

CITY OF MILFORD
COUNCIL WORKSHOP MINUTES
March 23, 2022

The City Council of the City of Milford convened in a Workshop Session on Wednesday, March 23, 2022, beginning at 6:10 p.m.

PRESIDING: Mayor Archie Campbell

IN ATTENDANCE: Councilpersons Daniel Marabello, Mike Boyle, Andrew Fulton, Todd Culotta, Brian Baer, Nirmala Samaroo, Jason James Sr., and Katrina Wilson

STAFF: City Manager Mark Whitfield and City Clerk Terri Hudson

COUNSEL: Solicitor David Rutt, Esquire

Per the Limited Public Health Emergency Declaration issued by Governor John Carney on March 1, 2022, and the virtual meeting provisions provided in Senate Bill 94, Milford City Council Meetings and Workshops were held in the Council Chambers at City Hall though attendees were able to participate virtually.

The stand-alone executive session, added to the workshop agenda on Monday, March 21, 2022, as approved by the City Solicitor, and erroneously removed by the City Clerk, and moved to the March 28th meeting agenda, due to her misconception City Council required a motion to go into executive session.

WIIN Presentation

Danielle Swallow of Delaware Sea Grant, a program at the University of Delaware in Lewes, was present on behalf of the WIIN Coalition to discuss their progress. Slaughter Beach Mayor Kathy Lock and Vice Mayor Bob Wood were also in attendance.

Ms. Swallow provided the following report:

The WIIN group is known as a waterways, infrastructure, and investment network and was formed to help the City of Milford and the Town of Slaughter Beach be competitive on the federal playing field for grant funding. Match dollars were raised, and application made through the National Coastal Resilience Fund. Competing with large cities and small towns across the country, the WIIN group was successful in large part because of the great coalition of partners that includes nonprofits, university-based, the two counties and both municipalities.

She recalled this project involves the watershed that makes up the Mispillion and Cedar Creek areas and focuses on the corridor between Milford and Slaughter Beach. This area has an abundance of natural resources with areas for birding, recreation, and water recreation.

Milford has an interest in economic development and continues to brand its identity with ties to the Mispillion River. Slaughter Beach has a great affinity for the natural resources that surrounds their town and a strong environmental stewardship ethic and has wanted to understand the value of the natural resources in the area.

Thus, there is a common interest in both communities to get the value of the natural resources and to leverage the respective economic goals. There are also resilience goals tied into helping both communities better adapt to climate change and flooding as both communities have common vulnerabilities.

This project is looking to assess the value of these natural resources that goes beyond the traditional economic value and is considering the indirect and direct values or intrinsic values that natural resources bring to the community.

They are also working to identify investment strategies that improve access to those resources, recreation opportunities and sustainable economic development that support the goals of sustainable economic development and resilience to future changes.

The economic valuation of the two-year grant was completed last fall and the vulnerability assessment is in the final phase. The two studies were done with community input which will continue as they phase into their investment analysis.

The project is progressing and is entering in the next phase of being able to identify specific investment strategies. That will culminate in a final management plan or investment strategy by providing a set of recommendations to the community and result in a communications toolkit to help with marketing those resources by attracting investors and bringing more momentum to implementation.

The study found that resources of the Mispillion and Watersheds are valued at millions of dollars per year for leisure and recreation alone.

As they begin the next phase. They will be selecting locations and assets that can be smartly invested and not compromised by flooding. They can also potentially prioritize parcels that have flood risks and can identify projects to help mitigate the flood risk.

They will again brainstorm with various stakeholders within the community, representing the marine industry, recreation, businesses, and our federal partners that manage wildlife refuge. Continuing will be the generation and gathering of economic data for the region, as well as the identification of any infrastructure projects that are ready planned. After completion, the benefits and costs will be estimated and compared to the vulnerability assessment, and a set of recommendations created. The final investment strategy should be concluded by the end of the year.

Mayor Lock believes there is about \$400 million that will be awarded throughout the State of Delaware for resilience projects. The Notice of Intent must be submitted to the Governor's office by April 24 or 25th.

She recommends Milford investigate the trillion-dollar infrastructure bill that the Governor's Chief of Staff Greg Patterson participates in that will be rolled out over the next several months.

Audit Presentation

Finance Director Vitola presented the initial draft of Fiscal Year 21 financial statements, included in the packet. The timeline is pushed back to allow the completion of the tables and the audit itself. That timeline cannot be condensed because sufficient time is needed for Council review prior to their acceptance.

He suggests the focus be on the core financial statements which include the governmental funds balance sheet and income statement on pages 14 to 15, and the proprietary funds balance sheet and income statement on pages 16 and 17.

Called the fund financial statements, the governmental balance sheet is the only one with a recognizable name. The utility balance sheets are the proprietary funds and called the statements of net position, equivalent in the private sector to equity or shareholders equity. The income statements are called statements of revenues/expenditures and changes in their positions. A change in net position can be positive or negative, just like the private sector profit and loss statements.

A high-level review of the statement shows a robust performance across all funds over and is above the FY20 financial performance which was also strong. The proprietary funds show a total increase in net position of \$6 million in FY21 which is a \$2 million change and ahead of the \$3.8 million in FY20. In the governmental funds, the change in that position was just a notch above FY20. Cash position increased significantly over FY20, even excluding the ARPA funding received just prior to the end of the fiscal year.

The Director reiterated that City's financial position is as strong as expected last May when projections were presented to Council ahead of the FY22 budget. The only negative in the FY21 financials is the delay of about three weeks

compared to last year. Some of the steps remaining in the process include the completion of the tables and the narratives. Anything in red in the draft (see packet) is incomplete but on its way to being completed.

Most important is an adjustment for the pension and the adoption of GASB Statement No. 84 related to fiduciary fund accounting.

After that, the new auditors will complete final testing and review. Going forward, Director Vitola plans to update Council on March 28th and will continue to post revisions of the draft on the City website.

Councilman James informed Council that when they adopt the audit, they are agreeing to the accuracy of the report. He encouraged them to review it thoroughly because that falls under their responsibility.

He also asked that the auditor be present and available for questions.

When asked about the other financing sources that transfer in and out, Director Vitola explained governmental accounting hinges on the development of fund financial statements. This means the government is required to report major funds, in and of themselves as though they are their own standalone unit. That prevents commingling all city operations into one fund and one financial statement. There is a need to look at the electric utility as its own operation. That will either generate a surplus or cause a deficit and the same is true for other funds such as the general fund.

Director Vitola explained that utilities typically cover all their costs, including noncash items like depreciation. Here, three of the four throw off enough of a surplus that we can transfer that positive surplus or a portion of it, into the general fund. That is because all the departments, including the minor funds, are deficit driven, though that is not necessarily a terrible thing.

Milford's annual tax revenue is \$4.3 to \$4.4 million. The intent is for tax revenues to cover everything in the general fund, but the police department's budget alone is \$6 million a year. Because of that, the City's entire tax revenue is insufficient to support the police department by itself.

Electric, water and sewer surpluses are then transferred into the general fund to balance the activity in the City. The utility transfers are needed to support the governmental funds.

EV Charging

Public Works Director Svaby presented information on the electric vehicle (EV) charging program under review in the City. He explained there are a lot of facets including what the city is going to do for its own fleet, what the city is going to do for the public, and what private business will be doing for the public.

Director Svaby then talked about the more than 113,000 of EV chargers in the United States. California is the state with the highest count of more than 41,000.

As they consider types of charging systems for this community, there is a need to understand what cars are selling the best. Tesla is the largest EV charging maker in the world and sold over 936,000 cars in 2021. They are also the number one EV company with sales at \$948 billion dollars in January 2022. Of the EV sold, 90 to 95% of charging occurs at home.

The traditional car companies have their own electric versions of vehicles with Volkswagen leading with over 760,000 EVs at a market cap of \$134 billion. Today, this is a trillion-dollar industry, with more than 1.6 million electric vehicles on the roadways.

According to Tesla, a car can be charged up to 80% of its capacity in about 30 minutes at a supercharger station. As of April 2019, there were over 12,000 Tesla-branded super chargers in North America, Europe, and Asia. In Delaware, there are currently nine Tesla super chargers, starting in northern Claymont working down towards Seaford.

There are three types of EV chargers available. A Level 1 provides two to five miles of range per one hour of charging. A Level 2 charger provides 10 to 20 miles of range per one hour of charging. Both Level 1 and 2 chargers only have a J1772 connector. The DC Fast Chargers provide 60 to 80 miles per 20 minutes of charging and offer three types of connectors, CCS, CHAdeMO and Tesla.

Investigating the supplier markets, Director Svaby received one quote from a company called Charge Point for a DC fast charger at \$63,000 each. Level two chargers run about \$15,000 apiece but neither of those numbers include site preparation costs things such as extending the appropriate power source to the charge unit.

Tesla vehicles can charge at any of these, with the right adapter. Any other vehicles must use a level one, level two or a DC fast charger developed by a company other than Tesla.

Locations for the chargers are being considered where attractions, such as shopping, restaurants or where other services are available. Also important is the amount of time needed to charge an EV in that location or how long that EV will be parked at that location. Power availability and quarter access are also especially important.

Director Svaby reported the two current pilot locations include the parking lot immediately behind customer service and the Arenas parking lot.

The cost for City crews to run electric to the Arena's parking lot is about \$4,000 and the three level-two chargers are approximately \$20,000 each. Currently, a contractor is required to install the chargers. It is estimated that \$54,000 could be recouped through the DNREC rebate program. Director Svaby agreed the goal is to get the City's application in immediately with the first deadline being June 30, 2022.

Various funding sources were also discussed. DNREC is the clearinghouse for two of the sources and for the third as well. The first is for the type two chargers and up to 90% of equipment costs can be recouped depending upon the type of organization. In this situation, the City would qualify as a government entity.

With the receipt of the charger quote, installation quotes are now being sought. A determination will need to be made to have the City crews do the site work or to turn the entire project over to the contractor.

Economic incentives were also discussed, considering the benefit to the overall community. City Manager Whitfield shared there is a California town that offers rebates to residents who inform them they have an EV charging port at home. The rebate prevents five residents from coming home at the same time each time who plug their chargers in at the same time. The chances of blowing a \$7,000 transformer are extremely high, so giving a \$200 registration rebate can help prevent that. Those are the kinds of things that will need to be considered in addition to the infrastructure shortcomings that will need to be addressed.

The City recently received an inquiry from an auto dealership asking if they had the appropriate amount of power to install ten level two charging systems. The purchase of the equipment itself is more than a half million dollars. After quoting the materials and labor costs for our electric division to outfit the site, and considering the price of the equipment, he anticipates them asking about some cost sharing.

Director Svaby determined there are forty-six registered EVs in the 19963-zip code.

Councilman Culotta shared that his Tesla can plug into a 110 outlet and provides about a mile an hour of charge which is not very much. A 220 outlet will provide about thirty-one miles an hour and a Tesla charger provides about forty-five miles. The charger he installed at his home was \$500 and an electrician required to install it. Though the installation fee can cost as much as \$1,000 to \$1,500. He has the Model Y long range and gets about 315 to 330 miles based on the driving conditions.

When asked if the City goes with the level two chargers, will there eventually be some sort of conversion as the chargers are updated and replaced; it was agreed that more than likely it will evolve toward faster chargers which

creates a difference in the need from a power standpoint. If it becomes that lucrative or a resource that desperately needed, Director Svaby believes there will be ways to make it happen.

There being no additional items on the agenda, the Workshop concluded at 7:36 p.m.

Respectfully submitted,

Terri K. Hudson, MMC
City Clerk/Recorder