendent of Milford School District, stated he believes he has. He indicated Mr. Emory is interested in continuing the softball arrangement with the school. As a result, the outfield was increased from 200 feet to 300 feet as a result of a discussion with him.

Dr. Smith explained the four existing tennis courts are where the building will be located, so six new courts will be built. That was worked out to allow community access at night and on weekends.

Mr. Brooks asked if lights would be added. Dr. Smith said they would love to have lights with the city's help. He believes the city installed the lights on the existing courts with assistance from the Lions Club and some other groups that helped with the bill. He hopes for a similar arrangement. They are working with the city to remove and store the current lights with the intent to use them again. In addition, they hope to light the softball field so the adult league can continue to play there.

Though there is currently a problem with parking, this new plan will provide more than 300 parking spots around the new fields.

Assistant City Manager David Baird informed council that in preliminary discussions with the school district, they have discussed the city's role in assisting with some of the work because of some facilities being used by the community. The city will be involved in relighting the tennis courts by way of dismantling and reinstallation in addition to the adult softball field. As they move forward with their plans, the city will continue to coordinate with them.

Dr. Smith further advised they are also taking the existing fencing up and storing it to allow it to be used again.

Motion carried by a unanimous roll call vote.

Mr. Ambrose moved to adjourn the public hearing, seconded by Mr. Crouch. Motion carried.

The Public Hearing adjourned at 7:17 p.m.

Respectfully submitted,



Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
MINUTES OF MEETING
May 27, 2008

A Council Meeting of Milford City Council was held in the Meeting Room of the Delaware Rural Water Association Facility at 210 Vickers Drive, Milford, Delaware on Tuesday, May 27, 2008.

PRESIDING: Honorable Mayor Daniel Marabello

IN ATTENDANCE: Councilpersons Irvin Ambrose, Michael Spillane, John Workman, Clifford Crouch, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

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

COUNSEL: City Solicitor Timothy Willard

The Council Meeting was called to order by Mayor Marabello at 7:17 p.m.

Budget Amendment/Parks and Recreation Department/Salaries-Temp Wages Cemetery

Mayor Marabello advised that Parks and Recreation is requesting \$8,000 for Temporary Employees to be reimbursed by the perpetual cemetery fund next month. According to Mr. Marabello, the city does not own the cemetery and only has an agreement to manage it.

Mr. Ambrose explained there is a fund set aside to handle these expenses and is managed by a board. Any expenses incurred in the cemetery are immediately passed onto that board.

Ms. Wilson moved for approval of \$8,000 in supplemental funding be added to the Temporary Employee Salaries in the Parks and Recreation Department and reimbursed by the cemetery fund, seconded by Mr. Workman. Motion carried.

Check Signing Authority Approval

Mr. Ambrose explained that he and the city manager are authorized to sign checks, though the mayor and vice mayor are the primary check signers. Mayor Marabello indicated he is unsure what was required and requested the matter be tabled because no paperwork was included in the packet.

Ms. Wilson noted the signature documents have already been prepared by the finance department and this is only required because of the change in the mayor's office. This is a simple formality needed for our financial institutions.

Mr. Brooks confirmed the request is for the approval of the mayor, vice mayor, city manager and finance committee chairman to sign checks. He further explained that the mayor and vice mayor signs all checks and the other two are designated in case the mayor or vice mayor are unavailable. This has been in place for several years.

City Solicitor Willard then read the following section from the city charter:

The Mayor shall execute on behalf of the City all agreements, contracts, bonds, deeds, leases and other documents authorized by Council necessary to be executed. The Mayor or his/her designee shall countersign all orders, checks and warrants authorized by Council; and shall have all and every power conferred and perform the duties imposed upon him by this Charter and the ordinances of the City.

Mr. Willard stated the mayor has the authority pursuant to the charter and other individuals can be designated.

Mayor Marabello explained that facsimile signatures can be used on checks up to \$10,000; anything above \$10,000 requires two live signatures.

Mayor Marabello said if council wishes, this item can be deferred; however, if someone wishes, they can make a motion if they are comfortable with this.

Mr. Crouch moved that the mayor, vice mayor, city manager and finance committee chairman be granted authority to sign checks with Mr. Workman seconding. Motion carried.

Mr. Crouch recalled the discussions about raising the \$10,000 limit on checks that require two live signatures. He feels that \$10,000 is low considering the costs of things today. Mayor Marabello wants that discussed at a later date. Ms. Hudson advised the limit was established by a resolution adopted by council several years ago.

Mayor Marabello will get additional information on this matter and report back to council at a future date.

With no further business, Mr. Morrow moved to adjourn the Council Meeting, seconded by Mr. Starling. Motion carried.

The Council Meeting adjourned at 7:24 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Terri K. Hudson".

Terri K. Hudson, CMC
City Clerk/Recorder

MILFORD CITY COUNCIL
 MINUTES OF MEETING
 May 27, 2008

The City Council of Milford met in Workshop Session on Tuesday, May 27, 2008 in the Meeting Room of the Delaware Rural Water Association Facility at 210 Vickers Drive, Milford, Delaware.

PRESIDING: Honorable Mayor Daniel Marabello

IN ATTENDANCE: Councilpersons Irvin Ambrose, Michael Spillane, John Workman, Clifford Crouch, Owen Brooks, Jr., Douglas Morrow, James Starling, Sr. and Katrina Wilson

STAFF: City Manager Richard Carmean, Assistant City Manager David Baird, Police Chief Keith Hudson and City Clerk/Recorder Terri Hudson

COUNSEL: City Solicitor Timothy Willard

Mayor Marabello convened the Workshop Session at 8:24 p.m.

Proposed Ordinance Residential Rental License Fees

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF MILFORD, CHAPTER 180 THEREOF, ENTITLED RESIDENTIAL RENTAL OPERATING LICENSE, FOR THE PURPOSE OF AMENDING THE LICENSE FEE NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MILFORD IN COUNCIL MET, HEREBY ORDAINS:

Section 1. Section 9 of Chapter 180, Residential Rental Operating License, of the Code of the City of Milford is hereby amended read as follows:

§180-9 Cost of rental operating license.

Costs shall be as follows: \$25.00 per rental property per year.

Assistant City Manager Baird explained this is being presented tonight for councils' opinion and direction. The proposal changes the current fee of \$25 per year per landlord to \$25 per rental property.

He presented the following chart of rental-permit fees for comparison purposes with neighboring municipalities:

MUNICIPALITY	RENTAL LICENSE FEE	RENTAL INSPECTION FEE	REINSPECT FEE	BUSINESS LICENSE FEE
Smyrna	\$35 per unit annually	\$35 (when new tenant moves in)	50	no
Dover	\$30-\$90 per unit annually	no	no	based on type of business \$3-\$1210
Harrington	\$75 per unit annually	no	no	\$50
Georgetown	\$54 per unit	no	no	based on # of employees \$65-\$225
Seaford	no			plumber \$30 annually, septic hauler \$120, trash collection \$10/truck \$20
Millsboro	\$20 per apartment unit, \$50 per single family home	no	no	
Selbyville	\$75 per unit	included	\$25	\$50
Bridgeville	no			no
MILFORD	\$25 per landlord	no	no	\$100, pro-rated quarterly

Mr. Baird reported there has also been discussion about how many rental units exist in the city. Currently, there are 300 units with active licenses covering 156 registered landlords. The city is collecting \$3,900 per year for those landlords. It is estimated another 400 rental units exist whose landlords have not registered their properties. That information was

obtained from electric utility accounts whose renters are required to pay deposits. Another 550 units are in apartment complexes not subject to the licensing requirement in the ordinance.

Based on the current ordinance requiring a fee per rental property, it is estimated there are approximately 350 structures that qualify for licensing. He emphasized that is an estimate though there are approximately 1,250 rental units in the city including single family homes, apartments, townhomes, etc.

The current licensing funding is not earmarked for specific budget items and is currently supporting the general fund. However, it could help fund code enforcement efforts and police services because they are the most heavily utilized within the rental community. Mr. Baird explained that multi-family units require more police services than code enforcement service.

There was several ways discussed about how to determine whether a property is a rental including cross referencing water bills and tax bills that are sent directly to the property owner who would have a different address. Often when a single family home is divided into apartments, the owner usually follows with separate meters for the purpose of utility billing.

Mr. Baird's recommendation is a rental fee of \$50 to \$75 per rental unit. The present fee is not enough to cover the costs of issuing the license at this point. This increase could also help offset personnel costs incurred by hiring additional code enforcement officials.

City Solicitor Willard suggested a way to target unlicensed property owners. Property tax bills in the City of Lewes contain an affidavit that requires the property owner to sign off certifying the property is not being used as a rental unit. He suggested staff following up with Lewes for further information.

After determining the ordinance would be effective ten days after its final adoption by city council, Mr. Ambrose suggests that any new applications would be billed at the new rate. The current license is per calendar year and when the new bills are mailed, they should reflect the increased charge. Landlords who currently have a license would not be charged retroactively though landlords who have not obtained a license will be accessed the new fee.

Mr. Ambrose asked council to review the complete residential rental operating license ordinance, noting this is only a small amendment. Part of that ordinance address what should happen if a landlord does not register. He said the city is not currently enforcing that part of the ordinance though it needs to be enforced. Because it is not being enforced, some landlords are not obtaining a license.

Mr. Willard referred to the penalty section of Chapter 180 noting that these landlords are to be fined \$500 for the first offense and \$1,000 for the second offense.

Mr. Ambrose feels the staff enforcing this ordinance must understand this is a very important component and if a landlord is caught without a rental license, they should be fined.

Mayor Marabello agreed enforcement is important. He also referred to the additional fee Smyrna charges for an inspection when a new tenant moves in and recommends that be considered for Milford as well.

Mr. Ambrose stated the City of Dover inspects rental properties every three years. Every year, one-third of the rentals are inspected. The landlord must be present while the code official checks the electrical system and checks for broken windows, smoke detectors, etc. They insure the basics are in order for the safety of the tenants.

Mr. Baird then asked council to determine whether this should apply to residential units or commercial units as well.

Mr. Morrow suggested a public hearing be scheduled on this amendment recalling the opposition expressed by several landlords when it was presented in 2004. Mr. Baird advised that a public hearing is not required, however, council has the right to call for a public hearing on any specific issue.

Mr. Workman feels a public hearing would be appropriate in order to hearing the landlords' opinions though council will

make the final decision.

Mr. Baird said before a public hearing is scheduled, he recommends some of these issues be decided in order to present a true proposal to the public.

Mr. Crouch recommends the fee be assessed per unit and not per property. He does not feel it is fair that one landlord pay \$25 for three apartments while another person with one rental also pays \$25.

Mayor Marabello asked if council wants a committee to review these issues. Mr. Ambrose feels council is capable of making these decisions and recommends that \$50 be assessed per rental unit and include both residential and commercial uses.

Mr. Crouch and Mr. Workman both agree with the \$50 per unit fee. Mr. Crouch asked if this will include the larger apartment complexes. Mr. Ambrose suggests the larger apartment complexes be addressed in addition to the commercial rental properties.

Ms. Wilson is concerned what impact this will have on those apartment complexes with subsidized housing as any increased fees to management is typically passed onto the tenants. She is very much in favor of the inspection of the units noting she has witnessed some deplorable conditions of many of these rental units.

Mr. Ambrose advised that the cost of the rent is based on the tenant's income. If their income does not qualify for an increase, the landlord is unable to increase it. He also pointed out a \$50 fee per year is only slightly over \$4 per month when divided by twelve months.

He recalled that when this ordinance was first discussed in 2004, there was a major outcry from the landlords that rent subsidized housing units. Mr. Ambrose learned at that time, that the City of Dover charges \$90 per unit to subsidized apartment complexes which is built into their rent structure.

Mr. Baird reported there is usually an inspection process already built into subsidized units by the agency providing the subsidy. Ms. Wilson questions whether all subsidized units were inspected considering what she has witnessed in many of those units.

Mr. Morrow emphasized that if this is adopted, enforcement is critical. Mr. Crouch agreed that any landlords found not to be in compliance, must be fined.

Mayor Marabello asked if public comment can be taken. Solicitor Willard explained that as he previously discussed, the problem is that regular agenda items do not have the public hearing criteria. To do this would allow some people to speak while others did not know they would be allowed to speak. It is a fairness issue and is why he is cautious about allowing random comments. In this case, it appears council wants a public hearing scheduled once it is ready to be presented. His advice is that would be the opportune time for residents to comment rather than speculate.

Mayor Marabello asked if council has an objection to allowing the public to speak. Mr. Workman said a public hearing will be scheduled and it would be unfair to allow someone to speak tonight. He would not want someone else to ask why comments were allowed at this time when someone else did not know it was permitted. The solution is to schedule a public hearing.

Mr. Crouch agrees with Mr. Workman. If a person wants to speak, then council would need to allow them to speak on every topic on the agenda and council would be unable to take care of the business on the agenda if that was always allowed.

The mayor agreed they will have the opportunity to speak when the public hearing is scheduled, but if the meeting is a short meeting, he does not see a problem. He will follow up with Mr. Willard.

Mr. Willard explained that council has considered this before and other towns provide a public comment period before the council meeting begins. Council has public hearings for specific items required by law and the other items are business

items which council needs to address. For the reasons stated, there needs to be rules so that everyone has the same opportunity. People can review the posted agenda and make comments prior to the meeting which is a compromise because there is no public hearing on budget items and other business items. The Town of Milton had a sign in sheet at the beginning of the meeting and the time would be based on the number of people who wish to speak.

Mr. Willard reiterated that most towns have the public comment period before the meeting starts to allow council to hear their comments before they make decisions on an agenda item. Some of their issues may be simple constituent concerns, but there needs to be a strict time limit and rules to prevent a free for all.

Mr. Spillane said that he would like a time for comments on the agenda because people show up for the meetings.

Ms. Wilson feels that if they were allowed to comment throughout the meeting, council would really be going backwards. Council has worked very hard to keep the meetings professional and on task and specific times are scheduled for public comment. If that is allowed again, the flow of the meeting is disrupted and that would put the meetings ten years back. She is not saying that council does not want public comment, but stresses the meetings need to be organized and businesslike.

She agrees with the 15-minute comment period but to allow comment throughout the meeting changes the tone of the meeting besides the additional time it takes to resolve issues.

Mayor Marabello said if it is kept to ten minutes or so, he does not believe it will hurt. Mr. Crouch asked what would happen if 200 people were allowed to speak for ten minutes each. The mayor feels it would be limited to those who show up first.

Mr. Workman agrees this would take us backwards. If council decides to allow a 15-minute comment period before the start of the meeting, the official meeting needs to start on time. Right now, council needs to take care of business. In the case of this proposed ordinance, a public hearing will be scheduled and comments taken at that time and anyone who wishes to speak will be made aware of it.

Mr. Brooks feels it is only fair that if one person is allowed to talk, then everyone that wishes to speak should be given the same opportunity.

Mayor Marabello said he will discuss this with the city solicitor for future consideration.

Referring to the proposed ordinance before council, Mr. Ambrose confirmed that the consensus of council was to assess a \$50 per rental unit fee which would apply to both residential and commercial rentals.

Mr. Brooks agrees but again emphasized it needs to be enforced. He does not want to adopt this just to get additional money, but will agree if it improves the property and the neighborhood.

Mr. Ambrose agrees we can pass ordinance after ordinance but if they are not enforced, council is wasting their time. He said our managers must understand it is their responsibility that employees ensure the ordinances are enforced and appropriate action taken.

Mayor Marabello asked if we want the additional inspection fee. Mr. Morrow feels that we should add whatever is necessary to ensure the enforcement part is handled.

The mayor said the \$50 fee will be incorporated at this time and noted it can be increased as needed in the future.

Mr. Ambrose hopes the increase will help offset the possibility of funding an additional code enforcement official. He feels one person cannot handle all the code issues inside and outside. Mr. Brooks recalled another part-time person was being considered to handle the grass and other summer related issues.

Mr. Baird explained that has not been done because another full time code enforcement official is already proposed in the

upcoming budget.

Mr. Brooks pointed out that the new budget will begin in July and by that time spring is over and half of the summer gone. He feels that grass issues need to be addressed now along with abandoned vehicles, trash, etc.

Mr. Baird will make the changes to the proposed ordinance as has been recommended by council.

Development of Mispillion Marina Land & Adjoining Property/Miracle Restoration Prophetic Harvest Ministry/Reverend Lawrence Spady

Reverend Lawrence Spady informed council he has been in and out of Milford since 1960. In the past, he has made six attempts to have church ministries and the last place was on Southwest Front Street across from the Social Service complex. He has been considering the Mispillion Marina property since before it was for sale in 2004. He is interested in the property not just as a church but also a Christian Retreat Center. In his travels he has met a number of ministers including those with international ministries. His dream is to have a place where they can come together and have conferences and eventually build a church. In the process, he would like to see a hotel on the marina side which would benefit the type of service he will provide. He hopes to establish schools, bible schools and other auxiliary services. He hopes to be able to come into the finances that will allow the purchase of the property.

Reverend Spady said that this will be an asset to the city because it is a growing city. He believes that no one will be able to stop the growth though many people who have come here now believe that is a negative thing. He pointed out that Milford is a crossroads to other parts of the state. He appreciates what has been accomplished under the leadership of outgoing Mayor Rogers and City Manager Carmean. He wants to be able to provide what he feels will be a great asset to the city. He explained it will be more like a Zion and different from traditional churches. It will be strictly evangelism with the hope to arrange for tours to the holy lands while providing conferences and teachings.

He wanted councils' feeling as he shared his ideas. Council wished Reverend Spady well as he works to fulfill his dream.

City Manager Carmean arrived at this time.

FY 2008-2009 Budget Hearings

Assistant Manager Baird announced the Finance Committee will hold budget hearings on Tuesday, June 3rd and Wednesday, June 4th beginning at 5:30 p.m. Tuesday, June 10th is also scheduled if another night is needed.

Mayor Marabello asked if the meeting will be open to the public and if they will be able to participate. He was informed the meeting is open to the public, but is not a public hearing. Mr. Ambrose explained it is a meeting of the finance committee and council to review the upcoming budget. However, the public is welcome to attend to observe the proceedings.

DEMEC Recommendation/Electric Rate Increase

Mr. Baird reported that during its board meeting this past week, DEMEC announced a 5.9% rate hike and recommended the increase be instituted and passed on to customers effective June 1, 2008. Mayor Marabello and City Manager Carmean also attended the meeting.

DEMEC President Patrick E. McCullar attributed the rise to record-setting oil prices as well as higher congestion costs. DEMEC buys 70% of its power through a fixed-rate contract renegotiated last summer. The other 30% percent is bought as needed on the open market, where prices have risen and caused DEMEC to recommend raising the rates of its member cities.

Council was provided two options of either increasing city rates by 5.9 percent or subsidize the electric bills by paying the difference out of reserve funds for an undetermined length of time. Absorbing the increase would take a minimum of \$100,000 per month out of the reserve funds.

Mr. Baird explained the city is not through the first year of the new rate structure when the decrease went into effect this past fall. He does not know how that rate structure will work until we get through the first twelve-month segment.

He also reported the current DEMEC contract expires in the spring of next year and expects the new contract to be much higher.

City Manager Carmean then advised that an average electric bill runs \$140 and a 6% increase will add another \$8 a month. He emphasized that should council decide to subsidize the bills, the majority will be used for the big users and not the residents. He considered recommending the use of reserve funds for a few months and possibly until September. This would save a household \$8 a month on an average though it may be closer to \$15 with air conditioning costs. However, Mr. McCullar is indicating there are more increases to come. It is his opinion we are only putting off the inevitable. He feels the PPCA is the best way to handle this though changing our base rate would take approximately 30 days to take effect. He suggests giving people until July before this is enacted which would provide 30 days notice. The first bill with the 5.9% increase would be due July 15th.

He recalled a similar situation in 1999 when the city paid \$700,000 out of reserves to cover a spike in electric costs over a three-day period. Other communities passed it on, but Milford paid it completely. Mr. Ambrose recalls when the city used reserved funds to cover a significant increase before the new contract was signed last summer. Mr. Carmean agreed but noted we were able to recoup most of those losses when the market became more favorable.

Mr. Workman feels we must pass it on because it appears there will be future increases. We need to make sure our reserves remain strong. Everyone is affected and not just Milford's customers.

Mayor Marabello suggests we compose a letter explaining the reasons for this and what to expect in the future so customers can be prepared not only for this increase, but also what is coming down the line.

Mr. Carmean also informed council that next May, the 70% energy contract expires. The RFP's have all come back extremely high. It started at about \$84 a megawatt and is coming in at \$150 to \$160. He agrees that once we get a feel for what is expected, we need to inundate the public with information and suggestions on how to reduce the amount of electric being used.

The city manager emphasized that Milford only learned of this increase last Wednesday. DEMEC's president only received these numbers the weekend before the meeting.

Mr. Workman asked the mayor to ensure we educate our citizens because this has been said in the past but was never done. Mr. Baird said he will take care of informing our citizens.

The assistant city manager then referred to a rate comparison prepared by DEMEC each month. Based on 1,000 kilowatt hours per month, Co-Op has the lowest residential winter rates, New Castle is next and Milford is the third lowest in the state.

Council then agreed to wait until July to put new rates in effect unless it can be done through a PPCA which can be handled monthly.

When asked about notification to the public, Mr. Baird explained that because electric bills for the month of June are ready to be printed, notification about the rate hike would be included with the July bill.

Council agreed the increase would be effective in the July 15th bill. Mr. Baird does not recommend the rate structure be adjusted because they are trying to work through the first year to see if the rate structure will hold. His recommendation is to handle it through a PPCA on the bill due July 15th.

Mayor Marabello confirmed that Mr. Baird knows how to handle this.

Mayor Joseph Ronnie Rogers Banquet

Mr. Workman advised that tickets are currently available at city hall and the Chamber of Commerce beginning May 30th for the banquet honoring Mayor Rogers on Wednesday, July 9th beginning at 6:00 p.m.. Individuals or organizations who want to give a tribute to former Mayor Rogers should call the city at 422-6616.

With no further business, the Workshop Session concluded at 8:34 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Terri K. Hudson".

Terri K. Hudson, CMC
City Clerk/Recorder