

MILFORD CITY COUNCIL
MINUTES OF MEETING
June 5, 2017

A meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers, 201 South Walnut Street, Milford, Delaware on Monday, June 5, 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 5:35 p.m.

Finance Committee Chairman Morrow announced that Council has a challenge because of the budget. He then deferred back to Mayor Shupe.

Mayor Shupe referenced the Executive Summary that indicated an additional impact possibly in January. He recommends talking about those items and how to move forward before the actual budget is discussed this evening.

City Manager Norenberg then referenced his cover memo noting that the budget, as is being presented tonight, is balanced, due to greater efficiency and the use of more resources including purchases through cooperatives, energy efficiency improvements and several equipment replacements. The City still needs to use a \$500,000 transfer from the Realty Transfer Tax Fund to pay for police officers and a \$95,000 transfer from the Economic Development fund for various projects.

At the time the various City Departments submitted their requests, the budget was approximately \$150,000 out of balance. That was due in large part to the Police Department Teamsters Contract approved this past year. At that time, it was made clear the contract would have a budgetary impact for fiscal year 2017-2018. At that point, there was no decision by Council to cover those costs though they have been working on the gap created by the police salaries and related expenses.

As a result, Mr. Norenberg explained a number of things were trimmed and a few recommended expenses delayed in order to balance the budget that is being presented this evening.

The City Manager explained we have been on a fiscal year cycle for healthcare as long as the City has been part of the State's healthcare system. The State has presently postponed any increases in healthcare costs until January 2018.

The State of Delaware has also reduced the number of healthcare plans an employee may choose from seven to four as a cost containment measure.

City Council also approved a classification compensation study last year that is nearing completion. The recommendations are expected within the next few years with some current and future costs anticipated.

Last year, Council approved an additional year (fourth year) be added to the three-year Police Contract which was nearing its completion. The fourth year begins July 1, 2017 and negotiations will begin no later than October 1, 2017 though the City Manager recommends starting this summer in order to provide a good sense of the financial impact later this year.

The City Solicitor, City Clerk and City Manager have identified some needs for a legal review and update of the City Code. He noted there are a number of items out of date and in fact, when the Charter was submitted, the State's legal counsel pointed out two areas that were incorrect because of some reconciliation issues in the past.

The contract in the amount of \$875,000 to purchase the Growmark Property for the new police station was recently signed.

The next step will be the due diligence Phase I soil analysis and planning and those costs will also need to be considered.

Rather than recommend a tax increase this summer and next summer, Mr. Norenberg suggesting postponing any action until midyear and consider a one-time increase to cover the budget for the remainder of this fiscal year and next year.

He noted that the balanced budget already includes a 3% increase for non-union employees which mimics the wage increase approved in the current police contract. It also includes a number of capital equipment and repairs. A number of capital projects are shown in the budget though not prepared to move forward. Parks and Recreation Director Brad Dennehy will talk about the majority of those requests when his budget is reviewed.

Other needs that are not in the budget include Execu-time and Cognos software, renovations for the garage at the Armory as requested by parks and recreation and facility improvements at public works.

Finance Director Portmann summarized the budget stating that the budget does include a 3% increase to the general fund. Last year, the general fund actually went down 3% and this takes us to where we were in the previous year because of the increase in capital requests.

Mr. Portmann reported there are no proposed increases to water, sewer and trash services. Electric has a .44% change though overall there is a negligible impact across the board.

Councilman Brooks asked if a referendum is planned soon for the new Police Station. Police Committee Chairman Burk said a Police Committee Meeting is planned after the June 12th Council Meeting to get the most recent update.

Councilman Brooks said he wants to make sure the people want it and that they understand the impact of an approved referendum before they see that increase in taxes. Councilman Burk said he is on the same page.

Mayor Shupe said he is not convinced the only way to achieve some of the items earmarked for January is through a budget increase. He understands that healthcare is an unknown, but he feels the State will be looking at increasing their employees' premiums and something that Council may want to discuss as well. Councilman Burk agreed and referenced the comparison other municipal and county employees pay.

The Mayor is aware the City's Compensation Study is underway and no one wants to commit to the wage adjustment. However, the City continues to provide 2 to 3% increases each a year and a benefit plan that most people feel is a Cadillac plan. He recommends looking at how we are going to look at that and whether that should increase property taxes.

Councilwoman Peel echoes those sentiments and thinks if we are taxing people who are not getting a wage increase in the current budget climate, we need to consider those residents who will be paying for someone else's increase. Councilman Burk pointed out that it especially involves someone who is paying a much higher premium on their health insurance. He said his employer decided to raise the premiums and his premium is much higher than what Milford's employees pay and approximately \$560 a month for a family and Milford employees pay less than \$200.

Council pointed out that Milford has given wage increases to its employees every year and most employers have given nothing for a number of years. Councilman Morrow agreed stating that includes businesses in the private sector with Seawatch being one. He understands they need to be competitive but feels that is one area that needs to be considered because in his opinion, Milford appears to be on the rich side in comparison.

Councilman Brooks said he represents a lot of people on Social Security and they have not had a pay raise over the last four years; this year they only got 0.25 of 1% increase. Councilman Burk stated that is correct.

Councilman Brooks said with that increase, they end up bringing less home a month because Medicare was raised. He feels the citizens in the City of Milford cannot afford any tax increase considering these other issues.

Mayor Shupe and Councilman Burk both feel our residents will see a tax increase also at the State level on the school district

side.

Mayor Shupe then asked if there is another way to pay for the legal review and planning and design of the new station through cut or money paid out of general reserves to avoid a tax increase.

Councilman Campbell asked the status of the uncollected tax situation; he feels that will be a hot issue when a tax increase is presented to our residents. Mr. Norenberg explained the State Senate has a committee hearing on the City Charter this week. Prior to that, the Solicitor, City Clerk and he will be meeting tomorrow to prepare for that hearing. He believes that will proceed and he plans to keep Council posted.

Councilman Campbell expressed concern that the number of property owners who have not paid their taxes will continue to be delinquent, while others who pay on time will be required to pay any increase to make up for the deficit. Mayor Shupe agreed adding that is the reason the new Charter adoption will provide an easier way to collect taxes.

Councilman Brooks emphasized that we should never have gotten to the point that so many property owners owed the amount of taxes they did without being penalized over those years. Someone should have told Council that there was a problem with delinquent taxes over the past twenty or so years. He said that two people knew about it without either saying word.

Councilwoman Peel said it is her opinion that we frame the conversation as if we weren't going to make a tax increase to see what the options are. She prefers to look at areas that can be cut.

Councilman Burk said he is concerned moving forward especially when we go to referendum for a new police station which is going to require a tax increase. He said good luck with that though he does not believe we will get both.

Mayor Shupe noted that the school is actually having a discussion with the public about what they believe will shake out with the State's decision about putting more costs on the school districts. As a result, Council will have more information about what is going to happen there though they will not know 100%.

Councilman Burk said he was at the last Delaware League Meeting and those present were told to block out June 30th to get as many people at Legislative Hall to consider the late night budget hearings though he is unsure if strength in numbers will fix it this year.

City Manager Norenberg stated that at the League Affairs Committee this afternoon, it was indicated there are a surprising number of bills being considered that local governments needed to keep their eyes on. The June 22nd League Dinner meeting will be solely focused on budget and legislative affairs. There are some major concerns about where the State budget is going with the budget and a concern about Community Transportation Funds.

He is pleased Mayor Shupe asked to have this conversation early and the reason he wanted Council to be made aware of the issues that they will be facing and not do what the State has done in terms of postponing critical decisions.

Mayor Shupe asked if we have a ballpark figure of the five items in question. Mr. Norenberg said he can only speculate on the union matter when he discusses it later with Council during the Executive Session. The legal review is anticipated to be \$25,000 to \$35,000. Now that the contract for the site of the new Police Department is officially signed, the actual design for the site and plan for the Phase I analysis will affect future development costs.

He also provided some recommended engineering consulting firms for Chief Brown to consider.

Councilman Morrow feels we need to look at the budget with the numbers that are already in place. When these items are more urgent, they can be addressed at that time.

Mayor Shupe agrees adding he likes more options than just a tax increase. Councilman Morrow also agreed.

Mr. Norenberg is working with some other municipalities about the possibility of forming a separate consortium that could

be an alternative for health care though that will take at least a year or two. He is hoping to get more information this week.

One of the other things that limits changing the premium, is language in the Police Department Collective Bargaining Agreement that says that new hires after July 1, 2012 can have increases in their healthcare costs similar to those of other employees but only up to 15%.

Councilwoman Peel then asked about the increased cost to the pay adjustments based on the classification study that is being done. She said those are not necessarily promised and are only projected. Mr. Norenberg explained it is a market study though it is still not complete. They have looked at all the job descriptions with comparable organizations. Some of the comparability relates with private sector or non-city positions. However, they have considered all the cities in Delaware that may be comparable as well as some in Maryland and other private utilities.

The City Manager reported it is 60% completed. The job descriptions have been analyzed and benchmark data provided in relation to the electric employees only. Last year a similar study was done for the police department and one had not been done for the balance of the City employees in almost ten years. During last year's budget, there were a number of Department Heads recommending salary adjustments.

Mr. Norenberg recommended not only adjusting a few and instead felt a proper analysis was needed.

Councilmember Peel stressed that her point is that a study can be done and compared it to teachers' salaries and the disparity of what they are paid because there the money is just not available. She emphasized the need to balance that with what is actually available fiscally. She pointed out this is only a projection and recommendation, but there is no requirement to meet it in the budget.

Mr. Norenberg said that will depend on what the Councils' public policy priorities are. If the City is unable to afford it, we cannot afford it; if we want to phase it in over a period of time, that can also be considered. However, they are speculating some employees may be exactly where they need to be and some may be over and some under. The consultant will provide a full presentation within the next couple of months.

Councilman Brooks asked how often a study is needed; Mr. Norenberg said he is unsure of the benchmark but in his opinion ten years is well over the time needed for such a comparison. Councilman Brooks said he thinks a study has been done since that time. Councilman Morrow said he thought it was five years and asked the City Clerk.

Ms. Hudson confirmed the last complete citywide salary and classification study was completed and presented by Hendricks and Associates in 2008 under the direction of City Manager David Baird.

Milford Museum

Executive Director Claudia Furnish Leister submitted the following request:

Ms. Leister informed Council the museum has had more than 1,000 visitors since January and their normal visitation is about 3,000 people per year. Of the 1,000 visitors this year, fourteen have been from different states and another country (England). She feels the museum provides a wonderful opportunity to the public and believes that visitation and tourism is very important for Milford.

She feels the museum shares Milford story with new people moving to the area, with school groups and visitors. The Executive Director also noted that the building is owned by the Department of State and any repairs are paid by the State of Delaware, not the City of Milford.

She also pointed out they are a legal commission of the City. She then referenced the following written request:

During the past thirty years the Milford Museum has grown from a well-meaning amateur operated museum attracting a few hundred visitors a year to a professionally managed and widely respected cultural center for Milford. In

2016 the museum attracted over 3,000 visitors and held numerous educational events for the community.

In 2011 the Board of Directors raised funding to hire a full-time Executive Director with extensive museum background. That was the start of a steady rise in collection management, exhibit quality, community outreach and involvement. Over 11,000 items have been cataloged and preserved. Only a fraction of our historic collection can be displayed.

The current facility, although historic, is too small for the expanding collections and outreach mission of the museum. Due to the layout of the building there is no space for public gatherings or presentations and all available spaces are filled with exhibits. There are also restroom facilities that meet the standards of the Americans with Disabilities Act.

The time has come to add an addition to the current space so the museum can continue to support the community. During this past year, our local Senator and Representatives were able to obtain \$10,000 from the Bond Bill for a Feasibility Study to attach a 22 x 25-foot addition to the current building. It is understood that it may take several years before we can gather enough funds through grants and public support, however we would like to inform our donors that we have the City's support in this project.

The Board of the Milford Museum would like to request that the City increase our funding from \$26,000 to \$30,000 a year. We have been at the current level of funding for the past five years. In order not to lose our momentum we need this small increase to help support the increased costs of utilities, collections care, new exhibits, publicity, advertising, grant writing, etc. Any additional amount will assist us with the ability to move forward ensuring our relevance to a progressive Milford.

She stated that she understands this is a year not to be asking for money from neither the State nor the City. If it stays the same, she is understanding of that.

Ms. Leister invited Council to visit the museum emphasizing its importance to the City. She referenced the need for an addition to the building. Representative Harvey Kenton was able to acquire \$10,000 in funding from the State to do a feasibility study which resulted in an estimated \$400,000 to \$500,000 addition.

It was confirmed that she has not yet approached the civic organizations for funding. They are able to rent a room at Milford Public Library and Dave Kenton is allowing them to use the Century Club for meetings there though it is not the same as having people come into the building to see the exhibits.

Carlisle Fire Company

President Kevin Donovan submitted the following request:

I want to first apologize for the delayed response regarding the budgetary needs of the Carlisle Fire Company; however, I was making an honest attempt to compile the necessary information from our Company's Finance Chairperson and Treasurer to provide an accurate account to you and your constituents. Without making any additional excuses for the delayed communications, for as long as my memory serves me, I can remember the Carlisle Fire Company receiving approximately \$140,000 from the City of Milford each budget year. This funding of \$140,000 has been of great service to the department as it services a wide variety of resources within the department that is utilized internally and externally for the benefit of those we serve.

In addition to salaries and other employment costs (OECs), we utilize these funds to assist in daily operating and maintenance expenses to our current facility, emergency purchases, and to add to our current contingency as financial reserves. As the \$140,000 is an important part of the Carlisle Fire Company's budget, I would like to one day chat with you regarding a future increase to roughly \$150,000 to compensate for the cost of living increases that we have experienced over the last five years.

Again, I thank you for taking the time to reach out to me and my organization at such a time when the State and City are experiencing budgetary constraints but we are confident that we can properly utilize these funds to the benefit of the organization and the Milford community.

Mr. Norenberg offered to invite President Donovan to speak either tomorrow evening or June 12th when Council will be considering the budget.

When asked if the money provided pays for certain items or is it a contribution, Mr. Norenberg explained this is a transfer to the fire company. There are also funds collected through the building process that is equivalent to an impact fee that can be used for capital needs. Last year, approximately \$60,000 was provided to assist with their garage project. This money is used for their day to day expenses.

It was noted that since 2010, they have been given \$140,000 each year; prior to that, specific requests for items were made that City Council approved.

Councilwoman Peel asked if the City is aware of what the money is being spent on; Mr. Norenberg referred to the email stating that *“with salaries and other employment costs making up about 70 percent of the department's budget and rising each year it is imperative that we secure these funds to provide adequate EMS/Fire coverage to the citizens within the City of Milford on a 24/7 basis around the clock.”*

Councilman Morrow said that he and Councilman Brooks recall when the City didn't charge for electric or paid their electric bill and gave them a small donation. Then it became a dollar amount donation for operations. He said then there were five or so items and recalled the City purchasing a ladder truck.

Councilwoman Peel said she can understand capital because that is tangible and we can see it. But this is vague in her opinion.

Mr. Portmann recalled the City providing a \$40,000 donation annually for a number of years. They then asked for help with some capital needs and assistance with a new truck. He recalled the City committing to \$125,000 for three years toward its cost. Some of that paid for electric and paramedics, in addition to capital items.

Councilwoman Peel asked if they have anyone with full-time positions; Mr. Portmann said paramedics. Councilman Morrow said they have four or so paramedics, a secretary and a couple dispatchers who are all full-time.

Councilwoman Peel prefers to have a salary breakdown of each job and thinks someone needs to come before Council to explain those positions and associated costs.

Councilman Burk asked how much the people that live in Carlisle's fire district who live outside the City contribute; he also asked how much it has increased over the past ten years because the fire company is now asking for an extra \$10,000 though it is for public safety.

Councilman Morrow does not feel it is paying their salaries and instead this is a donation. Councilwoman Peel said that the memo states *“In addition to salaries and other employment costs (OECs), we utilize these funds to assist in daily operating.”*

Councilwoman Peel wants more information and Councilman Morrow asked that they be here at the next meeting. Councilwoman Peel also recommends they provide information on other funding sources.

Councilman Campbell suggested they provide a report that will show where the funds are being used.

Mr. Norenberg stated that he will ask the President to attend the June 12th Council Meeting to answer those questions.

Councilman Morrow reported that they receive their money from three major funding sources—the State of Delaware, City of Milford and private donations. They may also get funding from the federal government.

Because the equipment is expensive, Councilwoman Peels understands that if it is a capital cost, but this email does not share enough information; Councilman Brooks agreed.

Revenues

Finance Director Portmann referenced the general fund capital reserves of \$720,000, which is a \$200,000 increase from

previous years for general fund capital coming from the reserve account. The reserve account has about \$1.8 million and this will reduce that to a little more than \$1 million.

The items requested to be paid are:

Streets-	
Warehouse Shelving	\$25,000
Asphalt Spray-Patch Machine	\$60,000
½ Street Sweeper	\$145,000
Curb Replacement-SE 2 nd Street	\$35,000
Paving-North McColley Street	\$95,000
Total Streets-	\$510,000

Parks & Recreation-	
Riverwalk Decking	\$50,000
Irrigation @ Tony Silicato Park	\$100,000
Additional Sports Field at TS Park	\$50,000
Outdoor Volleyball at TS Park	\$10,000
Total Parks & Recreation-	\$210,000

Mr. Portmann noted that Council will see these items in the street and parks and recreation budgets.

He then referred to the \$95,000 for economic development, \$40,000 for Downtown Milford, Incorporated (DMI) which is the fifth year of a five-year contract, \$5,000 for economic development expenses and \$50,000 for the M&T parking lot improvements.

The current property rate is not increasing and remains at 46 cents. There is a slight increase in the amount collected which is mainly attributed to farmlands that were previously not taxed and are now subdivided and receiving tax bills.

The Finance Director provided a handout showing the previous prior year balances and an estimate of the next five years. He feels the funding is in decent shape as long as the State does not reduce our percentage. This year \$886,328 was received.

Police fines have not met the estimated number in recent years and were reduced to \$110,000.

The School Resource Officers' funding increased from \$150,000 to \$177,750. The State of Delaware is still paying \$150,000 and \$27,750 came in during the first year when the school paid for all three officers. The money left over was added to pay the \$177,750 needed for the actual costs of two officers.

Mr. Portmann informed Council there is no change in the tower leases, Chesapeake Gas or the CATV Franchise. Overall there is very little change in revenues.

The interdepartmental revenues were changed by 3% to reflect the overall 3% increase in wages.

In addition there is no change to the electric transfer of \$2.5 million.

Council then continued with a review of the following departments:

Planning Department

*Reduction in Salary & Wages due to utilization of Personnel \$117,490 to \$87,850.

Planner Rob Pierce explained that three-quarters of the job duties of the administrative assistant/permit technician position are related to licensing and building permits. Those costs were transferred into the enforcement/inspections budget and the

reason for the decrease in the salary and benefit line items.

- *Contract services reduced from \$30,000 to zero
- *Legal services increased from \$15,000 to \$20,000

Mr. Pierce explained that his department has transferred money at the end of every budget year to cover the legal expenses from other line items. Because he handles the economic development duties, he does not want money transferred from the economic development fund to pay for the solicitor's review of contracts. The increase in economic development activities and planning and zoning applications has created that need.

Councilman Morrow pointed out those fees are recovered by the developer. Mr. Pierce explained that the majority of legal and engineering services are reimbursed but not 100%.

Councilman Mergner arrived at this time.

Mr. Portmann confirmed the money goes back into the line items. When the engineering or legal services are billed, that reduces his expenses and ultimately keeps those costs down. He emphasized that 100% of those services are collected and there are a number of items paid from the budget as an expenditure and not a reimbursement.

Councilman Burk asked how much of the budgeted amount was used for training and noted that Council recently approved transferring money from training into the legal fund. Mr. Pierce explained it was transferred from the enforcement and inspection's department. Of the \$5,000 budgeted, a little more than \$3,000 was used and the reason that line item was reduced.

Most of the planning training budget was increased for additional training for the administrative assistant/permit technician and himself.

- *Copier line item added-\$3,000

Mr. Pierce explained a new copier was needed for use by the planning and code/inspection departments downstairs. The individual printers/scanners will be phased out and a central unit used by all staff in an attempt to reduce costs.

Councilman Burk asked if a new copier is really needed this year; he feels that amount could be used in another area this year versus spending \$3,500 on a new copier.

City Manager Norenberg informed Council we will be leasing the copier and saving money due to the replacement of the ten-year-old copier being used by the administration. That has an extremely expensive maintenance service contract which can be eliminated. Costs will be reduced in a couple areas as a result of a State contract. The new copies will actually provide more services at the same price. In addition, cheaper paper can be used due to the old copier requiring a heavier grade.

Councilman Burk liked that idea because every time a handout is distributed, he and Councilwoman Peel cringe as a result of the high-quality paper that is used by the City.

- *Software Maintenance added-\$4,000

The planning department pays one-quarter (\$3,000) for the Esri (GIS) Software Licensing Agreement and water/sewer/electric share the remaining costs. The first year, a grant covered 100% of the implementation of the Esri hardware and software. In addition, there are miscellaneous costs involving security and protection software. In previous years, the miscellaneous software update fees were paid from various budget items.

When the additional code official costs were backed out of last year's budget, there was a zero net increase in this budget the past two years.

Code Enforcement and Inspections

- *Salaries & Wages decreased to \$86,950
- *Contract Services added-\$72,000

Mr. Portmann reported that though 75% of the costs of the new position were added to this department, another full-time position (building inspector) was eliminated and associated services, outsourced out through a private inspection agency at an estimated cost of \$40,000. Mr. Pierce explained that instead of adding another position for the rental inspection program, he is also considering outsourcing that work at a cost of \$30,000 which is a substantial savings in comparison.

- *Training reduced from \$5,000 to \$2,000 due to lesser employees
- *Computer reduced from \$2,000 to zero
- *Demolitions reduced from \$16,000 to zero because that line item has not been used the past two years.

The Finance Director recommends that should any demolitions be needed, Mr. Pierce return to Council at that time to prevent adding it to the budget and knocking out another program that may be critical at this point.

Parks and Recreation

- *Salaries & Wages increased as a result of 3% pay increase.
- *Overtime added-\$2,500

Parks and Recreation Director Brad Dennehy explained that the Park Technician was a \$25,000 salaried position. With the restructuring that happened in his department late this past year due to the Obama salary/overtime rule, this position was changed to an hourly position. It remains at \$25,000 a year though overtime must now be paid for festivals and other events. As a result, \$2,500 was added which calculates to \$28,000 though that only applies to one person.

- *Maintenance & Repair of Building increased by \$4,000 to \$25,000

Mr. Dennehy explained the building is approximately 25 years old and when City Manager Hans Medlarz was hired, he approved roof repairs and interior painting. The exterior now needs to be painted and the HVAC unit needs replacing. In addition to several miscellaneous items including double doors. New floors are also planned for the bathrooms.

- *Advertising & Printing increased by \$2,000

The P&R Director recalled hiring a designer/consultant for a new brochure. The brochure was changed from a single black and white document to new shiny brochures that contain photos and a new logo.

- *Boys and Girls Club Rental increased from \$32,000 to \$33,000

Mr. Dennehy explained this is the last year of a five-year contract that covers the cost of using the gymnasium throughout the year. He pointed out Parks and Recreation has had a strong basketball program for many years and pointed out that three Councilmembers have children in that program.

A pool rental was included in the contract though Park and Recreation though they no longer have a swimming program.

He needs to sit down and evaluate exactly how many hours his department uses the gymnasium to determine whether it is money well spent while considering other alternatives.

Councilman Brooks recalled the City contributing \$750,000 to build the new Boys and Girls Club in addition to the land at the business park.

Councilman Burk informed Council that Mr. Dennehy told him he needed one or two new computers this year; Mr. Dennehy explained that two employees need new computers. One is a Park Superintendent who works out of one of their satellite buildings on Mill Street and is still using Carroll Jesters' laptop who retired in 2009. The same situation applies to Recreation Supervisor Keith Short. Though they normally replace one a year, this year he needs two new computers.

- *Employee Benefits increased from \$156,760 to \$176,015
- *Overall total increased from \$873,005 to \$920,135
- *Telephone increased from \$900 to \$1,500

Mr. Portmann then asked the Director to comment on the big items included in his capital request:

\$40,000 Equipment
\$210,000 Parks

Mr. Dennehy explained that the pickup truck used for snow removal, currently has 115,000 miles and needs to be replaced. The intent is to purchase a cab and a half 3/4 ton pickup with the plow package for an estimated \$40,000.

For the last two years, there has been \$50,000 earmarked for the replacement of the Riverwalk decking. Previous City Manager Hans Medlarz had a theory about removing the boards, using a power planer on them, and reinstalling them upside down. Mr. Dennehy was never in favor of that and feels they need to be removed and replaced with an artificial type composite deck board that will last for the next twenty plus years. The project cost is between \$300,000 and \$400,000.

There was \$100,000 allocated the past two years. Another \$50,000 in FY18 will provide \$150,000. Last week, he submitted a DNREC grant that will require a matching grant of \$150,000 for a total of \$300,000. City Manager Norenberg had suggested applying for some legislative money in the amount of \$100,000 which would provide the \$400,000 needed to complete the project.

In addition to the \$50,000, Mr. Dennehy wants to develop another soccer field. He reported that the Tony Silicato Memorial Park fields are currently under utilized though that would provide an ideal location for a new field. He is requesting another \$50,000 for the new soccer field.

He also suggests a well be installed. Currently they are spending \$10,000 to irrigate the fields at the Tony Silicato Memorial Park. About \$100,000 has been spent using treated water over the past ten years and the reason he is asking to install a six-inch well. The cost of the well is \$100,000 though it would pay for itself over the next ten years.

Mr. Dennehy is also asking for \$10,000 for a middle school volleyball program. They are willing to put together a summer training camp to create a feeder program for Milford School District. A sand volleyball court would be built that would give the kids an area to play.

Councilman Brooks recommended that Mr. Dennehy ask Dennis Silicato to contribute to the projects at the Park.

When asked if additional revenues are anticipated from the additional sports field. Mr. Dennehy explained that their department has an enterprise fund worth \$100,000. Fees paid to participate in all of their programs are put into the enterprise fund that is used for the various programs.

He feels the other field could be rented out because of the number of Hispanic groups looking for a place to play soccer. One group is currently playing in the park behind the Santa Clause house downtown. The City pays \$1,500 for lawn seed which has been destroyed as a result of its constant use. He has met with them and informed them they will need to come back and reseed it. He has also given them permission to play at the old water plant.

Though the City has over 200 acres of parkland, there are not a lot of playing fields where pickup games can be played or footballs and/or frisbees thrown.

Councilman Morrow pointed out that the fields at the old Middle School are being utilized. Mr. Dennehy said that two years or so again, there were discussions that park and recreation would inherit those fields. However, he never participated in those meetings at the time and is unable to speak for the school district. If those fields become available, parks and recreation would be willing to take them over. However, there would be an increase to his budget to maintain and irrigate them. He does agree they can be offset by the fees charged to rent them out.

Councilman Mergner feels that we could partner with the school and agree to maintain them, rent them out and use those fees for maintenance costs.

Mr. Dennehy recalled the controversy surrounding the subdivision of that property and the referendum that caused many of those plans to be revoked.

An additional item he is requesting involves the use of the garage area behind the Milford Armory. Currently they store all their trucks, trailers, lawnmowers and paddle boats in the old Growmark building across the street from the police department. The building has a leaky roof and no water, sewer or electric. In addition, Growmark is planning to rent or sell the building. He is asking to use the building which has water, sewer and electric though it has no bathrooms.

The Growmark building was used by parks and recreation in exchange for maintaining their grass.

Mr. Dennehy is asking for \$25,000 to frame up some bathrooms and add air conditioning and heat. Instead of asking for \$200,000 or \$300,000 for a new storage building, he feels that a minimal investment of \$25,000 will get the Armory operational and up and running.

City Manager Norenberg reminded Council there is a party interested in using the basement of the main building though he has not yet heard back on a draft lease. In exchange of rent, they indicated they would be willing to do a lot of renovations and repairs, in addition to covering the utility costs.

In addition, there is a group interested in launching a community garden on the site north of the parking lot.

The building will need to be secured because presently only the chain-linked fence is locked to prevent entry onto the site.

Public works will also need to relocate all the spare recycling and garbage containers that are currently stored in the building parks and recreation will be inheriting.

Mr. Norenberg noted that the \$25,000 is not currently budgeted, though he had recommended Mr. Dennehy come before Council at the time the equipment needed to be moved from Growmark.

Mr. Portmann added that in addition to the expenses to update the building, there will be an ongoing annual cost of \$7,000 for water, electric, etc.

A summary of the parks and recreation requests are as follows:

- \$40,000 Pickup Truck
- \$50,000 Riverwalk Decking
- \$50,000 Additional Soccer Field at Tony Silicato Memorial Park
- \$100,000 Irrigation Well at Tony Silicato Memorial Park
- \$10,000 Middle School Sand Volleyball Court
- \$25,000 Armory Garage Addition of Bathrooms, Heat and Air Conditioning

Police

*Cell Phone Line item reduced from \$14,500 to \$9,500.

*Special Ops Group Expense reduced from \$7,500 to \$4,000

Mr. Portmann noted that the increase in pay is the result of the approved Teamsters Contract.

Councilman Burk asked the reason for the increase in the overtime line item from FY15-16 to the current fiscal and upcoming fiscal years; Mr. Portmann explained that special duty radar was added to overtime. The \$15,000 shown in FY15-16 was transferred to the overtime line item based on how Chief Brown chose to categorize that pay.

Councilwoman Peel referenced the \$164,000 earmarked for overtime. She said it appears to be a couple officers' salaries and asked if hiring two additional officers should be considered in lieu of paying that amount of overtime.

Chief Brown said it could reduce that number; however, the department will always have overtime. When someone is out sick or on vacation, another officer is called in and paid overtime or court time. Councilwoman Peel pointed out there are separate line items for court and standby. Chief Brown explained that court standby is different than being called in to transport prisoners for court for example.

Councilman Brooks asked what is an officer on call; Chief Brown advised that an officer is paid each day to be on call and that officer receives three hours of straight time to be available.

Councilwoman Peel asked if the officer getting paid for being on standby is also being paid. Councilman Burk asked Chief to expand on that and explain what that involves because his impression is they are unable to leave the area, etc. Chief Brown said they have to be able to respond within a half hour anytime during that 24-hour time frame when extra help is needed.

Councilwoman Peel asked if they get paid even if they are not called in; Chief Brown stated that is correct. Councilman Mergner explained they are restricted and have to stay local and available at any moment.

City Manager Norenberg explained that a lot of the items being questioned are items that have been negotiated and are included in the union contract. If Council wants them changed, that would have to be renegotiated in the next contract.

When asked if the City still pays for school crossing guards, Chief Brown stated yes. Councilwoman Peel pointed out that comparatively, it is not as much as the school resource officers.

When Councilman Mergner asked if we are still splitting the costs for the SRO officers, Chief Brown explained that the City pays for one and the school pays for two. Mr. Portmann noted that we have one more year left the current contract in which the school contributes \$150,000 toward the cost of the two officers.

Mr. Norenberg stated that is one of several contracts including DMI and the Boys and Girls Club that.

*Police Vehicles increased from \$71,600 to \$83,340

Chief Brown reported that last year, they received a good deal on the Chevy Tahoes because the two Dodge Chargers were traded at a value of approximately \$8,000. When they changed to the Chevy Tahoe, the dealer advised that the cost of those vehicles would increase \$5,000 to \$6,000 the following year though that may have occurred last year as well.

This year the dealer was only willing to give them a \$1,000 and \$2,000 trade in so instead, they opted to sell them outright. Chief Brown anticipates receiving \$5,000 to \$6,000 from an online sale.

Councilman Brooks asked if Chief Brown is still purchasing vehicles through the State; Chief Brown confirmed they are.

Chief Brown is also using their Sussex County grant money to pay for the \$20,500 Taser Body Camera project annual payment as was indicated at the time of purchase.

Councilwoman Peel then confirmed that most of the salary-related items cannot be considered because they have been negotiated.

It was noted that the Parks and Recreation budget took twice as long as the police because they were asking for more than \$200,000 in additional items.

Finance and IT

*Contract Services-Tax Assessor added-\$16,100

*CAMA Tax Software added-\$7,000

Mr. Portmann noted that the only changes are the above items requested by the City Manager because the finance department is taking a more active role in this area. Prior to that, the previous City Managers were hands on with property taxes.

IT Department

*Salaries & Wages increased from \$107,310 to \$114,995

*Training increased by \$1,400

*Telephone doubled from \$300 to \$600

The salary increase is due to an additional one-day every two-week pay period for the secondary IT person. He presently works three days a week though they are trying to get him more hours which works out to only one additional day every payroll.

Councilman Burk asked if the reason that was added is because we are worried he will leave; Mr. Portmann said that is a concern though ultimately he will replace the IT Manager when he retires. Councilman Burk feels that is a concern because he was informed of the number of hours he would be working at the time he was hired. He wants to keep our employees happy but does not believe in leaving anything on the table this year.

When asked that cost, Mr. Portmann said the associated increase is \$3,000.

Councilman Burk asked if the part-time IT person is part of the job classification study; Mr. Norenberg said we are only reviewing the full-time position which is being looked at very carefully in lieu of his impending retirement though no date has been announced yet.

Councilman Burk asked what kind of training is being provided to the part-time person; Mr. Portmann noted the increase of \$1,400 for the additional schooling that will occur this month for the first time since he was hired by Milford.

Mr. Norenberg added there is a fair amount of training and user groups our employees participate in. Most have been involved for many years and are experts in their fields. There is at least one session that both IT employees will attend to cover bases and exchange information as is required.

When asked about the increase in phones, Mr. Portmann explained that in the IT department, it is co-shared in city halls' overall building costs. Phones are now being identified by each department as will be seen in the city hall cost allocation. Overall, there are savings in the end.

*Capital Equipment increase from \$55,000 to \$63,000

This increase is due to the request for a \$35,000 AS400 Server (main server) which is replaced every five years. The old server is downgraded as a secondary server to allow them to mirror one another. The ten-year-old server will be removed.

Also included is a \$20,000 male server and an \$8,000 NAS (network-attached) server.

City Administration

*Salaries & Wages increased from \$320,220 to \$341,865

*Contract Services increased to \$25,000

Salaries increased with a personnel move from the planning department to administration though it also includes the pay increase.

The tax assessor and CAMA software line items reflect the move from administration to the finance budget.

The contract services cover the cost of the half-time intern shared with Rehoboth Beach. Mr. Norenberg reports that he will actually be hired by Rehoboth Beach and Milford will pay their share through a contract agreement.

Mr. Burk asked the benefit of the \$25,000 and whether this will save the City money. Mr. Norenberg said there are a number of projects that will be assigned to the intern. He will be helping with the strategic planning process, code updates and we may also be able to avoid contracting out some items as has been done in the past. He expects most projects will be policies and procedures as he works for both cities.

The City Manager will provide a better idea after he meets with the Rehoboth Beach City Manager on Tuesday.

Mr. Burk expressed concern we are asking our citizens to pay a tax increase and perhaps we should be asking our employees to pay a greater share of their healthcare. On the other hand, we are bringing in an intern at a cost of \$25,000. He wants to make sure we are getting the most bang for our buck. He reiterated that everything is on the table this year. Rehoboth, in his opinion, is a completely different situation than Milford. The average income is higher and property values are higher than Milford. They also have other streams of revenues that Milford does not have. Bottom line is, Milford is not Rehoboth Beach.

Mr. Norenberg explained this is a new concept to Delaware and the first time any city has brought in the Local Government Management Fellow Program. They agreed it was best to share half the potential expenses which is much less than bringing on a full-time fellow. If successful, they can either keep the fellow for another year or bring in a new fellow. If Council does not feel it is a successful program, we thank the intern and not proceed with any additional funding.

Councilwoman Peel confirmed the 3% increase is included in this budget; she then asked if that is only proposed and not guaranteed. Mr. Norenberg reiterated it is budgeted and at the end of tomorrow night, if Council wishes to go in a different direction, that can be discussed.

Mr. Portmann explained that the police have a 3% increase in their union contract which is guaranteed though citywide it is not. Councilwoman Peel asked about incremental increases up to 3% and the cost different if 2 or 2.5% were given instead.

He stated that every 1% of the general fund is \$15,000, not including the police union contract. The total of the 3% is \$45,000 on the general fund, exclusive of the Teamsters.

The overall city administrative budget was reduced from \$721,025 to \$634,470.

Council

*City Hall Building Expense decreased from \$17,950 to \$15,000

Mr. Portmann reported that the liability insurance numbers will not be available until Wednesday because we have not received our re-biddded insurances. However, there is a small increase indicated as is expected. Those numbers should be received before the final budget is adopted on June 12th.

*Christmas Decorations decreased from \$15,000 to \$10,000

*Council Expense increased from \$17,000 to \$20,000

Mr. Norenberg explained there are a variety of items paid from the council expense line item. They include Delaware League and SCAT dinner meetings, Police Chiefs' Conferences, Main Street Conferences, recognition, flowers for bereavement, SCAT, Delaware League, National League of Cities and the Kent Economic Committee annual dues. The Delaware League dues alone are \$5,000 due to the increase in our population of more than 10,000.

The Fire Company, Museum and Downtown Milford Incorporated funding was then briefly reviewed.

It was noted that the historical society has questioned why the City does not provide them the same funding as the museum receives; it was noted that the City provides that organization with some in kind benefits through lawn maintenance at Parson Thorne Mansion.

The City Manager reported that the Parks and Recreation and Public Works Directors are presently reviewing the various properties and organizations that receive support such as snow plowing and landscaping though only a couple have an actual maintenance agreement. Some will be discussed as a potential cost saving measure at a later date.

Councilwoman Peel asked when DMI plans to provide a presentation in response to the goals set by the City; Mr. Norenberg explained they are still in the process of filling the director position though he believes their intent is to relaunch the recruitment. She felt they should be here at budget time to respond as the other departments/agencies have done

Councilman Burk then referred to the \$20,000 strategic plan and asked for the City Manager to explain its value. He pointed out there are a number of other cities operating without a strategic plan.

Councilman Mergner commented that from a business standpoint the plan is huge. Councilwoman Peel agreed. Councilman Mergner explained it is the game plan and playbook in moving forward. From a City standpoint, Councilman Mergner believes it will provide a blueprint for the next several years. Councilwoman Peel added that everything will be tied into the strategic plan. Eventually evaluations will be tied in and all goals established. She was shocked the City had never had one which is a little scary in her opinion.

She explained that it had to be budgeted because no one in the City has that expertise or time to dedicate to the data collection required from the stakeholders.

City Manager Norenberg explained the resident survey and comprehensive plan will both feed into the strategic plan, in addition to other plans such as the Rivertown Rebirth. That schedule was presented to City Council in April and the contract is in place. The result will be a five-year view of where the City needs to be and how to get there, with the help of the residents, employees and Council's input.

It will also provide an opportunity for Council to answer to their constituents when asked questions about specific items that are included in the budget.

Councilwoman Peel said that though it is costly, it maintains some consistency regardless of any changes with the elected officials. She feels what is happening is happening quickly and there is a need for the City to guide it properly.

Mayor Shupe agrees there are a lot of moving parts, particularly in economic development, new business and existing businesses. This will allow the City to provide a strategy to prepare for that, infrastructure, development, finance and other essential areas.

Councilman Burk said he understands the need to the \$20,000 cost though he is willing to go through each department and pull some money to fill the gaps. He emphasized there are going to be items that people will not get. As an example, if his child wants an iPad and he does not have the money, he can't simply go to this employer and ask for more money.

Councilman Brooks then referenced the resident survey that was budgeted in this current year and asked its value. Councilman Morrow stated that it is currently underway and we have not yet received the results.

Mr. Norenberg added the postcards went out today and the surveys will be mailed next week to 1,500 random residents with a proportionate number selected from each ward. The results should be received by August or September.

Councilman Brooks asked if each survey cost \$10; the City Manager explained there is a lot of analysis required to properly compare with other Cities. Mayor Shupe explained the cost for the raw materials to be mailed is not \$10. Councilman Brooks wants to know what we are going to get out of it. He said if the one thing works, something else might not. If it doesn't work, he does not think the City should waste \$20,000.

Mr. Norenberg was asked to add the need for Carlisle Fire Company to provide their current financial information and specifically disclose their other funding sources.

It was suggested they should provide a financial report to the City on a quarterly or six-month basis.

Councilwoman Peel prefers they be present to answer the questions Council has. Mr. Norenberg said he did not ask them to be present tonight though he will ask their president to provide a more formal presentation at the June 12th meeting as Council wishes.

City Hall Cost Allocation

*Building Maintenance and Repair reduced from \$15,000 to \$9,000

*Telephone reduced from \$2,500 to zero

*Overall City Hall Allocation expenses reduced from \$51,000 to \$42,600

Mr. Portmann explained the telephone costs were allocated to the various departments as was previously discussed.

*Materials and Supplies increased from \$800 to \$2,000

Councilwoman Peel asked if we can use a more standard or recycled paper. The paper currently used is what is typically purchased for formal documents like resumes.

Mr. Norenberg believes the estimate was based on daily items such as coffee and water though he will double check.

City Council Discussion and Wrap-up

When discussing the new servers being purchased, Councilman Burk asked if even though IT is not present, are there any strategies of how to save money on those line items. Councilwoman Peel suggests not printing everything.

Councilman Burk asked if IT was asked for other alternatives during the budget meetings versus simply purchasing new equipment or how we can make it work for less. He pointed out that IT people talk in a different language.

With regard to email and the possibility of switching to Gmail, Mr. Norenberg explained that many of our systems use emails as a way of communicating and connecting and Gmail does not support that. As a result, there are certain functions like the parks and recreation registration system that sends an email. Councilwoman Peel feels that their system can be updated as well though that cannot be considered this year.

Councilman Burk is having a hard time believing the AS400 is that expensive; he uses a version at his work from 1986 and a DOS-based system and emphasized this is a \$30,000 plus piece of equipment. Mr. Portmann explained they do not want to take a chance on going down because it is the backbone of the City system. The second unit is kept until it is ten years old.

Councilman Burk feels that industry-wide, all municipalities are under the gun for budget cuts. He is sure that someone has at some point come up with a creative solution. Councilman Campbell pointed out that the AS400 is very expensive. Mr. Norenberg added that as the City of Dover upgrades their system (they use the same software), we may be able to learn from them in terms of going to Cloud.

Councilman Burk reported that someone from his department was talking to Sussex County about their new system and what they were promised versus what they got. Their salesperson led them to believe it would result in a lot less man hours though that did not happen.

Mr. Norenberg informed Council that a small bill was recently introduced that could have a huge impact on cities relative to cyber security and liability should we get hacked and personal data is stolen. That is another reason to watch what we are doing on Cloud versus using our local servers.

It was agreed to talk more about the parks and recreation capital request tomorrow night.

EXECUTIVE SESSION

Councilmember Mergner moved to go into Executive Session reference below statute, seconded by Councilmember Morrow:

{Pursuant to 29 Del. C. §10004(b)(4)} Collective Bargaining Matters

Motion carried.

Mayor Shupe recessed the Council Meeting at 7:51 p.m. for the purpose as permitted by the Delaware Freedom of Information Act.

Return to Open Session

Councilmember Burk moved to return to Open Session, seconded by Councilmember Mergner. Motion carried.

City Council returned to Open Session at 8:12 p.m.

Councilman Burk moved to authorize the City Manager to act in accordance with what was presented in the Executive Session, seconded by Councilman Campbell. Motion carried.

ADJOURN

There being no further business, Councilmember Burk moved to adjourn the Council Meeting, seconded by Councilmember Mergner. Motion carried.

The Council Budget Review Meeting adjourned at 8:14 p.m.

Respectfully submitted,



Terri K. Hudson, MMC
City Clerk/Recorder