

MILFORD CITY COUNCIL
MINUTES OF MEETING
November 28, 2011

The Milford City Council held a Public Hearing on Monday, November 28, 2011 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware to hear the application of:

Bob Nash of Bob Nash Associates, Incorporated on behalf of Patricia Arost
Change of Zone of 1.76 +/- Acres from C-1 (Community/Neighborhood Commercial) to C-3 (Highway Commercial)
837 S. DuPont Boulevard, Milford, Delaware
Present Use and Proposed Use: Music Center; Tax Map 1-30-3.15-11.00

PRESIDING: Honorable Mayor Joseph Ronnie Rogers

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

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

City Solicitor David Rutt

Mayor Rogers called the Public Hearing to order at 7:01 p.m.

City Planner Gary Norris advised that the main reason for the change of zone request is because the applicant wishes to install an electronic messaging board which is only permitted in the C-3 District and not the C-1 District in which the business is currently located.

The applicant is aware of the electronic signage regulations. The proposed zoning is consistent with the city's comprehensive plan.

The city planner reported that by a vote of 5-0, the planning commission recommended approval of the change of zone.

Mr. Norris then noted the differences in the C-1 and C-3 zone.

Bob Nash followed up on the city planner's comments noting it is directly south of Walls Farm Store and its use will remain the same.

He confirmed that uses permitted in a C-3 zone such as gas stations, convenience stores are inappropriate for the property due to its narrow shape.

Mr. Pikus confirmed the property has been used commercially for approximately 15 years; prior to that it was a residence.

Mayor Rogers then opened the floor for public comment. No one responded.

Mr. Pikus then moved for approval of the change of zone from C-1 to C-3 and adopt Ordinance 2011-25 as follows:

AN ORDINANCE OF THE CITY OF MILFORD, DELAWARE to amend the zoning map of the City of Milford by rezoning 1.76 +/- acres of real property from C-1 (Community/Neighborhood Commercial) to C-3 (Highway Commercial). Property is identified as Tax Parcel 1-30-3.15-11.00 and is located at 837 S. DuPont Boulevard, Milford, Delaware. Present Use and Proposed Use: Music Center.

Whereas, the City of Milford Planning Commission reviewed the application at a Public Hearing on October 18, 2011 and has presented item for consideration by City Council; and

Whereas, Milford City Council held an advertised Public Hearing on November 28, 2011 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 change of zone as described herein.

Now, therefore, the City of Milford hereby ordains as follows:

Section 1. Upon the adoption of this ordinance, Tax Parcel 1-30-3.15-11.00, located at 837 S. DuPont Boulevard and owned by Patricia Arost, is hereby zoned C-3.

Section 2. Dates.

Council Approval: 11-28-11

Effective: 12-08-11

Mr. Gleysteen seconded motion. Motion carried by unanimous roll call vote. Mr. Gleysteen stated it is a reasonable request and coincides with the comprehensive plan.

With no additional applications, the Public Hearing was adjourned by Mayor Rogers at 7:06 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
November 28, 2011

The City Council of the City of Milford met in Workshop Session on Monday, November 28, 2011 in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware.

PRESIDING: Honorable Mayor Joseph Ronnie Rogers

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

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

City Solicitor David Rutt

The Workshop Session convened at 7:06 p.m.

Review of Ordinance 2011-28/Chapter 193-Solid Waste/Yard Waste

City Manager Baird read portions of the following proposed solid waste code amendment:

ORDINANCE 2011-28

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

Section 1. Chapter 193, Article I, Collection and Disposal, Section §193-1, entitled Definitions, is hereby amended by adding thereto the following definition:

YARD WASTE-- The part of solid waste consisting of leaves, grass clippings, twigs, small branches (less than 4 ft. in length), shrubbery, prunings, and other garden material.

Section 2. Chapter 193, Article II, Yard Waste, Section §193.9, entitled Unlawful Acts; Containment Required, is hereby amended by deleting and adding thereto the following new §193-9:

§193-9 - Unlawful Acts; Containment Required.

It shall be unlawful to deposit or place any leaves, grass trimmings, tree trimmings or other vegetative debris or matter into *any garbage container, recycling container, or a City street or drainage gutter*. Said materials shall be deposited in adequate containers ~~receptacles or confined in such a manner as to prevent said material from being blown or washed into adjoining yard areas or streets~~ *except as allowed in §193-10.*

Section 3. Chapter 193, Article II, Yard Waste, Section §193.10, entitled Containers, is hereby amended by deleting and adding thereto the following new §193-10:

§193-10 - Containers. Leaves, grass clippings, tree trimmings, shrubbery or other garden and yard waste or matter for collection by the City shall be placed in adequate containers so as to confine said materials, except as allowed in §193-11. The container shall ~~not exceed 30 gallons in capacity~~ *be provided to the homeowner by the City and the homeowner will be responsible for the cost of said container.*

Section 4. Chapter 193, Article II, Yard Waste, §193.11, entitled Loose Leaf Curbside Collection, is hereby deleted and repealed:

~~§ 193-11. - Loose leaf curbside collection:~~

~~[Added 10-11-2004 by Ord. No. 2004-102 [26]]~~

~~Loose leaves may also be raked and placed behind the curb for removal by the City's leaf vacuum at no additional cost.~~

~~Leaves must be free of stones, branches, brush and grass clippings or they will not be collected in this manner. It is illegal to place, sweep or blow leaves and other yard waste into the street, storm drains or catch basins.~~

Section 5. Chapter 193, Article II, Yard Waste, is hereby amended by adding a new §193.11, entitled Collection Procedures, to read as follows:

§193-11. – *Collection Procedures.*

- A. *The City will provide for the collection of leaves, branches and tree trimmings from April 1 through October 31 of each year, provided that such refuse is deposited into the yard waste containers as provided for in §193-10. Disposal of leaves, branches and tree trimmings that will not fit into the container shall be the responsibility of the property owner.*
- B. *The City will provide for loose leaf curbside collection from November 1 through January 31 in accordance with the following conditions.*
 1. *Loose leaves shall be raked and placed behind the curb for removal by the City's leaf vacuum.*
 2. *Leaves must be free of stones, branches, brush and grass clippings or they will not be collected.*
 3. *It is illegal to place, sweep or blow leaves and other yard waste into the street, storm drains or catch basins.*

Section 6. Chapter 193, Article II, Yard Waste, is hereby amended by renumbering §193-12 to §193-13.

Section 7. Chapter 193, Article II, Yard Waste, is hereby amended by adding a new §193.12, entitled Collection Schedule, to read as follows:

§193-12. – *Collection Schedule.*

- A. *The City will collect yard waste as described in §193-11A once every other week.*
- B. *The loose leaf curbside collection as described in §193-11B will be collected once each week.*
- C. *The City Manager shall divide the City into districts and shall schedule the collection of yard waste in these districts on the day or days and at the times that shall be most efficient and convenient to the City. Adequate notice of the collection schedules shall be given to the residents of the times and schedules and any changes thereto.*

He advised the city will continue loose leaf pickup curbside with the leaf vacuum. However, a major change to the ordinance is the container requirement for yard waste. In addition, yard waste will only be collected from April 1st thru October 31st; leaves will be collected from November 1st thru January 31st.

Mr. Baird reported this is the result of our crews being unable to keep up with the leaves, yard waste and recycling. There will be no leaf or yard waste collection in February and March to allow downtime for our crews and equipment. He said this is the result of heavier than expected pickup and the wear and tear on our associated equipment.

Public Works Director Brad Dennehy was present and asked to highlight some of the reasons for the proposed changes.

Mr. Dennehy then provided a slide presentation (see attached).

The public works director recalled the state law enacted that prevents dumping yard debris at landfills. As a result, it must be separated from regular trash. At that time, it was agreed to allow residents to provide their own 33-gallon container. Because we had the equipment and personnel, our crews continued to pick up that debris at no additional cost to the customer. The goal was to have the brush picked up every Wednesday which became very difficult.

He then referenced the slides showing large volumes of yard waste throughout the city. Following Hurricane Irene, crews picked up everything put out on the street for two weeks. At one point, there were twelve employees picking up yard debris; trash trucks, dump trucks and even backhoes were being used during that time. Should a similar situation occur, he recommends that some perimeters will need to be set. He noted that as items were being picked up, customers were dragging out additional items. This was occurring at the same residences over and over which made it very difficult for our crews to keep up.

Mr. Dennehy said they learned from their mistakes and that practice will not be repeated.

He then referenced a slide showing the amount of yard waste put out at a typical residence. A brochure was even provided explaining the need to use the one 33-gallon container. However, cardboard boxes, bags and other items are being used on a regular basis.

Currently, we take the yard waste to Blessings Farm at Argos Corner who charge the city \$20 a ton (versus \$84 a ton at the landfill). He said though our crews are traveling to Argos Corner, it is still a substantial savings. The yard waste is then mulched and chipped. As a result, cardboard boxes, plastic bags and normal household trash must be separated.

He also reported that crews had to manually pick up the yard waste containers, then toss it in to the back of the trucks. Mr. Dennehy pointed out this places the city in a liability situation because of the potential injury to our employees.

Mr. Dennehy also pointed out that if the containers are left out a day or two without a lid and it rains, they become extremely heavy.

He noted the piles of debris placed curbside; in some cases, the recycling containers are being filled up and the balance is placed on the sidewalk or in another area of the yard.

He pointed out the city's rate of \$23 a month covers household trash and recycling. They are now picking up commercial dumpsters while Wednesdays are dedicated to yard debris pickup for the entire city. They do not want to increase the rates though Mr. Dennehy recommends the residents purchase their own container at a cost of \$55 to \$60. Nothing will be picked up that will not fit in the container.

The public works director explained that he is proposing a rollout container be purchased which can be mechanically lifted and emptied. This would be similar to the current containers used for household trash. He feels that anyone who is physically able to cut limbs is capable of loading them on their own truck and taking them to the transfer station in Milford.

Previously, Wednesdays were downtime for the crews and allowed for maintenance on the trash trucks. He said that no longer occurs because the trash crews are running five days a week. When someone calls in sick, a street department employee is used to supplement the crews. As a result, that interferes with leaf pickup. Other times, it interferes with patching streets, curb work or similar work that should be performed by the street department employees.

Mr. Dennehy feels that if the city continues to pick up yard debris, the current method cannot be continued. He said the other option is to purchase a grabble loader at a cost of \$125,000 to \$165,000. However, that is not his choice noting that would require additional maintenance.

His preference is to offer a limited yard waste program that will prevent potential injuries to the solid waste employees. The customer will have one container purchase with no rate increase. Any limbs must be shorter than four feet and able to fit in the container. Landscapers that cut down a tree will be required to haul it off.

Mr. Dennehy advised that the city receives the bulk of phone calls about trash and very little in regard to water or sewer. They do receive calls when there is an electrical outage though the majority of calls are related to trash pickup, yard waste pickup and recycling.

He advised the current procedure has been in place the past eleven months though originally there was a trial period of six months. He said they could have requested \$300,000 to supply every customer with another container though some residents do not want the second container. By buying the container, he feels they will take some pride and ownership in the program.

Mr. Brooks said he agrees with the program. However, he has eight trees and 95 bushes. He maintains his leaves on a regular basis and his tractor is able to cut them up. He asked if the other debris will only be picked up every other week; Mr. Dennehy emphasized they are unable to get around the city with one brush truck and three employees.

Mr. Brooks said when he begins cutting his pyracantha, he will be required to use a specific can. Mr. Dennehy reiterated that his preference is for another container that can be mechanically lifted. He stressed that he and the street superintendent have struggled to lift these other containers together.

Mr. Brooks explained that when he starts cutting his bushes and trimming evergreens, he needs weekly pickup until he is finished. Otherwise, it will be difficult to store and he does not want it laying around his yard. He further explained that once the container is full, he is no longer able to use plastic bags and asked what he should be done with the balance of the debris.

Mr. Dennehy said if the city wants to continue to pick the yard debris up, a truck with the grapple arm will need to be purchased. He is willing to do that if council agrees to provide the funding.

Mr. Brooks said he is willing to pay for the container even though it may only be used six or so times a year. He emphasized that he will endorse the program.

Mr. Dennehy said this is his recommendation though council will need to decide how to proceed. He feels the pictures speak for themselves and the problems they are facing.

He said the city has to be somewhat ruthless and advised council that City Manager Baird had informed him the trash rates outside the city have significantly increased. He said many waste haulers are refusing to pickup yard waste since the new law was passed.

Mr. Dennehy is also concerned that Blessings could discontinue accepting the city's yard waste because of the number of contaminated trucks that contain household trash. He emphasized there is no obligation and this is being done without a contract. The only option left would be to take the yard waste to the transfer station at a cost of \$84 a ton.

Mr. Pikus asked how large the bigger trash containers are; Mr. Dennehy believes they are 65 and 95 gallon containers though he recommends the bigger container.

Mr. Morrow then asked if a resident is able to purchase two containers. Mr. Baird said the ordinance does not address that though it would be allowed. He feels most residents will have a problem with storing them on their property.

Mr. Morrow referenced the proposal which states collection will only occur every two weeks and only for those customers who have purchased containers. He asked if it is possible to collect every week because not every customer will participate; Mr. Dennehy said his superintendent claims it is impossible to cover the entire city every week and this will mirror the recycling schedule. Trash pickup would occur every week, recycling every other week and yard debris every other week.

Mr. Dennehy noted we receive a large number of complaints of residents asking why their yard debris has not been picked up. It is simply because our crews are trying to cover too large a territory in a short amount of time (7:00 a.m. to 3:30 p.m.) with limited personnel and equipment.

Mr. Brooks said the goal is to keep a clean town and is concerned with the number of residents who refuse to do any type of cleanup which this may encourage.

Mr. Dennehy said they have considered several options. He provided Mr. Baird an eleven-page report he had hoped would be provided to council. His initial proposal was to purchase a grapple truck that would only be used a few months a year. However, they could find other uses such as bulk pickup for mattresses and similar items. However, his concern is whether we should be providing that type service while continuing to charge \$23 a month. He understands no one wants to raise trash rates or taxes. As a result, he believes this is the best option.

Mr. Morrow asked how noncompliance issues will be handled. Mr. Baird explained that if the items are not in a container, our crews will not pick them up and a notice placed on the door. If it becomes habitual, further action will be taken though no fines are permitted in this code.

He said once the city discontinues pickup, it then becomes a property maintenance issue which will be handled through code enforcement.

Mr. Dennehy said a big publicity campaign will be needed to educate our residents considering that in the past, we have picked up anything put out. However, that must be changed and some relief given to crews and street department employees who have other priorities that need to be handled. Currently, they are spending a lot of time working with solid waste.

Mr. Dennehy advised the goal is to have this in place by January 1, 2012.

Mr. Baird added that if the ordinance is effective in January, yard waste will not be collected. Leaf collection will only be permitted the first month. Yard waste will not resume until April. This will allow enough time to inform our customers of the changes and for them to purchase their containers.

Mr. Pikus said the only other option is to purchase another truck; Mr. Baird said he agrees that is not needed at this time. They do agree this is the most reasonable way to tackle the problem.

Mr. Brooks said that should we have another ice storm, for example, there is the potential that broken branches and similar debris could lay in someone's yard for three months before the city picks them up. Mr. Baird agreed that is possible because it would not be collected before April. However, special exceptions could be made in the case of catastrophic situations. He emphasized that the public works director does not want his crews picking up these items only to come back to the same house the next day for another large pile.

Ms. Wilson asked if there will be a trial period to determine if this will work; she does not want this finalized and agrees with Mr. Brooks that there is the potential of debris being piled in the yard until April. Mr. Morrow asked the possibility of monthly pickup. Mr. Pikus agrees that a major storm can cause a great deal of damage and another scenario should be considered in those cases.

Paul Goldstein of 15 West Thrush Drive, Meadows at Shawnee, suggested it be stopped December 1st instead of November 1st. He reported that people still cut their grass in November. He feels it will be a disservice to those that maintain their yards through November.

In addition, he purchased a 32-gallon container from Walmart. He likes the idea of buying a can and would be willing to place his grass clippings in the can. However, one can is not large enough and two may be needed. A personal can could also be used though the solid waste workers would have to lift it. However, it would contain leaves and cuttings which are not that heavy.

He likes the idea of using the city can (garbage can) and mark it for yard debris. In his opinion, a second container is needed and possibly three containers.

Mr. Goldstein noted that because grass was not picked up last week because of the holiday, he now has twelve plastic bags loaded with grass and plant cuttings. He explained that if the bag is open, they could dump it and leave the plastic.

Chuck Rini of 119 Ginger Lane, Knotts Landing said he favors a can. His concern is the term yard waste. Mr. Rini said that trees and large bushes should be the property owner's responsibility to remove. Or an additional fee should be charged for the city to pick up.

Mr. Baird asked if council wants any changes to the ordinance being proposed. Mr. Morrow stated he prefers one monthly collection during the off months. Mr. Brooks feels there may be too much debris for even a monthly pickup though that would be better than no pickups.

Mr. Dennehy agreed that between November and March, there is less yard waste so collection is not necessary. He reiterated that there will be no pickup in December, January and February. During that time, they will concentrate on leaf collection with the leaf vacuum.

Mr. Morrow emphasized the need for minimal pickup during the off months. Mr. Dennehy believes it is a mindshift and emphasized the transfer station is in Milford and easily accessible. He does not own a pickup truck and if his recycling container becomes full, it takes it over to the Marshall Street facility.

Mr. Grier reiterated Mr. Goldstein's suggestion to collect grass clippings through December 1st. Mr. Dennehy said he understands though every jurisdiction is trying to discourage their customers from putting yard clippings in the yard waste. They called every town in the State of Delaware and he encourages anyone to find a town that is advocating it. He said if a customer is permitted one or two 33-gallon containers, then he is back to square one with the liability issues he previously discussed and customers abusing the system.

Mr. Dennehy feels that if this ordinance is modified, any additional containers must be the roll out type. If the 33-gallon containers continue to be used, it will be difficult to enforce and police. He will not support the use of containers that need to be picked up. He said we must be adamant by stating that will only pick items up in a city-issued container. Any additional bags or boxes will be left.

Mr. Pikus asked if there is a problem with extending this to December 1st if they use a city-issued container; Mr. Dennehy said he does not believe so. His concern at this point is the street work that is needed because they are now supplementing the solid waste department. In addition to leaf pickup and yard debris collection, they are trying to beat the paving season. He does not believe the once a month pickup will be a problem either. However, he strongly advocates not using the 33-gallon containers and only the roll outs which can be picked up by the city trucks.

When asked what occurs if these deadlines fall on a weekend, Mr. Dennehy explained the language could be changed so the last pickup would occur on the last Wednesday in November.

Mr. Brooks asked about pickup during a holiday week; Mr. Dennehy explained that when this program began the first of the year, it was agreed that from the beginning it would not be picked up on a short week. Mr. Brooks asked if the yard waste can be kept up with during these weeks. Mr. Dennehy said they will mirror the recycling schedule as much as possible though he will need to review it carefully. Currently, they are not picking yard waste up on short weeks because street department employees are needed to assist with recycling because it is picked up the day before a holiday in addition to the commercial pickups.

Ms. Wilson likes the concept but is concerned about some of the seniors, those with fixed incomes and our residents who are struggling financially. The city is expecting them to pay an additional \$60 which is significant in some cases.

Mr. Baird said residents will be given the option to purchase the container outright or the cost can be added to the bill over a few months until it is paid for in full. He has no problem setting that up administratively.

Ms. Wilson also is concerned about those individuals who do not want to follow protocol which can create additional issues. She hopes it can be worked out.

Mayor Rogers also hopes it can be worked out and agrees it is inappropriate to throw items out and expect the crews to pick them up. He sees tree trimmers who place all that debris out for the city to pick up. He thought there was an ordinance against it or an additional fee but it continues to occur.

Mayor Rogers suggests this be further reviewed and agrees with Mr. Brooks that we do not want to create additional maintenance problems.

Bill Pilecki of 79 Ivy Lane, suggests making the containers mandatory for every home and assess this over a one or two year period. He feels the city will get better cooperation from the residents if everyone has the containers. He feels that making it voluntary may only involve 15 to 20% of the residents as most will not pay the \$60 container fee. He recommends adding \$3 or \$4 to their monthly bill to cover the container costs.

Mayor Rogers thanked Mr. Dennehy for his input and asked that he and the city manager consider councils' as well as the public input.

Electric Rate Analysis/Electric Consultant Jay Kumar

Mr. Baird advised that he contacted ETC Consultant Jay Kumar to work on a rate analysis and options. He said one of the biggest concerns from city council are the inequities in rate structures and costs. Over the past couple months, they have had a number of conversations to look at those issues.

The city manager then reported that in October (November bill), the city received a credit (over collection) in the amount of \$272,142. In the past, that was returned to the users through a modification of the purchase power cost adjustment (PPCA) which is currently one penny. He is proposing that be done again and should appear on the bill being mailed this week.

With this credit, the revised PPCA for the upcoming bill will be a negative .3 of one cent (reduction of 1.3 cents per kilowatt hour). He explained that a residential customer using 1,000 kWh per month will have a \$13 rebate that will show as a credit.

Mr. Kumar explained the city has six customer classes—residential, small general service, medium general, large general service, general service primary and contract services. Perdue, US Cold Storage and Seawatch fall under contract services class. The monthly rates spelled out in the tariff, are fixed costs which the city has to recover for power supply. The city then receives a monthly bill from DEMEC for its power supply. That is compared to the cost included in the rates. The difference, referred to as purchase power cost adjustment (PPCA).

Currently, the PPCA is about one cent per kilowatt hour which covers the difference in the cost to purchase and generate electricity. The base rate includes the majority of the power supply costs and the PPCA can be an increase or decrease in the actual power cost. For the past three to four years, it has been a plus.

He explained that for the last three to four years, DEMEC has been bidding on estimated bases. They budget every year and collect on that basis. For the past two years, they have been over collecting and in November/December will issue a credit.

Mr. Kumar advised that DEMEC is still negotiating power costs for 2012. However, he believes that cost will come down almost \$5 per megawatt hour or .5 cents per kilowatt hour which is a significant decrease.

Over the past year, DEMEC/city power costs were higher than Delmarva Power (DP&L) costs. Three to four years ago, DP&L costs were higher than Milford's costs. Delaware Cooperative (Co-Op) was less than last year. This year, their power costs are similar to Milford's costs. If this trend continues, Milford's costs should be less than Co-Op's costs.

He said that base rates have no power costs adjustment included. Base rates are the city's fixed costs and include the transfer of \$2.5 million to the general fund.

Mr. Kumar then presented a PowerPoint. The first slide shows current charges which includes the current PPCA of one cent in comparison to DP&L rates. He noted that currently, our residential rates are the only rates less than DP&L rates. With the reduced PPCA, the rates will be about 5% less. As the size of the customer increases, the difference is more. DP&L is trying to keep their large customer rates down in order to stay competitive because their customers are able to select another supplier.

He said the Co-Op has something similar but not to that extent.

Referencing the fixed cost comparison, he explained those differences are larger because the fixed costs are only .5 cents per large customer to about 5 cents for the low usage residential customer. As a result, the percentage is much higher. The reason for the higher base rates is the \$2.5 million transfer.

Mr. Kumar is unable to get DP&L's power supply cost. Residential customers are charged \$105 per megawatt hours which is 10.5 cents. Large customers are similar to the city's contract services--Perdue, US Cold Storage, Seawatch. DP&L charge their large customers very low rates though they are unable to cover their full power costs from those

customers. The average cost is \$81.5 per megawatt hours or a little more than 8 cents. This year, the city charged 9.1 cents; next year, that number will be lower.

He then compared total revenues, base rate revenues and what the city needs to recover.

Mr. Kumar pointed out the base rates do not include revenues such as city light revenues, city account revenues, meter connection fees, disconnect fees, penalty fees, etc. There is an approximate \$1.8 million surplus which includes everything.

The total expenses of \$6.8 million include the transfer to the general fund.

Mr. Kumar explained that if the \$2.5 million was eliminated, that would need to be recouped through other avenues and would require a substantial increase in property taxes.

He then reviewed a number of rate options.

In rate option 1, the attempt was to equalize the base rate differential between the city and DP&L. The percentage difference between the two range from 20% to 57% with an average of about 40% less. The equalization creates an increase for residential and small general services customers. Limiting the increase to residential customers results in a shortfall of \$1 million in revenues and \$800,000 surplus. Nothing else changes and the PPCA is the same.

Option 2 is based on current rates and equalizing the percentage between the total charges including the PPCA. The result in an increase of residential rates by 18.06% and small general services rates of 12.5%. Rates in all other classes decrease. Transfer revenues are reduced from about 27.4% to 25.7% which results in a \$1.8 million reduction. It does not show the used power supply costs.

Option 3 reduces the total charges by \$1.8 million and equalizes the difference between the city and DP&L charges. The residential and small general service rates will increase and all other classes will have lower rates.

Option 4 is based on a \$2.8 million reduction which equalizes the difference between total rate charges of the city and DP&L. Instead of transferring \$2.5 million every year, the city only transfers \$1.5 million. In addition to the loss of a \$1 million, residential rates still increase in spite of the lower PPCA. All other rates decline significantly.

Option 5 reflects a \$3.3 million reduction with the general fund reduced by \$1.5 million with \$1 million transferred every year. Under this scenario, the small general service rates decrease, but residential rates increase even with the lower PPCA.

Option 6 reflects the \$1.8 million reduction, keeps the current rate design, though the residential base rates will increase but will offset through the PPCA. A residential customer will not see any change though other rate classes will see a significant decrease.

Option 7 keeps the current rate design with the \$1.8 million reduction. The base rates are not increased in any class. Residential bills will reflect the reduction in the PPCA though there is no benefit with the \$1.8 million reduction.

Option 8 is based on reducing the overall rates by \$1.8 million in addition to the PPCA reduction. The residential and small general service rates are reduced by approximately 7%. The balance of the \$1.8 million is used to reduce the rates for all other classes.

In addition to the \$1.8 million surplus, the city can reduce its revenues by an additional \$0.5 million in option 9. The current general fund transfer will remain. There is no base rate increase for any customer. The total rate decrease is \$2.3 million. Residential rates and small general service customers will reflect the PPCA decrease with no reduction in the base rates. The \$2.3 million would be used to reduce all other rates.

Option 10 is designed with the \$2.5 million reduction though each customer class receives some reduction. The total bill for residential and small general service customers are reduced by approximately 7%. The remainder of the \$2.3 million is used to reduce the rates for other customers.

Mr. Kumar reviewed Co-Op's tariff on their website which showed their power costs to be 6.6 cents. Their annual report shows a power cost of 8.84 cents. He then went to Old Dominion Electric Cooperatives who is their power supplier to confirm their costs. They are required to file Form 1 with the Federal Energy Regulatory Commission. He reviewed the 2010 report (2011 report is filed in April of 2012) which confirmed their power cost of 8.84 cents.

Co-Op's annual report shows their rates are much lower than city rates in all classes. He then tried to compare the cost per kilowatt hour for each customer. In their annual report, they had provided costs per kilowatt hour for residential and one cost for all other classes. That is the reason he used 9.84 cents for all nonresidential customers and 11.19 for residential customers. Co-Op is lower for residential and much lower for all other classes though he feels the comparison is not correct without knowing each individual rate based on the true power cost.

He agrees it is becoming more competitive with the Co-Op; if the trend continues, next year city costs are expected to be lower than the Co-Op costs. He noted that everyone buys from the same wholesale market. DP&L buys every year and a few years back, their costs were much higher than the city power costs. The power market is currently at the lowest level it has been for a few years.

In review, Mr. Kumar explained that option 9 and option 10 are based on the rates being reduced by \$2.3 million. Option 9 reflects the reduced PPCA for residential and small general service customers, but with no benefit from the \$2.3 million reduction. Those two classes will see a slight base rate reduction under option 10 but not as much as the other classes. That is in addition to the 5% reduction in power costs.

His recommendation is that either option 9 or option 10 be adopted though his preference is option 10. After a decision is made, Mr. Kumar will develop the new rate.

Mr. Baird reiterated that Mr. Kumar is recommending option 10. He said the comparison is between option 8 and option 10. Option 8 is the same as option 10 with the exception that option 8 reduces the city revenues by \$1.8 million and option 10 reduces city revenues by \$2.3 million. He feels this is very aggressive though council may prefer to be more conservative and consider option 8.

The city manager stated that if we are aggressive and come up short, it can be easily handled through the PPCA though Mr. Kumar is very confident in his projections.

He reiterated that options 8 and 10 should be considered.

Mr. Pikus confirmed the rates are different in options 8 and 10. Mr. Kumar confirmed that option 10 is a bigger savings to the customer.

Councilman Grier concurs with Mr. Kumar's recommendation for option 10.

Mr. Johnson asked if Mr. Portmann has reviewed the figures and made a recommendation. Mr. Baird stated that Mr. Portmann is comfortable with Mr. Kumar's proposal. He said he had a few questions though they were addressed in a conference call two weeks ago.

Mr. Baird then asked the consensus of council; council sided with Mr. Grier.

Mr. Baird then confirmed there is \$10 million in reserves; Mr. Gleysteen then asked if approximately \$5 million is set aside for the new electric substation and Mr. Baird stated somewhat less. Mr. Gleysteen wants assurance that Mr. Pikus is comfortable with the reduction in the reserve fund.

Mr. Baird referred to line item 12 (capital outlay) in attachment 4. The city manager said it shows \$982,000 which in this year's budget was revenue over expenses and not true capital. He reported that Finance Director Jeff Portmann was comfortable making the \$500,000 available in addition to the \$1.8 million. Mr. Pikus said that will reduce that number to \$482,000. As a result, Mr. Baird said there are additional funds available for capital investments.

Mr. Kumar agreed there is some cushion and emphasized he did not add in other fees such as penalties, reconnection and disconnect charges and related charges which vary though they can be significant.

Mr. Baird said he will put the rates together and present them to city council at the next meeting.

With no further business, the Workshop Session concluded at 8:52 p.m.

Respectfully submitted,



Terri K. Hudson, CMC
City Clerk/Recorder

Attachments:

Solid Waste Photos
ETC Rate Design Presentation

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City of Milford

2011 -- Rate Design

COMPARISON OF TOTAL CHARGES WITH PPCA YEAR 2010-2011

CUSTOMER CLASS	CHARGES AT CITY CURRENT RATES	CHARGES AT DP&L RATES *	% DIFFERENCE
RESIDENTIAL			
Summer	3,622,797	3,677,814	-1.52
Winter	6,020,457	5,906,086	1.90
Total	9,643,254	9,583,900	0.62
Total with Reduced PPCA	9,101,130	9,583,900	-5.30
SMALL GENERAL SERVICE			
Summer	447,506	421,132	5.89
Winter	844,140	795,525	5.76
Total	1,291,646	1,216,657	5.81
Total with Reduced PPCA	1,225,796	1,216,657	0.75
MEDIUM GENERAL SERVICE			
Summer	1,630,292	1,287,298	21.04
Winter	3,820,177	2,723,865	28.70
Total	5,450,469	4,011,163	26.41
Total with Reduced PPCA	5,124,397	4,011,163	21.72
LARGE GENERAL SERVICE			
Summer	365,026	247,470	32.20
Winter	630,941	403,327	36.08
Total	995,967	650,797	34.66
Total with Reduced PPCA	930,494	650,797	30.06
GENERAL SERVICE PRIMARY			
Summer	1,256,368	776,354	38.15
Winter	3,131,679	1,978,452	36.82
Total	4,390,047	2,756,806	37.20
Total with Reduced PPCA	4,097,556	2,756,806	32.72
CONTRACT SERVICE			
Summer	1,640,422	1,081,741	34.06
Winter	3,942,493	2,610,291	33.79
Total	5,582,915	3,692,032	33.87
Total with Reduced PPCA	5,166,957	3,692,032	28.57
TOTAL	27,354,298	21,911,355	19.90
SUMMER	8,994,411	7,483,809	16.40
WINTER	18,389,887	14,417,546	21.60
With Reduced PPCA	25,648,330	21,911,355	14.57

COMPARISON OF TOTAL CHARGES AT BASE RATES YEAR 2010-2011

CUSTOMER CLASS	CHARGES AT CITY CURRENT RATES	CHARGES AT DP&L RATES *	% DIFFERENCE
<u>RESIDENTIAL</u>			
Summer	1,552,000	1,015,831	34.55
Winter	2,646,509	1,679,726	36.53
Total	4,198,509	2,695,557	35.80
<u>SMALL GENERAL SERVICE</u>			
Summer	185,982	156,575	15.81
Winter	369,343	288,899	21.78
Total	555,325	445,474	19.78
<u>MEDIUM GENERAL SERVICE</u>			
Summer	467,380	324,939	30.48
Winter	1,331,208	669,865	49.68
Total	1,798,588	994,804	44.69
<u>LARGE GENERAL SERVICE</u>			
Summer	82,432	41,820	49.27
Winter	174,307	69,337	60.22
Total	256,739	111,157	56.70
<u>GENERAL SERVICE PRIMARY</u>			
Summer	273,158	122,973	54.98
Winter	737,306	312,558	57.61
Total	1,010,464	435,531	56.90
<u>CONTRACT SERVICE</u>			
Summer	247,824	152,631	38.41
Winter	664,955	360,292	45.82
Total	912,779	512,923	43.81
TOTAL	\$8,732,404	\$5,195,446	40.50
SUMMER	\$2,808,776	\$1,814,769	35.39
WINTER	\$5,923,628	\$3,380,677	42.93

REVENUE INCREASE NEEDED

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Budgeted Service Billing Revenue	\$27,885,500
2	Orig. Budgeted Purchased Power Costs	21,000,000
3	Revised Budgeted Purch. Power Cost	21,280,097
4	Change in Purch. Power Cost	280,097
5	Revised Service Billing Revenue Required	28,165,597
6	Projected Sales Revenues at Current Base Rates	27,843,897
7	Revenue Increase Needed	321,700
8	% Revenue Increase in Total Rates	1.16%
9	Current Revenues at Base Rates*	6,732,404
10	Electric Operating Expenses**	5,235,635
11	Debt Service	667,555
12	Capital Outlay	982,310
13	Total Expenses without Purchased Power Expenses	6,885,500
14	Base Rate Revenue Increase (Decrease)	1,846,904

* Does not include Lighting and City Acct Revenues

** Based on FY 2011-12 Budget and includes Fund Transfer

RATE OPTION 1

EQUALIZE BASE RATE % DIFFERENCE WITH DPL

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 1 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DP&L Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	10,110,150	9,583,900	4.84%	5.21%
Sm Gen Ser SGS	7,933,678	1,291,646	1,428,547	1,216,657	10.60%	14.83%
Med Gen Ser MGS	39,285,764	5,450,469	5,042,694	4,011,163	-7.48%	20.46%
Large Gen Ser LGS	7,888,280	995,967	862,112	650,797	-13.44%	24.51%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	5,146,814	3,692,032	-7.81%	28.27%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,758,353</u>	<u>2,756,806</u>	<u>-14.39%</u>	<u>26.65%</u>
Total	205,538,193	27,354,298	26,348,671	21,911,355	-3.68%	16.84%

RATE OPTION 2

EQUALIZE TOTAL RATE % DIFFERENCE WITH DPL

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 2 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DP&L Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	11,384,651	9,583,900	18.06%	15.82%
Sm Gen Ser SGS	7,933,678	1,291,646	1,453,111	1,216,657	12.50%	16.27%
Med Gen Ser MGS	39,285,764	5,450,469	4,681,936	4,011,163	-14.10%	14.33%
Large Gen Ser LGS	7,888,280	995,967	747,240	650,797	-24.97%	12.91%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	4,281,551	3,692,032	-23.31%	13.77%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,185,904</u>	<u>2,756,806</u>	<u>-27.43%</u>	<u>13.47%</u>
Total	205,538,193	27,354,298	25,734,394	21,911,355	-5.92%	14.86%

RATE OPTION 3

EQUALIZE TOTAL BUNDLED RATE % DIFFERENCE FROM DPL WITH \$1.8M REDUCTION

<u>Rate Class</u>	<u>Kwh Sales, Projected</u>	<u>Current Revenues with PPCA</u>	<u>Option 3 Revenues</u>	<u>Revenues at DPL Rates</u>	<u>Revenues at w/PPCA Rates</u>	<u>% Increase (Decrease) from Current Rates</u>	<u>% Difference from DPL Rates</u>
	(a)	(b)	(c)	(d)	= 100 * (c - b) / b	= 100 * (c - d) / c	
Res. RS	65,316,151	9,643,254	10,629,388	9,583,900	10.23%	9.84%	
Sm Gen Ser SGS	7,933,678	1,291,646	1,352,109	1,216,657	4.68%	10.02%	
Med Gen Ser MGS	39,285,764	5,450,469	4,353,826	4,011,163	-20.12%	7.87%	
Large Gen Ser LGS	7,888,280	995,967	693,701	650,797	-30.35%	6.18%	
Gen Ser Prim Spec Contract	49,874,400	5,582,915	3,897,837	3,692,032	-30.18%	5.28%	
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>2,923,230</u>	<u>2,756,806</u>	<u>-33.41%</u>	<u>5.69%</u>	
Total	205,538,193	27,354,298	23,850,092	21,911,355	-12.81%	8.13%	

RATE OPTION 4

EQUALIZE TOTAL BUNDLED RATE % DIFFERENCE FROM DPL WITH \$2.8M REDUCTION

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 4 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DPL Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	10,187,092	9,583,900	5.64%	5.92%
Sm Gen Ser SGS	7,933,678	1,291,646	1,297,336	1,216,657	0.44%	6.22%
Med Gen Ser MGS	39,285,764	5,450,469	4,166,932	4,011,163	-23.55%	3.74%
Large Gen Ser LGS	7,888,280	995,967	671,752	650,797	-32.55%	3.12%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	3,760,157	3,692,032	-32.65%	1.81%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>2,822,646</u>	<u>2,756,806</u>	<u>-35.70%</u>	<u>2.33%</u>
Total	205,538,193	27,354,298	22,905,916	21,911,355	-16.26%	4.34%

RATE OPTION 5

EQUALIZE TOTAL BUNDLED RATE % DIFFERENCE FROM DPL WITH \$3.3M REDUCTION

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 5 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DPL Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	9,992,138	9,583,900	3.62%	4.09%
Sm Gen Ser SGS	7,933,678	1,291,646	1,272,161	1,216,657	-1.51%	4.36%
Med Gen Ser MGS	39,285,764	5,450,469	4,080,622	4,011,163	-25.13%	1.70%
Large Gen Ser LGS	7,888,280	995,967	653,461	650,797	-34.39%	0.41%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	3,643,149	3,692,032	-34.74%	-1.34%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>2,734,772</u>	<u>2,756,806</u>	<u>-37.71%</u>	<u>-0.81%</u>
Total	205,538,193	27,354,298	22,376,304	21,911,355	-18.20%	2.08%

RATE OPTION 6

Current Rate Design, Residential Base Rate Increase With \$1.8M Reduction

<u>Rate Class</u>	<u>Kwh Sales, Projected</u>	<u>Current Revenues with PPCA</u>	<u>Option 6 Revenues</u>	<u>Revenues at DPL Rates</u>	<u>% Increase (Decrease) from Current Rates w/PPCA</u>	<u>% Difference from DP&L Rates</u>
	(a)	(b)	(c)	(d)	= 100 * (c - b) / b	= 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	9,590,492	9,583,900	-0.55%	0.07%
Sm Gen Ser SGS	7,933,678	1,291,646	1,225,796	1,216,657	-5.10%	0.75%
Med Gen Ser MGS	39,285,764	5,450,469	4,723,893	4,011,163	-13.33%	15.09%
Large Gen Ser LGS	7,888,280	995,967	760,726	650,797	-23.62%	14.45%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	4,262,752	3,692,032	-23.65%	13.39%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,243,886</u>	<u>2,756,806</u>	<u>-26.11%</u>	<u>15.02%</u>
Total	205,538,193	27,354,298	23,807,546	21,911,355	-12.97%	7.96%

RATE OPTION 7

Current Rate Design, No Increase With \$1.8M Reduction

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 7 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DP&L Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	9,101,130	9,583,900	-5.62%	-5.30%
Sm Gen Ser SGS	7,933,678	1,291,646	1,225,796	1,216,657	-5.10%	0.75%
Med Gen Ser MGS	39,285,764	5,450,469	4,545,972	4,011,163	-16.59%	11.76%
Large Gen Ser LGS	7,888,280	995,967	823,968	650,797	-17.27%	21.02%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	4,576,311	3,692,032	-18.03%	19.32%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,629,885</u>	<u>2,756,806</u>	<u>-17.32%</u>	<u>24.05%</u>
Total	205,538,193	27,354,298	23,903,063	21,911,355	-12.62%	8.33%

RATE OPTION 8

Decrease 2% At Current Rate Design With \$1.8M Reduction

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 8 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DP&L Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	8,928,906	9,583,900	-7.41%	-7.34%
Sm Gen Ser SGS	7,933,678	1,291,646	1,203,506	1,216,657	-6.82%	-1.09%
Med Gen Ser MGS	39,285,764	5,450,469	4,612,501	4,011,163	-15.37%	13.04%
Large Gen Ser LGS	7,888,280	995,967	839,628	650,797	-15.70%	22.49%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	4,643,593	3,692,032	-16.82%	20.49%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,682,324</u>	<u>2,756,806</u>	<u>-16.12%</u>	<u>25.13%</u>
Total	205,538,193	27,354,298	23,910,459	21,911,355	-12.59%	8.36%

RATE OPTION 9

Current Rate Design, No Increase With \$2.3M Reduction

<u>Rate Class</u>	<u>Kwh Sales, Projected</u> (a)	<u>Current Revenues with PPCA</u> (b)	<u>Option 9 Revenues</u> (c)	<u>Revenues at DPL Rates</u> (d)	<u>% Increase (Decrease) from Current Rates w/PPCA</u> = 100 * (c - b) / b	<u>% Difference from DP&L Rates</u> = 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	9,101,130	9,583,900	-5.62%	-5.30%
Sm Gen Ser SGS	7,933,678	1,291,646	1,225,796	1,216,657	-5.10%	0.75%
Med Gen Ser MGS	39,285,764	5,450,469	4,366,521	4,011,163	-19.89%	8.14%
Large Gen Ser LGS	7,888,280	995,967	793,587	650,797	-20.32%	17.99%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	4,409,318	3,692,032	-21.02%	16.27%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,503,513</u>	<u>2,756,806</u>	<u>-20.19%</u>	<u>21.31%</u>
Total	205,538,193	27,354,298	23,399,866	21,911,355	-14.46%	6.36%

RATE OPTION 10

Decrease 2% At Current Rate Design With \$2.3 Reduction

<u>Rate Class</u>	<u>Kwh Sales, Projected</u>	<u>Current Revenues with PPCA</u>	<u>Option 10 Revenues</u>	<u>Revenues at DPL Rates</u>	<u>% Increase (Decrease) from Current Rates w/PPCA</u>	<u>% Difference from DP&L Rates</u>
	(a)	(b)	(c)	(d)	= 100 * (c - b) / b	= 100 * (c - d) / c
Res. RS	65,316,151	9,643,254	8,928,906	9,583,900	-7.41%	-7.34%
Sm Gen Ser SGS	7,933,678	1,291,646	1,203,506	1,216,657	-6.82%	-1.09%
Med Gen Ser MGS	39,285,764	5,450,469	4,456,246	4,011,163	-18.24%	9.99%
Large Gen Ser LGS	7,888,280	995,967	805,990	650,797	-19.07%	19.25%
Gen Ser Prim Spec Contract	49,874,400	5,582,915	4,482,601	3,692,032	-19.71%	17.64%
Gen Ser Prim GSP	<u>35,239,920</u>	<u>4,390,047</u>	<u>3,603,234</u>	<u>2,756,806</u>	<u>-17.92%</u>	<u>23.49%</u>
Total	205,538,193	27,354,298	23,480,484	21,911,355	-14.16%	6.68%

Summary of Ten Options

	--- OPTION 1 ---		--- OPTION 2 ---		--- OPTION 3 ---		--- OPTION 4 ---		--- OPTION 5 ---	
<u>Rate Class</u>	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates
Res. RS	4.84%	5.21%	18.06%	15.82%	10.23%	9.84%	5.64%	5.92%	3.62%	4.09%
Sm Gen Ser SGS	10.60%	14.83%	12.50%	16.27%	4.68%	10.02%	0.44%	6.22%	-1.51%	4.36%
Med Gen Ser MGS	-7.48%	20.46%	-14.10%	14.33%	-20.12%	7.87%	-23.55%	3.74%	-25.13%	1.70%
Large Gen Ser LGS	-13.44%	24.51%	-24.97%	12.91%	-30.35%	6.18%	-32.55%	3.12%	-34.39%	0.41%
Gen Ser Prim Spec Contract	-7.81%	28.27%	-23.31%	13.77%	-30.18%	5.28%	-32.65%	1.81%	-34.74%	-1.34%
Gen Ser Prim GSP	-14.39%	26.65%	-27.43%	13.47%	-33.41%	5.69%	-35.70%	2.33%	-37.71%	-0.81%
Total	-3.68%	16.84%	-5.92%	14.86%	-12.81%	8.13%	-16.26%	4.34%	-18.20%	2.08%
	--- OPTION 6 ---		--- OPTION 7 ---		--- OPTION 8 ---		--- OPTION 9 ---		--- OPTION 10 ---	
<u>Rate Class</u>	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates	% Increase (Decrease) from Current Rates w/PPCA	% Difference from DP&L Rates
Res. RS	-0.55%	0.07%	-5.62%	-5.30%	-7.41%	-7.34%	-5.62%	-5.30%	-7.41%	-7.34%
Sm Gen Ser SGS	-5.10%	0.75%	-5.10%	0.75%	-6.82%	-1.09%	-5.10%	0.75%	-6.82%	-1.09%
Med Gen Ser MGS	-13.33%	15.09%	-16.59%	11.76%	-15.37%	13.04%	-19.89%	8.14%	-18.24%	9.99%
Large Gen Ser LGS	-23.62%	14.45%	-17.27%	21.02%	-15.70%	22.49%	-20.32%	17.99%	-19.07%	19.25%
Gen Ser Prim Spec Contract	-23.65%	13.39%	-18.03%	19.32%	-16.82%	20.49%	-21.02%	16.27%	-19.71%	17.64%
Gen Ser Prim GSP	-26.11%	15.02%	-17.32%	24.05%	-16.12%	25.13%	-20.19%	21.31%	-17.92%	23.49%
Total	-12.97%	7.96%	-12.62%	8.33%	-12.59%	8.36%	-14.46%	6.36%	-14.16%	6.68%

AVERAGE RATE COMPARISON TO DELAWARE COOPS RATES

Rate Class	Kwh Sales Projected	OPTION 9 Rate		OPTION 10 Rate		COOP Rate
		Revenues	Cent/Kwh	Revenues	Cent/Kwh	
	a	b	c=b/ax100	d	e=d/ax100	
Res. RS	65,316,151	9,101,130	13.93	8,928,906	13.67	11.19
Sm Gen Ser SGS	7,933,678	1,225,796	15.45	1,203,506	15.17	9.84
Med Gen Ser MGS	39,285,764	4,366,521	11.11	4,456,246	11.34	9.84
Large Gen Ser LGS	7,888,280	793,587	10.06	805,990	10.22	9.84
Gen Ser Prim Spec Contract	49,874,400	4,409,318	8.84	4,482,601	8.99	9.84
Gen Ser Prim GSP	35,239,920	3,503,513	9.94	3,603,234	10.22	9.84
Total	205,538,193	23,399,866	11.38	23,480,484	11.42	11.23

MILFORD CITY COUNCIL
MINUTES OF MEETING
November 28, 2011

A Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall on Monday, November 28, 2011.

PRESIDING: Honorable Mayor Joseph Ronnie Rogers

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

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

City Solicitor David Rutt

CALL TO ORDER

Mayor Rogers called the Council Meeting to order at 8:52 p.m.

INVOCATION AND PLEDGE

The Pledge of Allegiance followed the invocation given by Councilman Starling.

RECOGNITION

No special guests were in attendance.

COMMUNICATIONS

UNFINISHED BUSINESS

Per Article VIII §8.04 the City Charter, the following Certification of Results for the November 19, 2011 Referendum was read into record by the city manager:

Certificate of Results of November 19, 2011 City of Milford Special Election

CERTIFICATE OF SPECIAL ELECTION

This certifies that

A Special Election was held at Milford City Hall, 201 South Walnut Street, Milford, Delaware, on Saturday the 19th day of November 2011.

The undersigned Members of the Election Board for the City of Milford, constituted to hold the aforesaid Election, hereby certify the results thereof:

*For The Proposed Borrowing: 139
Against the Proposed Borrowing: 8*

The borrowing is thereby APPROVED.

Adoption of Ordinance 2011-26/Approval of Borrowing/DWSRF Loan/Washington Street Treatment Facility

Mr. Brooks then moved to adoption the following ordinance, seconded by Ms. Wilson:

Ordinance 2011-26

AN ORDINANCE AUTHORIZING THE BORROWING OF FUNDS TO FINANCE THE CITY OF MILFORD'S SCADA IMPROVEMENTS AND THE DEMOLITION AND RECONSTRUCTION OF THE WASHINGTON STREET WATER TREATMENT FACILITY PLANT AND OFFICE BUILDING LOCATED ON THE SAME SITE.

Section 1.

WHEREAS, the City Council of the City of Milford, Delaware ("Council") has been advised that up to \$4,000,000 is required to finance SCADA improvements and the demolition and reconstruction of the Washington Street Water Treatment Facility Plant and office building located on the same site.

Section 2.

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

- 1. The City of Milford, Delaware operates its public water system in accordance with the provisions of the State of Delaware and the Charter of the City of Milford.*
- 2. The Council has determined that it is advisable, necessary and in the best interest of public health, safety and welfare to improve the system.*
- 3. The Council hereby proposes unto the electors of the City that an amount of money not exceeding \$4,000,000 be borrowed to pay for the costs of the Capital Improvements and to pay the costs associated with the financing.*
- 4. Said borrowing is expected to be accomplished through the issuance of a loan ("DWSRF loan") from the State of Delaware Drinking Water State Revolving Fund, acting by and through Delaware Health and Social Services, Division of Public Health, Office of Drinking Water.*
- 5. The DWSRF loan proceeds will be used for SCADA improvements and the demolition and reconstruction of the Washington Street Water Treatment Facility Plant and office building located on the same site.*
- 6. The terms of the loan shall be as follows:*
 - *Interest Rate 1%*
 - *Principal Forgiveness 35% (\$1,400,000)*
 - *1% Original Fee Due at Closing (Waived)*
 - *Twenty Year Term*
- 7. A Public Hearing was held in the Council Chambers at City Hall, 201 South Walnut Street, Milford, Delaware on Monday, September 12, 2011 following which time City Council voted favorably upon the final authorization for the DWSRF loan.*
- 8. A Special Election on the borrowing was held on Saturday, November 19, 2011 at Milford City Hall, where by majority vote, the electors in the City of Milford determined in favor of the loan.*
- 9. The DWSRF loan shall be secured by the full faith and credit of the City.*
- 10. The DWSRF loan shall be paid or funded from water revenues and reserve accounts of the City.*

Section 3. Dates.

Adoption Date: November 28, 2011

Effective Date: December 8, 2011

Motion carried by unanimous roll call vote.

NEW BUSINESS

FY 2011-2012 Budget Adjustment/Transfer of Funds Assessment Department to Code & Inspections Department

The following request was received from Building Inspector Don Williams:

I am requesting a transfer from the Assessment Department Account 101-1085-417.50-90 (Training-\$1,000), 101-1085-417, 101-1085-417.60-10 (Supplies-\$500) and 101-1085-417.60-11 (General Expense-\$500) for a total of \$2,000 into Computer Account 101-1045-428.60-12. This will allow the Enforcement and Inspection Department to purchase a computer.

Mr. Pikus advised that he spoke with IT Director Wes Banasan to determine if there was another available computer. Mr. Banasan stated no, a newer computer is needed to accommodate the amount and type of work done on this computer by Mr. Dennis and Mr. Williams.

Mr. Pikus moved for approval of the budget transfer, seconded by Mr. Grier. Motion carried.

Certificate Requesting Termination of City of Milford Parking Authority

City Solicitor Rutt recalled informing council that the parking authority has paid all its bonds and there is nothing further for it to do in terms of purchasing and maintaining those properties. Therefore, they have requested the city proceed with the termination of the parking authority which turns the titles over the city.

The statute calls for a certificate requesting the termination of the parking authority though the Secretary of State was unable to provide the document. As a result, Mr. Rutt prepared the certificate for review by the Secretary of State. The certificate will be cross filed in both Kent and Sussex County Recorder of Deeds due to having property in both counties.

In addition, Mr. Rutt will follow up with a confirmatory deed that recites the certificate to ensure it shows up correctly. He will provide the names and addresses of officers and complete the form upon the approval of city council.

It was noted the request came from Chairman Harvey Marvel on behalf of the Parking Authority who voted unanimously to request the city agree to the termination and acceptance of the property.

Ms. Wilson moved to accept the Parking Authority property and approve the Certificate Requesting Termination of the Parking Authority and that the city solicitor proceed as stated herein, seconded by Mr. Starling:

STATE OF DELAWARE
CERTIFICATE REQUESTING
TERMINATION OF EXISTENCE
OF PARKING AUTHORITY
(22 Del. C. § 513)

The Corporation organized and existing under 22 Del. C. § 501, et seq., hereby certifies as follows:

1. The name of the Corporation is Parking Authority of the City of Milford, Inc.
2. The date of filing of the Corporation's original Certificate of Incorporation was September 4, 1974.
3. The Corporation is a parking authority for the City of Milford and owns certain parking lots in Kent County and Sussex County, Delaware.
4. The Corporation has paid and discharged all bonds and debts and otherwise settled all other claims against it.
5. The Board of Directors of the Corporation has voted to convey all its property to the City of Milford and to terminate its existence.
6. The date the termination of existence was authorized is _____, 2011.
7. The names and addresses of the directors and officers of the Corporation are as follows:

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8. By recordation of this Certificate with the Office of the Recorder of Deeds in and for Kent County, Delaware, and the Office of the Recorder of Deeds in and for Sussex County, Delaware, all of the real property owned by the Corporation shall pass to the City of Milford.

9. The Corporation has paid all taxes and fees due to or assessable by this State through the end of the year in which this Certificate is filed.
10. The City of Milford approved the Certificate Requesting the Termination of the Existence of the Corporation on November 28, 2011.

/s/Authorized Officer

/s/Joseph Ronnie Rogers

Attest: City Clerk

Motion carried by unanimous roll call vote.

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 moved to go into Executive Session reference Personnel Matters, seconded by Mr. Morrow. Motion carried.

Mayor Rogers recessed the Council Meeting at 9:00 p.m. for the purpose of an Executive Session to discuss personnel matters.

Return to Open Session

City Council returned to Open Session at 10:20 p.m.

Executive Session/Personnel Matter

Mr. Gleysteen moved for approval of the police chiefs' contract as was agreed, seconded by Mr. Brooks. Motion carried by unanimous roll call vote.

Mr. Gleysteen moved to acknowledge the fact we were unable to come to a mutual agreement on the renegotiation of the city manager's contract and as a result, the contract is null and void effective immediately, seconded by Mr. Johnson.

Motion carried by the following 7-1 vote:

Yes-Johnson, Grier, Pikus, Gleysteen, Morrow, Starling, Wilson

No-Brooks

ADJOURN

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

The Council Meeting adjourned at 10:23 p.m.

Respectfully submitted,



Terri K. Hudson, CMC
City Clerk/Recorder