

MILFORD CITY COUNCIL  
MINUTES OF MEETING  
June 5, 2018

A meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers, 201 South Walnut Street, Milford, Delaware on Tuesday, June 5, 2018, to discuss the proposed Fiscal Year 2018-2019 City of Milford Budget.

PRESIDING: Mayor Arthur Campbell

IN ATTENDANCE: Councilpersons Christopher Mergner, Mike Boyle, Lisa Peel,  
Owen Brooks Jr, Douglas Morrow, James Starling Sr. and Katrina Wilson

STAFF: City Manager Eric Norenberg, City Clerk/Recorder Terri Hudson and  
City Accountant Suzannah Frederick and

ABSENT: Second Ward Council Seat Vacant

*Call to Order*

Mayor Campbell called the Council Meeting/Budget Hearing to order at 5:09 p.m.

*Continued Review and Discussion of Proposed City of Milford FY 2018-2019 Budget*

**ENTERPRISE FUNDS**

Public Works

Public Works Director talked about the relocation of personnel that is reflected in the budget and the increase in salary and wages. He also reminded Council that the Public Works budget also gets allocated out, based on percentage, to water, sewer, electric, solid waste and streets. The engineer, inspector and two interns were added to salary and wages and taken out of other categories. In that way, they can be disbursed more accurately among other areas.

*Expenses*

Cleaning Increase to \$32,500  
(Increased cleaning needs at the service facility with regard to cleaning and multiple office/building maintenance, still evaluating contract though a high range is reflected.

Concerns were expressed by Council with regard to need for a five-day cleaning service.

Maintenance & \$32,700 (Replacement of original analog cameras, loop detectors on gates, repair of front vents)

Repair of Building

Cell Phones \$600 Increase (Two new tablets for engineering staff)  
Legal \$1,000 (Advertising)  
Training \$1,000 Increase (Training new personnel)  
Software \$9,935 (Includes rollover from FY 17-18 of \$4,425 for new payroll software)  
Maintenance  
Copier \$2,580 Increase (new lease that is distributed among all departments)  
Uniforms \$750 Increase (Ansi Class 3 reflective, safety clothing)  
Natural \$9,000 Increase (Based on costs due to harsh winter)  
Gas  
Computers \$1,000 Increase (One replacement)  
Office \$2,900 Increase (Replace original projector and ice machine)  
Equipment  
Employee Increase (Based on reassignment of Public Works employees)  
Benefits

Distribution of allocated costs of Public Works Department is shown at bottom of budget page 28.

Water & Wastewater Divisions

*Revenues*      Slight increase reflective of new customers

Water Division

*Expenses*

Wages            Decrease (Due to reassignment of personnel to Public Works)  
Surface          \$15,000 Increase (transferred from General Fund/Street Budget)  
Restoration  
Engineering    \$15,000 Reduction (In-house Engineer)  
Water Meters   \$11,000 Increase (Smart meters and new meters)  
Chemicals      \$25,000 Decrease (Improved market prices)  
Pumps/Power   \$10,000 Increase (Based on actual costs)  
Maintenance   \$4,000 Increase (Reflection of deficit due to paying two mechanics for unforeseen circumstances)  
& Repair Vehicles  
Cell Phones    \$1,000 Increase (Data increase)  
Software       \$3,275 (GIS and asset management software previously paid by grants)  
Maintenance

*Capital*

Equipment     \$20,000 (Solar-powered variable message sign for road closings, utility work, parades, etc.)  
Vehicles       \$244,000 (Replacement of: 2005 Ford F250 Pickup, 1986 C70 Dump Truck, 2008 Ford Van)

Debt Service   Reduction from Debt Service from \$724,765 to \$329,765 (Payoff of 1992 CAB Bonds)

Ms. Frederick noted that the \$4 million 2012 Washington Street loan is an estimate of which \$1.6 million will be forgiven.

Projects        NE/NW Front Street waterline engineering & TAP Project, Smart Metering balance, SE 2<sup>nd</sup> Street utility replacements (DelDOT Paving Project), Tenth Street water treatment test well project, freeze protection upgrades Caulk & Tenth Street towers, Caulk water tower altitude valve, City-wide valve & hydrant replacement/improvements, installation of automatic blow-off valves, replacement of lead water service lines (potential grant loan);  
(2017 Carryover: Seabury Avenue aerator pump, fiber optic extension to wells, model simulator)  
(2018 Carryover: Wells 4 & 5 water treatment facility monitoring & control upgrades; Potential altitude valve for Southeast Water Tower)

The Public Works Director pointed out that because the City's population is expected to officially increase above 10,000 during the next Census, this will disqualify the City for a number of grant opportunities. As a result, there is a need to apply for what we can now.

Wastewater Department

*Expenses*

Wages            Decrease (Due to reassignment of personnel to Public Works)  
Surface          \$15,000 Increase (transferred from General Fund/Street Budget)  
Restoration  
Engineering    \$15,000 Reduction (In-house Engineer)  
Chemicals      \$25,000 Decrease (Improved market prices)

Lift Station \$15,000 Decrease (Based on current costs)

Mr. Whitfield stated that the wastewater treatment costs remain the same, though Kent County has informed the City their rate will increase next year,

Maintenance & Repair Vehicles \$4,000 Increase (Reflection of deficit due to paying two mechanics for unforeseen circumstances)

Cell Phones \$1,000 Increase (Data increase)

Software \$3,275 (GIS and asset management software previously paid by grants)

Maintenance

Materials & Supplies \$5,000 (Two handheld trimble GPS)

*Capital*

Equipment \$20,000 (Solar-powered variable message sign for road closings, utility work, parades, etc.)

Vehicles \$405,000 (Replacement of: Ford F250 Pickup, 1997 S-4 dump truck, purchase of wheeled loader in place of backhoe)

Debt Service \$250,000+ Reduction (State Revolving Fund Loan Paid in Full)

Mr. Whitfield discussed the manner in which vehicles and equipment are being sold on a competitive, government sale website.

In relation to depreciation, Mr. Whitfield explained that he created a worksheet this past year and is proposing an equipment replacement fund. That would provide for depreciation of the equipment, and that a certain amount of money is put aside each year for those replacements.

Ms. Frederick confirmed that as part of the auditing and financial purposes, depreciation is taken into account. In the meantime, that amount of money would be placed into a reserve so the funding is available when the vehicles/equipment are needed.

*Capital (continued)*

Equipment \$15,000 (Rollover from FY17; \$5,000 for a model simulator, \$10,000 fiber extension to pump station)

Projects \$20,000 (Rollover from FY18 for Lighthouse pump station fencing)

\$450,000 (Sewer pump station controls, Truitt Avenue pump station project, SCADA upgrades, I&I Investigation & Repair)

\$211,000 (Shawnee Acre Pump Station to be paid by loan; engineering to be paid by sewer reserves)

\$24,425 (SE 2<sup>nd</sup> Street utility replacements <DelDOT Paving Project>)

*Solid Waste*

*Revenues*

Ms. Frederick reported there are no reserve funds in this department. She recalled that the certificate of deposit reflected in previous budgets was used last year to pay for the additional refuse truck.

*Expenses*

Salaries & Wages \$35,000 Increase (reassignment of personnel in the Public Works Department)

Overtime \$4,000 Increase (mainly during the first part of the fiscal year; additional staff has been trained on the new truck and system. Overtime has been reduced since the new truck was put on the road)

Temp Wages \$10,000 Decrease

Vehicle Labor \$10,000 Increase (reflective of last year's wages)

Cell Phones \$12,000 Increase (purchase of tablets per vehicle for data entry)

Advertising	\$5,000 Increase (four vehicles to be wrapped with recycling ads/one time cost)
Software	\$5,500 Increase (additional navigation related to solid waste containers)
Gas & Oil	\$5,200 Increase (more routes due to doubling recycling and yard waste collection services)
Trash & Recycling	\$12,750 Increase (replacement of original containers 15-20 years old/based on condition; new containers and increase in customers)

No current capital proposed. Mr. Whitfield highly recommends a vehicle replacement plan (\$100,000 per year) in solid waste due to their vehicles being one of the most expensive in City; recommendation is to purchase a split body truck for multiple uses).

Ms. Frederick recalled the Public Works Director recommended a reserve fund be started for capital replacement. That will provide the funds in 2020 when the City needs to purchase four trucks in the amount of \$300,000. He has planned to put away money each year toward the purchase of those four trucks.

She emphasized the need for that process in all departments though the Solid Waste Department is the one of the most crucial at this point in time.

When asked by Councilman Boyle, it was confirmed there is no central purchasing office in the City, though Ms. Frederick advised that Mr. Whitfield is working on that through the restructure of Public Works. One employee is 75% Solid Waste Manager and 25% Facility Maintenance. In addition, he is working on a citywide purchasing agent though most of the City's purchasing is through the State of Delaware Procurement program.

The City Manager added that we are also taking advantage of purchasing consortiums as Councilman Mergner recommended a couple years ago. The City now has a Purchasing Procurement Policy that has required steps, based on the dollar value of the items being purchased. However, there is still work that needs to be done, particularly with contracts/agreements.

### Garage

All expenses are charged through interservice billings.

Cell Phone	\$300 Increase (data services added)
Training	\$2,000 (New mechanic on specialized equipment)
Materials & Supplies	\$1,000 Increase (based on last year's usage)
Computer	\$1,500 (New computer for mechanic)
Garage	\$10,000 Increase (Diagnostic scanners; replacement of gasoline and diesel pumps (\$50,000 borrowed from reserves and \$10,000 paid back per year for five years)

Councilman Mergner confirmed the City Mechanic is responsible for all City vehicles and equipment, including police vehicles. It was noted the big advantage is the immediate response particularly in the case of emergency situations such as police vehicles and/or storm situations. The mechanic has a maintenance schedule for all vehicles, in addition, to a review process based on fuel and reported mileage.

### Streets

#### *Expenses*

Overtime	\$10,000 Increase (Reflective of previous year)
Contract Services	\$10,000 Increase (Walnut Street bridge crossing/design/elevation/ADA compliant)
Software	\$550 Increase (Pavement Management System)
Maintenance	
Training	\$500 Increase (New employees)

Street & Road Materials \$10,000 Increase (Materials for pothole patcher)  
Sidewalks & Curbs \$20,000 Increase (Based on Proposed City Sidewalk Program)  
Transfer to Public Works \$24,000 Increase (Portion of City Engineer and Inspector costs)

*Capital*

Equipment \$70,000 Purchase of crack sealer  
Vehicles \$27,000 added to current fund for purchase of dump truck with plow/salt spreader  
Streets \$85,000 West Street Curbing Project and Northeast Front Street Parking Lot enhancements

In the capital budget for the next five years, there is approximately \$940,000 per year for Street Resurfacing and Rehabilitation. Earlier this year, it was proposed to take funds from the RTT (Real Estate Transfer Fund) to help pay for those upgrades, in addition to the annual Municipal Street Aid of \$225,000 received per year). There has been \$150,000 allocated for North Marshall Street and \$183,000 will go toward the balance of \$840,000. Any overages would be paid from the RTT.

*Electric*

Revenues \$100,000 Increase

*Expenses*

Salaries & Wages \$80,000 Increase (Reflective of union contract; increases of non-union employees)  
Contract Services \$20,000 Decrease (Unspent funds to be used for any unanticipated expenses related to Smart Metering Project)  
Legal Services \$75,000 Decrease (Bargaining agreement in place)  
Vehicle Labor \$6,000 Increase (new Mechanic)  
Rental Equipment \$2,500 Increase (Crash truck rental of \$1,000 per day required during highway maintenance)  
Insurance \$5,000 Decrease  
Cell Phone \$400 Increase (Add data services)  
Training \$2,000 Increase (New employees)  
Uniforms \$10,000 Increase (ANSI 3 safety/protective clothing)  
SCADA \$500 Increase (Upgrades)  
  
Employee Benefits \$5,100 Increase (Health plan changes)

*Capital*

Equipment \$100,000 (Wall monitoring system for SCADA and Smart Meters)  
Vehicles \$330,000 (Replacement: 2000 International line truck-\$175,000; Vermeer trencher-\$105,000; Excursion-\$50,000)  
Projects \$422,000 (Delivery 1 substation testing-\$50,000; Delivery 2 substation testing -\$75,000; Last phase of Riverwalk Pole Project-\$35,000; Traffic Signal Refurbishment at Church/Walnut/Washington Streets-\$150,000; GIS/Mapping-Smart Metering-\$40,000; Air break switch-\$72,000)

Purchase power is the same as last year (\$18,300,000) but less than FY16-17 due to decreased DEMEC rates as a result of the natural gas generators.

Very little difference in overall budget.

Impact Fee Balance     \$650,265

*Reserves*

FY19 General Fund Capital Reserves     \$500,500 (Total requested)  
FY18 Remaining Balance                     \$402938 (Moved into FY19 to complete)

Councilman Mergner noted the amount of money being spent on the Armory and asked for confirmation that a portion of it will be used by Parks and Recreation. He clarified there will be a business operating in the front portion of the building and Parks and Recreation equipment going through that site. As a result, he has some concerns related to parking and the Community Garden located there.

City Manager Norenberg stated that because Parks and Recreation was required to leave the Growmark building and the old Peninsula Oil building is no longer adequate, the refurbishment to the rear facilities at the Armory are being taken a step at a time. The intent is to have minimal traffic in and out of that site during the day to prevent conflicts.

He agrees there has not been a lot of work done to the main building and until its future is more certain, Council will continue to make decisions on those upgrades. More urgent matters, such as leaks and vandalism, are being addressed.

Councilman Mergner pointed out the amount of money being paid to the Boys and Girls Club and asked if we are getting what we signed off on in return; Mr. Norenberg stated he and Parks and Recreation Director Brad Dennehy are currently renegotiating that agreement, based on his department's current usage.

In the meantime, Mr. Dennehy is working with Milford School District to get more access to their facilities. Council will see a shift in costs as a result.

Councilwoman Peel pointed out the Armory is not ADA compliant and cannot be legally used for recreational purposes.

Mr. Norenberg also discussed some challenges for use as a rec center, particularly in the gym area. He added that the tenant interested in the building is considering some after school youth programs, including recreation and tutoring that would serve the children in that neighborhood.

Municipal Street Aid

Ms. Frederick reported the current balance is \$112,409. This fiscal year, the City hopes to receive \$226,000 from Municipal Street Aid, \$1,200 in earned interest for a total of \$346,612. Of that, \$150,000 is needed to complete the North Marshall Street project (tie into the Mispiration and McCoy Street and Riverwalk Villa projects) and \$183,000 for the Streets and Sidewalk Project. Mr. Whitfield emphasized that all three of those streets are in very bad conditional and need to be redone as was discussed when the street evaluations were presented.

The Street Resurfacing/Rehabilitation/ADA Ramps Repairs are anticipated at \$940,000 per year for the next five years, as Mr. Whitfield has discussed at several meetings. To help fund, \$183,000 will be taken from the Municipal Street Aid and \$750,000 from the RTT.

Therefore, \$226,000 will be received from Municipal Street Aid and the balance paid from the RTT fund. In that manner, the project can be completed in five years.

Mr. Whitfield compared that to spending \$1.3 million on one road this current fiscal year.

General Improvement Fund

This is similar to a revolving fund that pays for State projects according to Ms. Frederick. Once the project is complete, the City submits those invoices to DeIDOT for reimbursement.

Real Estate Transfer Tax

The RTT can only be used for public safety and capital projects. For the past ten years, there has been \$500,000, or \$5 million, transferred into the general fund to pay for a portion of police officers.

Ms. Frederick anticipates that to continue. Also proposed out of that fund are repairs to streets and sidewalks. She explained that though \$500,000 has been transferred to the police budget every year, the City has not always received that amount. From 2009 to 2015, less than \$500,000 was received annually. Fortunately, the last two years have been more profitable though it is important to remember the City is never guaranteed \$500,000 per year.

One year, only \$260,000 was received. Based on the last two years, there should be enough money to fund the police and the street/sidewalk/curb City repairs.

Economic Development Fund

Currently, there is a \$418,214 balance. Of that, the following expenses are proposed:

DMI	\$45,000	
M&T Parking Lot Improvements	\$60,426	
Economic Development Annual Expense	\$5,000	(Misc Expenses—previous years appraisals and surveying costs were paid)
TAP Project Funding Match	\$30,000	
Downtown (Arena's) Parking Lot Improvements	\$45,000	
Kent Economic Partnership	\$30,000	
Total Expenditures	\$215,426	

Summary, City Council Discussion and Wrap Up

City Manager Norenberg reminded Council the following items will need to be acted upon:

DMI	\$40,000 - \$45,000
Milford Museum	\$26,000 - \$30,000 (+ \$500 Annual Lease Fee)
Kent Economic Partnership	\$30,000

The other matter is the Carlisle Fire Company and consideration to increase the Enhancement Fund Fee and reduce the contribution paid by the General Fund to \$100,000. Mr. Norenberg explained it is important to ensure the fire company they will not be losing revenue because of the increase to the enhancement fund. Currently, it is at .25% though they are presently determining the amount needed to guarantee there is no gap.

Councilman Morrow agrees that any additional costs they encounter are the result of growth. He recalled several years ago, when our Police Chief proposed a Public Safety Development Fee that was identical to this fee. The intent was to assist with funding of the new police facility.

It was confirmed the enhancement fund can only be used for capital expenses. Councilman Morrow recommends that be combined with some sort of performance-type, tracking system, that has been absent over the years. He recommends the same criteria apply to DMI, Milford Museum and Carlisle Fire Company.

Ms. Frederick suggested asking for the fire company's profit and loss statement/income and expenses and what they are receiving and what they are spending their money on.

Councilwoman Peel agrees adding she asked for the same information from DMI. She was concerned with their increase

request was tied into a guaranteed salary increase.

Mr. Norenberg explained that the agreement will identify quarterly reports, an evaluation process and other performance measurements, which is also planned for other entities that receive taxpayer funding.

Councilwoman Wilson said this has been discussed on many occasions and recalled when the President used to come before Council and provide that information. She feels that the City was at fault for not requesting that information as was agreed with both parties at that time.

Mr. Norenberg recalled that when a structured schedule was arranged for committee meetings, there was also times to schedule a workshop when needed. He suggests identifying one of those quarterly time slots for a half hour workshop to provide time for those three organizations to report.

Councilman Morrow, stated that as Chairman of the Finance Committee, he feels there is a need for some accountability for the dollars we are providing. The numbers are already included in the budget and he would agree to moving forward and see how they perform. We can then revisit it next year.

Councilwoman Peel concurs though she prefers a quarterly report or some type of measure is needed. She feels we are asking for it, but are not there to review the performance though she does not doubt the performance. If an organization is asking for an increase in funds, they should be able to explain where the bulk of their money is going.

Ms. Frederick stated she would be happy to meet with them and discuss exactly what is being requested.

Councilman Morrow appreciates the City Manager's approach and prefers more accountability as well.

The consensus of Council was to budget each of the items the City Manager presented, with the increases as noted, subject to those agreements being signed by those parties.

Though the straight donation to the fire company would be reduced to \$100,000, the Carlisle Enhancement Fee is proposed to be increased, which would build up over time and replace the \$40,000 difference. Mr. Norenberg reported that the \$40,000 was needed to repave the parking lot later this year. There is sufficient funding in the enhancement fund when that is requested. Overtime, that would be replenished by a larger amount than the \$40,000 when that fee is increased.

Council agreed it would be the same amount regardless.

Ms. Frederick confirmed that the contribution would be \$100,000 (as reflected in the budget) and that \$40,000 be transferred from the enhancement fee at a later date.

Support for the museum would be increased to \$30,000 this year, in addition to \$500 being paid for their annual lease (per year).

The budget also has been changed to include an increase in the election budget to cover the costs of the second special election in August.

In addition, Council agreed that all three entities (fire company, museum, DMI) will be billed for trash services.

In reference to last night's question regarding credit card fees, Ms. Frederick reported that it has been a while since anyone has shopped for credit card rates though it is done on a regular basis. She learned that for a long time, AMS was Superior (premier provider) that is now Paymentus. Customer Service Manager Debbie Johnson is away at a conference and will be attending one of their training sessions so that it can be reviewed.

Mayor Campbell stated that the Police Department needs five more police officers.

It was noted that the new Police Committee has not yet discussed it. Councilman Morrow recalled the previous Committee recommended adding it as a question in the upcoming police department referendum.

Councilwoman Wilson, who is Chair of the Police Committee, feels that the new committee will be in sync with the old committee because they are in agreement the officers are needed. City Manager Norenberg said that the intent was to include it in the referendum until this point and Councilwoman Peel asked why that has changed.

Mayor Campbell is concerned because of the problems associated with the previous school referendum and what would happen if the police department referendum fail. His worry is that it may take another five years or so to have a successful election. He bases his opinion of residents he spoke with when he was going door-to-door before the election.

Councilman Morrow said the option is to transfer more money from the Real Estate Transfer Fund (RTT) to fund them. Mayor Campbell said he talked with Chief Brown who has since changed his mind and now prefers five officers.

Councilwoman Wilson asked where all the officers will be housed, particularly when five more are hired.

Mayor Campbell explained that each officer's salary and benefits are \$85,000 or five at \$425,000. He feels money should be taken from the RTT fund to cover those costs. He said we need the police officers because population is increasing and crime is rising.

Ms. Frederick pointed out that taking out \$700,000 for the street repair will deplete the RTT fund adding that police are a general fund expense.

Councilman Starling suggests the Police Committee and Mayor Campbell get together and discuss it, because it has been talked about many times. He believes it is important for everyone to be on the same accord.

Councilman Morrow said in order to add police, the only way it can be funded is to increase property taxes or transfer funds from the RTT.

Mayor Campbell does not want to raise taxes. Councilman Morrow pointed out that we also don't want to take it out of the RTT, so we cannot hire five officers. When Jamie Burk was Chairman of the Police Committee, he wanted it added to the police referendum.

Mayor Campbell said that is another issue because we have no date and five officers are needed now because the training academy that starts soon. Otherwise, they will not get trained until next year.

Councilman Mergner recommends that instead of hiring five at this point, perhaps we can handle the funding for one or two officers this year. That will help until the funding for the additional officers can be worked out.

City Manager Norenberg suggested holding a Police Committee meeting prior to the Council meeting on June 25<sup>th</sup>. We need Chief Brown's input in this matter and in terms of options for funding, it sounds like Council wants some money pulled from reserve funds. That can be considered and voted on.

Council was also reminded that the City is currently negotiating the Teamsters contract, after which there will be expenses associated with that. However, it may take another couple months before that can be ratified and acceptable to both City Council and the Teamsters.

The City Manager recommends the Police Committee meet as soon as possible to discuss.

Councilman Brooks informed Council there are four shifts and the plan is to put one officer on each shift which is four. Ms. Frederick agreed but noted they actually want four officers and one detective.

Councilman Mergner agreed though he is trying to find a way to get this moving quickly. Councilman Brooks said Milford has more complaints than any other police department in the state. Chief Brown brought those numbers to the Police Committee and told them they are busier than anyone and need those police officers now.

Ms. Frederick asked if there are any additional questions or concerns on the budget so that she can finalize it and present it next Monday night, besides the five officers.

City Manager Norenberg recalled that the only two suggestions up to this point have been to pull from two different reserve funds adding that those monies can be pulled at anytime during the year. However, he recommends Chief Brown be in attendance and reminded them that any Councilmember is able to attend the Police Committee meeting.

Sustainable funding was then discussed and Ms. Frederick recalled addressing Council about the hiring at which time she provided a spreadsheet showing the tax impact per officer (salary, benefits and pension costs). Council agreed there is a need to ensure those costs can be paid in the future, versus depleting any reserve fund.

Councilman Brooks pointed out that Georgetown had 100 police applicants which was reduced to 20. Georgetown says it is hard to find police officers.

There being no further business, Councilwoman Peel moved to adjourn the budget meeting, seconded by Councilman Boyle. Motion carried.

Mayor Campbell adjourned the Budget Meeting at 7:24 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terri K. Hudson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Terri K. Hudson, MMC  
City Clerk/Recorder