

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 6, 2017

A meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers, 201 South Walnut Street, Milford, Delaware on Tuesday, June 6, 2017, to discuss the proposed Fiscal Year 2017-2018 City of Milford Budget.

PRESIDING: Mayor Bryan Shupe

IN ATTENDANCE: Councilpersons Christopher Mergner, Arthur Campbell, Lisa Peel, James Burk, Owen Brooks Jr, Douglas Morrow and James Starling Sr.

STAFF: City Manager Eric Norenberg, Finance Director Jeff Portmann and City Clerk/Recorder Terri Hudson

Review and Discussion of Proposed City of Milford FY 2017-2018 Budget

Mayor Shupe called the Budget Review Meeting to order at 5:33 p.m. to discuss the second night of the budget review.

Finance Director Jeff Portmann continued the overview of the following City departments:

Customer Service

Highlights:

- *No New Requests
- *Uniform for Union Employee \$675
- *Citizen Bank Service Charge Eliminated \$6,000
- *Credit Card Processing Fee Increased (Utility Bills) \$6,000
- *Total Department Budget Unchanged

Councilman Mergner recommended shopping those credit card processing rates and pointed out they change on a regular basis.

Public Works

Finance Director Portmann explained that the Public Works Director oversees the garage, water/wastewater, trash, electric and streets who are housed at the site. There is a cost allocation among the six departments at the public works facility to pay for its operations which results in a zero net cost.

However, the largest share is the reallocation to the public works operations; the transfer to public works increased by \$25,000. The city manager noted that every department at the public works facility pays toward their operation. He confirmed the public works department has two positions--the Public Works Director and the Administrative Assistant who serve the water, sewer, trash, solid waste, recycling and engineering.

Mr. Norenberg recalled the recent reorganization of public works which will be reflected throughout those departments as noted below:

- *Reorganization increased Salary Line item from \$141,390 to \$303,420 (previously discussed)
- *Addition of City Engineer and Interns (previously discussed)
- *Engineering Line Item Reduced from \$12,000 to \$2,500
- *No Vehicles/No Repair or Labor Costs
- *Software Maintenance Costs Added \$4,425
- *Training Costs Reduced by \$2,000
- *Request for Computer (City Engineer) \$2,000
- *Office Equipment Added (Tables for Meeting Room) \$1,100

*Capital-Equipment \$11,100

Public Works Director Mark Whitfield stated the request is for a server that will replace a five-year-old server as was recommended by City IT staff.

Water

*Rates Remain Stable

*Salaries & Wages Decreased Due to Reorganization

*Wells Increased from \$80,000 to \$100,000

The Public Works Director reported that because routine maintenance and inspection of wells had been curtailed for some time, that is again on track again which created the increase. There will also be an increase in contract services as well.

He stated that Well 13 went down this week though Well 14 was being budgeted next year at a cost of approximately \$20,000. The intent is to have a refurbishment plan in lieu of an emergency situation as is now required at Well 13.

*SCADA Maintenance & Repair Increased by \$10,000

Public Works Director Whitfield was informed by staff that there has been very little upgrades to the SCADA system. Currently there are a number of gages and hour meters that have failed and several need to be replaced. Consultants Progressive Engineering will need to be utilized more than normal as a result.

*Pumping Power Purchase Estimated at \$10,000 less or \$240,000; Can Change due to Addition of New Water Tower

*Debt Service Changes:

-2011 Bonds Paid Off (Decrease to Zero)

*Capital-Infrastructure \$45,000

Public Works Director Whitfield explained that \$20,000 of the request is for new fencing; \$25,000 is for an altitude valve for the Southeast Tower needed to prevent variations of elevations. An altitude valve had not been installed at the Washington Tower and a change order is being prepared to add one. Fortunately there is an altitude valve at the Tenth Street Tower.

*Transfer to Reserves \$490,320

*Total Water Budget Unchanged \$2.7 Million

Wastewater

*Rates Remain Stable

*Salaries and Wages Decreased due to Reorganization

*Kent County Wastewater Treatment Unchanged

*Total Wastewater Budget Unchanged \$4.3 Million

*I&I Treatment Estimated at \$475,000

**Debt Service Changes:

-2011 Bonds Paid Off (Decrease to Zero)

Mr. Portmann discussed paying off a State Sewer SRF loan earlier. There is five years left though this will save \$82,000 of interest. Refinancing the 2011 Sewer Bonds saved \$210,377 which was placed in reserves. The savings from refinancing the 2011 bonds (FY18) is \$109,585. The early buyout of the 1996 Bonds saved \$76,130 and this year's normal payment would have been \$113,760.

The only additional funds needed are \$71,109 which will pay the \$580,961 due on July 1st.

By doing that, the City has eliminated \$760,000 over the next four years (FY 19, 20, 21, 22) or \$190,000 per year.

Capital-Vehicle \$60,000

Public Works Director Whitfield explained the request for a trailer-mounted sewer flusher. Last year, a truck-mounted sewer flusher was purchased for use on most of the main lines within the City and State Streets. However, there are a lot of locates in right-of-ways which requires a trailer-mounted flusher which can also be used as a backup to the main sewer flusher.

This is a versatile piece of equipment that can also be used by other Departments.

The existing unit is twenty-five years old and its pump is no longer dependable.

Capital-Infrastructure \$65,000

Mr. Whitfield explained that \$45,000 is for a grinder pump at the Silicato Pump Station. There have been a number of problems at that site with various items that were lodged. The grinder pump will resolve those issues and eliminate those emergency calls in the middle of the night.

In addition, \$20,000 is being requested for a fence at the Lighthouse Pump Station. Currently, there is concern because of no security around that station.

*Transfer to Reserves \$259,015

*Total Wastewater Budget Unchanged \$4.3 Million

Solid Waste

*Residential Rate 50-Cent Increase (Year Three)

*Budgeted Fund Balance-New Truck \$227,000 (Funded from Cash Balance)

*Salaries & Wages Reduced due to Reorganization

*Landfill Fees Reduced by \$15,000 due to Increase in Recycling

*Trash & Recycling Containers Increased to \$48,000 (\$55/each)

Public Works Director Whitfield announced that a lot of the current containers are twenty plus years old. Requests for replacement containers have increased substantially as a result of the containers cracking and breaking. The containers typically have a life of ten years. The plan is to start cycling out the older containers.

*Transfer to Public Works Increased to \$91,095 which was offset by the Wage Decrease

Mr. Portmann explained that when comparing the revenues versus expenses, the department is in the hole by \$50,000 which is the cost of the containers. The rates should not need another increase through next year because this will not be a recurring expense.

Mr. Whitfield then reported the new dual trash/recycling containers have been placed in various places throughout town. Council approved purchasing forty containers or half of what was authorized through the recycling grant; \$24,450 has been budgeted to purchase the other forty containers.

It was noted that Parks and Recreation Director Brad Dennehy had identified a number of park and public locations the containers were needed.

Councilman Burk suggesting using the good containers left over to supplement the new dual ones to prevent purchasing these and saving that money.

Mr. Norenberg noted that the plastic the containers are made from is recyclable so the City does receive some trade-in value.

Mr. Whitfield also pointed out that a portion of the \$48,000 for trash and recycling containers is for new customers.

- *Capital Equipment-Trash Container Readers \$9,350
- *Capital Vehicle-Automated Sideload Vehicle \$227,000 (Single Person Operation)

Mr. Whitfield reported that by July, there will be two vacancies that will not have to be filled with the purchase of this vehicle.

Garage

- *No changes.

Streets

- *Decrease in Salaries and Wages to \$213,000 due to Reorganization
- *Increase to Public Works from \$55,240 to \$91,095
- *Decrease in Snow and Ice Removal due to Past Mild Winter
- *Decrease in Contract Services from \$30,000 to \$12,000
- *Decrease in Engineering from \$10,000 to \$2,500
- *Overall Savings

Mr. Portmann explained this department has multiple funding sources. Some items are paid from taxes, some from reserves and some streets can be paid by Municipal Street Aid.

- *Capital Building-Storage Facility Shelving \$25,000
- *Capital Equipment-Spray Patcher for Use on Small Pot Holes and to Seal Streets \$60,000
- *Capital Vehicles-Replacement Pickup Truck & Half of the Street Sweeper whose other half was budgeted in FY17
- *Capital Streets-Repaving of North Marshall, North McColley, Mispillion Streets & Shared Work at Riverwalk Plaza

Mr. Whitfield would like an attachment installed on the back of the street sweeper called a weed seeker that can be used to efficiently control weeds. The weed seeker system senses a weed is present and signals a spray nozzle to deliver a precise amount of chemical.

He pointed out that currently this is handled by employees on the back of a truck which is a safety issue.

- *Municipal Street Aid-Marshall Street \$150,000
- *Southeast Second Street Curb \$150,000

Electric

- *New rates reflected in Electric Revenues and consistent with Prior Year.
- *Salaries and Wages-no Change as of this date though Union Contract will have an Impact later this year though that will be offset by reduced Legal Services \$100,000.
- *Distribution Line-Transformers in Southeast portion of City that Heat is starting to Degrade and need to be Replaced and Repainted \$350,000.
- *Contract Services Smart Metering-Unexpected Expenses to Repair Meter Locations \$50,000
- *Uniforms-Increased by \$5,000 to \$15,000

Mr. Whitfield explained that the increase in budget is a result of the change to ANSI-3 which contains the reflective piping. In accordance with DelDOT regulations, anyone working on or near the highways must wear clothing that is certified and meets the standard specifications for high visibility personal protective safety apparel in the United States.

- *SCADA \$25,000

- *No Change in \$2.5 Million Transfer.
- *Estimated Cost of Power Reduced by \$300,000
- *Debt Service Reduced from \$350,000 to \$192,965 as a result of the Bonds that were Refinanced in 2016.
- *\$285,000 Transferred to Reserves as a result of the Bond Refinancing.
- *Transfer to Reserves \$215,665
- *Capital Equipment Upgraded Meter Tester that can be Used on Any Meter \$30,000
- *Capital Equipment Small Bucket Truck for Use by City Employee; Van Used by Meter Technician \$238,00
- *Capital Projects \$50,000 Substation Testing; \$100,000 Systemwide Study; \$35,000 Refurbish 28 Lights along Riverwalk; \$53,000 Regular Repairs and Oil Testing on Delivery 1 Pump Station. Total \$238,000.

Reserves, Municipal Street Aid and Real Estate Transfer Tax Accounts

Impact Fees Funds (Future Water Towers, Sewer Pumping Station, Substation Projects)

Projected FY18 Water Balance	\$1.883 Million
Projected FY18 Sewer Balance	\$1.175 Million
Projected FY18 Electric Balance	\$561,915

Water Capital Reserves

BALANCE PRIOR YEAR	\$7,360,021
INTEREST INCOME	
DEPOSIT-FUND BALANCE	
BUDGETED TRANSFER. TO RESERVES	\$490,320
FY 16 BUDGETED CAPITAL	(\$382,656)
FY 16 CAPITAL APPROVED PROJECTS	(\$64,881)
FY 14 CAPITAL BUDGET	
FRONT STREET	
SE 2ND STREET	
SMART METERING	
AIRPORT ROAD	
BOND REDEMPTION	
BALANCE AVAILABLE	\$3,227,804

General Fund Reserves

BALANCE PRIOR YEAR	\$2,224,323
INTEREST	
DEPOSIT-FUND BALANCE	
FY16	
CEMETERY ROAD	
POLICE CAD SYSTEM	
PARKS-GOAT ISL EDUCATION PAVILION	
PARKS-GOAT ISL OVERLOOKS	
PARKS-RIVERWALK DECKING	
GOAT ISLAND CAUSEWAY REMOVAL	
POLICE UNION CONTRACT	
STREETS-DUMP TRUCK	
COUNCIL EXP. & EMPLOYEE RECOGNITION	
FY17	
STREETS-BRIDGEHAM AND LINSTONE LANE:	
STREET SWEEPER 1/2-FY17 + 1/2-FY18	
POLICE STUDY-OPERATIONS & FACILITY	
PARKS-RIVERWALK DECKING	
PARKS-FLOATING KAYAK DOCK	
PAINT CITY HALL	

BOND REDEMPTION
FY18

FY 18 BUDGETED CAPITAL (\$585,000)
BALANCE \$1,093,421

Municipal Street Aid

BALANCE OF STREET FUNDS \$1,227,157
BALANCE OF BRIDGE FUNDS \$78,673
INTEREST
MUNICIPAL STREET AID GRANT
BALANCE AVAILABLE \$1,534,780
STREET EXPENDITURES
NORTH MARSHALL STREET
2016 TRUITT AVENUE
AIRPORT ROAD
TOTAL STREET EXPENDITURES (\$1,450,000)
RESTRICTED FUNDS
RESERVED FOR BRIDGE WORK (78,673)
BALANCE \$6,107

General Improvement Fund

BALANCE PRIOR YEAR \$268,226
INTEREST
STATE FUNDS-RECEIVABLE
STATE CTF FUNDS-RECEIVED
: BALANCE AVAILABLE \$772,350
STREET EXPENDITURES
NE FRONT ST-UTILITY RELOCATION
USDA GRANT
DNREC-CAUSEWAY
DTF-GOAT ISLAND
CTF-CEMETARY ROAD
CTF-KAYAK DOCK
CTF-AIRPORT ROAD
DNREC-WATER & SEWER GRANTS
TOTAL STREET EXPENDITURES (\$324,046)
BALANCE \$448,304
SIDEWALK FUNDS
BALANCE AVAILABLE \$11,998

Sewer Capital Reserves

BALANCE PRIOR YEAR \$4,161,445
INTEREST-CD PROGRAM FEE
DEPOSIT-FUND BALANCE
BUDGETED TRANSFER TO RESERVES
BOND REFINANCING SAVINGS
TOTAL FUNDS AVAILABLE \$4,444,460
: EXPENDITURES
CAPITAL BUDGET FY14
CAPITAL BUDGET FY15
CAPITAL BUDGET FY16
FISHER AVENUE (USDA PROJECT)
SHAWNEE ACRES PUMP STATION

AIRPORT ROAD
BOND REDEMPTION
SRF LOAN REDEMPTION
SE 2ND STREET
TOTAL EXPENDITURES (\$2,394,141)
BALANCE AVAILABLE \$2,050,319

Electric Reserves

ELECTRIC CAPITAL RESERVES \$8,233,163
BALANCE PRIOR YEAR
INTEREST-CD PROGRAM FEE
DEPOSIT-FUND BALANCE
BUDGETED TRANSFER TO RESERVES
BOND REDEMPTION SAVINGS
FUNDS AVAILABLE \$8,493,828
EXPENDITURES
BUDGETED FY 16 CAPITAL
mc crone ENGINEERING
AIRPORT ROAD
SMART METERING
TOTAL EXPENDITURES (\$2,439,740)
BALANCE AVAILABLE \$6,054,088

Real Estate Transfer Tax

BALANCE PRIOR YEAR \$2,042,642
INTEREST \$8,750
R/E TRANSFER TAX REVENUE \$600,000
TRANSFER TO POLICE DEPT. BUDGET \$(500,000)
BALANCE \$2,151,392

Economic Development Fund

BALANCE PRIOR YEAR \$350,953
SALE OF BUSINESS PARK LAND \$100,000
DMI
PLANNER/ECONOMIC DEVELOPER-FY17
M & T PARKING LOT IMPROVEMENTS
USDA RURAL ECONOMIC DEV. PLAN
COMPREHENSIVE PLAN ASSISTANCE
ECONOMIC DEVELOPMENT EXPENSES
PURCHASE BUSINESS PARK LOT
USDA RURAL TOURISM STUDY
TOTAL EXPENDITURES (\$206,800)
BALANCE \$244,153

City Council Discussion and wrap-up

City Manager Norenberg recalled last night's conversation that employees' health care benefit costs may be increased as of January 1st. As of this time, the State will not make any increases during the upcoming fiscal year. Therefore, there will be no impact on the FY18 budget.

When asked if Council wished to discuss any specific items, Mayor Shupe said he would like to talk about the additional January items.

He understands there is a wage compensation study going on right now. He agrees with the intent to determine if Milford is in the market or is competitive, but does not see a need to immediately implement on January 1st, at which time the study will be presented. Instead, he feels the wage adjustments noted in the City Managers' memo should be removed from the next fiscal year.

Instead, he prefers that matter be discussed during the next budget cycle after the information is received.

Councilman Burk asked about the need for a legal review and updated City Code. He said we were talking about some disgruntled parties and asked how imperative this is and if we are at risk of being sued over the matter.

Councilman Burk pointed out we have spent a good amount of time going through the charter and this popped up when the Charter was being reviewed at Legislative Hall; Mr. Norenberg explained that the City Clerk first discussed approximately one year ago though it was not included in the current budget. The legal counsel at the General Assembly did find a couple items that did not coincide with what was posted on line. However, that is only one example of what this review would accomplish.

Ms. Hudson explained this would involve a legal review and thorough analysis of our code and policies. It would be conducted by one of our Code Companies' professional Codification Attorneys. The attorneys work closely to ensure the code is legally accurate, up-to-date and that it conforms to the laws in Delaware and to Federal laws and regulations. Several towns have done this and have found it very beneficial

Milford has not had a recodification since before Ms. Hudson became City Clerk in 1997.

She feels there is a need and believes this would put us ahead of the eight ball to remedy any conflicts or inconsistencies within our code that could land us in court. Presently we are unaware of specific law suits though that does not mean we may encounter something tomorrow.

Mayor Shupe asked for a ballpark figure; Ms. Hudson estimates between \$25,000 and \$35,000 based on the costs of City of Newark's review that is currently underway and was probably started a year or so ago.

Mayor Shupe asked if that is something that can be added into this year's budget and paid out of reserves. Councilman Burk said he was not familiar with the process and the reason he asked for justification. Councilman Brooks pointed out that we update the book all the time.

Mr. Portmann pointed out there are funds available in reserves if Council wishes to proceed.

When asked, Mr. Norenberg then explained the results of the classification compensation study should be presented to City Council within the next couple months based on the survey data gathered within the past six weeks.

Mayor Shupe feels that from a taxpayer's standpoint, it will be difficult to swallow a 3% raise and a wage adjustment on top of that. Councilman Burk agreed adding that is in addition to the employee's contribution percentage to health care being as low as it is.

Councilman Mergner asked if we should really review and consider some of the capital improvements; he asked if that would help. City Manager Norenberg pointed out they are paid from different funds for the most part. He personally has a hard time building a volleyball court and believes those are the type issues the public will have issues with if taxes need to be increased.

Councilman Burk agreed and Councilwoman Peel stated she is concerned with all of those things.

Mayor Shupe only wants to talk about the big budget issues that Council will be facing in January and get some consensus on where we are going.

Councilman Morrow feels that when we talk about budgets it is for a year and not a six-month budget. Some of these items do not have a price tag, but they can be considered when they come up and then added to next years' budget.

Councilwoman Peel questioned a blanket 3% employee raise and then raising taxes. Mr. Norenberg explained that the 3% raise is already built in except for the union contracts that have separate wage adjustments. They have historically been provided to the general fund and other non union employees at the same percentage as the police union negotiated. The classification and compensation study will be based on current figures and not necessarily an adjustment on top of the 3%. Instead, they would net that out and if an employee was recommended for a 4% adjustment, the 3% would be deducted to get them to the market. He is not proposing doubling up because the study was based on the numbers in May.

That will be factored in when the results are presented to City Council.

Mayor Shupe is not ready to tell the public that employees are receiving 3% and getting wage adjustments on top of that; Councilman Burk agreed.

The Mayor pointed out our residents are also going to be impacted by State and school tax increases.

City Manager Norenberg informed Council this is not a decision that needs to be made today. There is no number at this point so he recommends waiting on any decisions at the time they are presented. Councilman Morrow said that is the reason Council needs to focus on the FY18 budget tonight. He said we are not committed on any of the items including the wage study. Council voted to have it done though there was no promise to implement it nor was there a deadline.

Councilman Burk said that he agrees and Council needs time to digest it first.

Councilwoman Peel added that just because we have a wage that may be recommended does not mean it was guaranteed, particularly in a climate when most employees are not getting these things.

Councilman Burk stated the same applies to the cost of the planning and designing of the police station. He has to look hard at the reality of passing a referendum before anything is designed. Councilman Brooks agreed stating that the referendum needs to be passed before anything is done and especially before we start taking money from our residents.

Mayor Shupe said the only reason he is bringing this up is because the City will need to increase property taxes to take care of a number of these things. He wants to make it clear that these things could potentially impact the budget.

Councilman Mergner said that is the reason he is confused. He asked why are we saying this is going to create a tax increase when we don't even know some of the numbers.

Mr. Norenberg said there were a number of things identified during the budget process. When Mr. Portmann and he were working on the budget process, they were \$150,000 out of balance. A number of adjustments were made. In that category and on the next page he discussed some of the things that were removed from the budget to balance it. They felt it was best not to have a recommendation for a small tax increase this summer and then another tax adjustment next year. Two back-to-back increases would be difficult and one concern was the number of unknowns particularly with healthcare later this year. The recommendation on the wage adjustment is still unknown and between now and next summer, there should be a new police contract negotiated. That will have an impact as the most recent contract did that was recently ratified.

As a result, there will be a number of items that will impact the budget and this fiscal year. However, many of those decisions will need to be made down the road.

The City Manager explained the legal review is something that has been recommended and is a one-time cost. That can come out of reserves if Council feels it is needed. The Police Committee will meet Monday night about developing a game plan for the planning and design of the new station though there are some costs that will have to be handled this year related to Phase I and Phase II analysis that are needed during the due diligence period.

When the public becomes involved, a game plan is needed about what is being proposed.

The increase in capital requests was then discussed. Council reviewed the capital items presented by the Parks and Recreation Director in terms of wells, the volleyball court and the additional sports field. Mr. Norenberg said those items have not been fully vetted and will come back to Council for prior approval. When asked if they should be left out of the budget at this point, it was agreed to remove them.

If those items are paid from reserves, Mayor Shupe pointed out there may be other things needed this year that money could pay for, including the planning and designing of the police station or the City code review.

It was confirmed the irrigation, sports field and outdoor volleyball court would be stricken until such time a different game plan can be considered.

The parks and recreation department also has a number of grant options that should be considered when comparing to capital requests from other departments. Finance Director Portmann confirmed this is the third year the Riverwalk item was budgeted and now stands at \$150,000.

Councilman Mergner would prefer to prioritize these items versus just throwing the items out there for a yes or no answer.

Councilman Burk recommends that Mr. Dennehy look into a partnership with the school district. There is no need to build a field if it is already there. For example, the field may have a youth soccer group on Saturday morning and an adult league at the middle school. He also prefers to use parks in the downtown area versus requiring kids to cross a highway.

Council agreed to delete the three items as was discussed.

Councilwoman Peel asked where the \$25,000 will come from to pay for the renovation of the building behind the Armory. Mr. Norenberg explained that is not included at this point though that can be pulled from reserves later.

Councilman Burk feels the priority is for some use of the Armory because the residents always ask him what is going on in that building. The building near the river where parks and recreation is currently storing their equipment is appalling in his opinion. He recommends Council go out there and look at the site where Gary Emory used to sell barbeque chicken and flowers.

Mr. Norenberg explained the \$25,000 cost will basically outfit the one end of the building that had a restroom though it was capped off and fixtures removed when they exited the facility. It only needs to be secured and plumbing and HVAC added.

As he gets closer to occupying the building, he can get a firmer quote.

Councilman Burk is not completely sold on the dual containers though he feels recycling is important. He noted the ones that are being replaced though the old ones are still capable of holding trash.

Mr. Norenberg recalled that Councilwoman Peel earlier asked that Council be provided with the list of the potential sites.

Councilman Burk agreed that they look good and a lot of residents have made positive comments about them.

Mayor Shupe said that even though we are sending the recordings to the press, he recommends we send the press release outlining the capital items that have been approved, along with the pay increase and most important, that there will be no increase in taxes. In that manner, everyone will be on the same page.

Mr. Norenberg said he really appreciates the feedback and it is very helpful when Councilmembers are involved in the budget process. He encouraged them to continue to provide feedback throughout the year.

Councilman Mergner and Councilman Burk thanked the Finance Director and City Manager for their hard work. Councilman

Burk said it has been a tough year so he understands what went into this.

There being no further business, Councilman Brooks moved to adjourn the Council Meeting, seconded by Councilman Morrow. Motion carried.

The Council Budget Review Meeting was adjourned by Mayor Shupe at 7:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terri K. Hudson". The signature is written in a cursive, flowing style.

Terri K. Hudson, MMC
City Clerk/Recorder