

CITY OF MILFORD  
COUNCIL WORKSHOP MINUTES  
June 6, 2022

The City Council of the City of Milford convened in a Workshop Session on Monday, June 6, 2022, beginning at 6:03 p.m.

PRESIDING: Mayor Archie Campbell

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

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.

*Comcast Presentation*

*Chris Comer, Government & Regulatory Affairs*

Mr. Comer addressed Council stating it has been a crazy two years and there has some positives that have come out of it. Comcast is constantly investing in our network and trying to make it a faster, more reliable network. That is something ongoing and not just a one-time capital investment. When there were many people working at home, the reason that the network didn't fail was because of that and that investment continues today

During the pandemic, a couple things were done to keep people connected for families that were struggling to pay their bill or couldn't afford service. School was shut down which was a trying time for families. He has children and appreciates the challenges that came with having kids at home while the parents were trying to work.

With the internet, they offered essential service 60 days of free service for anyone that signed up. The speeds were doubled for the internet essential service, which is their low-income service for \$9.95 a month.

There are 6 million Wi-Fi hotspots throughout the country, and they were opened for non-Comcast customers, so people could go in and tie into those networks and stay connected.

The pandemic was the kind of importance of having broadband and the spotlight and recognition of that. Comcast worked with the State of Delaware and when there were some care funds available, they worked to extend service to a number of homes and believes there were around 150 homes. Now with some of the additional funds available, there are over 7,000 unserved homes in Kent and Sussex Counties they will be working to connect over the next two years.

Comcast continues to look towards the future. Currently, the highest end of the standard residential service is around 1.2 gigs (G) that's available. Fiber can be brought to a business and to a residential customer if they are close to their nodes. The 1G seems to be sufficient, but looking towards the future, they are working to offer 10G service and that is being tested in the labs with a new cable modem.

Right now, the fiber optic nodes that serve communities have gotten smaller over time.

When Mr. Comer first started back in 2000, perhaps there 1,500 or 2,000 homes being served by a node. Now those nodes are being pushed closer to the homes serving 10 or 20 homes. With those nodes, some of the electronics are analog and they are being switched to digital and is part of the path toward 10G.

In March, the following upgrades were offered at no additional cost to the customer:

Extreme Pro will increase download speeds by more than 12 percent and upload speeds by 33 percent, from 800/15 Mbps to 900/20 Mbps

- Blast! will increase download speeds by 50 percent and double upload speeds, from 400/10 Mbps to 600/20 Mbps

- Performance Pro will increase download speeds by 50 percent and double upload speeds, from 200/5 Mbps to 300/10 Mbps
- Performance upload speeds will double from 100/5 Mbps to 100/10 Mbps
- Performance Starter upload speeds will double from 50/5 Mbps to 50/10 Mbps

With Xfinity Gateway, they are focusing on the Wi-Fi coverage within the home and making sure it is the best coverage available. With that, there's an advanced security that has Norton's virus and other anti-virus anti-phishing software to prevent a customer from purchasing that for each computer.

Xfinity mobile is a new product that relies on a partnership with Verizon Wireless. They use their backbone and the Wi-Fi in the home or the Wi-Fi hotspots to connect and are able to provide that service at a discounted price.

For low to moderate income individuals, there is a new federal program called the Affordable Connectivity Program (ACP). The affordable connectivity program was launched in March and provides a \$30 discount toward broadband service. There are a number of providers participating in that program. For Comcast, it can be used for the Internet Essential Service. Traditionally, 50MG was offered for \$9.95. During the pandemic, they determined the larger families or someone streaming video service see on YouTube or Disney Plus or Netflix, it may not have been robust. With this new service was offered called Internet Essentials Plus for \$29.95. It is 100MG and allows streaming or anything else to be done in the home without any issues.

If a customer is happy with the service at home, and perhaps someone signed up for a \$99 promotion, the customer can still keep that current service you have. If eligible for the credit, it can be applied to the broadband service.

They are talking to community partners and Mr. Comer appreciates opportunities like this to come in and let people know. He wants to make sure anyone that is eligible can sign up and take advantage of it.

#### Eligibility Criteria:

- At or below 200% of the Federal Poverty Guidelines; or at least one of the following:
- Participates in certain assistance programs, such as SNAP, Medicaid, Federal Public Housing Assistance, SSI, WIC, or Lifeline;
- Participates in the National School Lunch Program or the School Breakfast Program, including through the USDA Community Eligibility Provision;
- Received a Federal Pell Grant during the current award year; or
- Meets the eligibility criteria for a participating provider's existing low-income internet program (e.g., Comcast Internet Essentials)

During the pandemic, Lift Zones was started. Comcast partners with a community partner in an area and try and offer free Wi-Fi service up to 1G that could handle 30 students at a time. In Delaware, they partnered with First State Community Action Agency. There is a site in Milford where this service was installed, and they are getting free Internet.

Another priority is helping small businesses, but also social justice. They set up a program called Comcast Rise and for minority-owned or women-owned small businesses to get either a technology makeover or have someone from their business services side and our advertising side, meet with the business and find out how they are doing things and offer advice to the business owners. More information can be found at [ComcastRISE.com](https://www.comcast.com/rise).

Mr. Comer then spoke about their products, including Xfinity Internet, Xfinity X1, and Xfinity flex. The number of streaming companies have changed today. First there was Netflix and now there are five or six large companies and many small ones. For customers who are interested in just Internet service, but still want to have the flexibility of signing up for different services, this the Flex box comes free for Internet customers only.

Xfinity Mobil comes unlimited for \$30 a month and uses that Verizon wireless back and balancing it with Comcast's hotspots or in-home Wi-Fi helps deliver that with the best price possible.

He referenced the questions about the different channel lineups between Kent County and Sussex County and the fact that Milford is unique and part of two different counties.

Mr. Comer's understanding is the DMAs are set by the Nielsen ratings company and they are the ones that determine what is considered local to each community. Comcast does not have control over that, but Sussex is part of the Rehoboth DMA. That is primarily the Salisbury channels that are the in-market broadcast channels.

In March, Comcast removed a number of out of market channels in Sussex County. Most of those channels were under non-duplication requirements or protections. If the in-market station invokes the non-duplication requirements or protections for any of the national programming that is distributed out of market, Comcast has to blackout that program. The in-market want you to watch a popular show or game on their channel and wants that programming blacked out on other channels.

Syndication requirements invoke that and involve any syndicated programs like Friends or Seinfeld, that are available to purchase. If they invoke that protection, then the in-market has the rights to Seinfeld. When the out of market carries it, it has to be blacked out. It becomes a challenge to try and block all those out. But it is also a lot of duplicated programming other than the local news, which anyone can watch live on a news website.

Comer stated that if Comcast did not follow those rules, they could be fined by the FCC.

Dover is part of the Philadelphia DMA and Philadelphia are considered in-market stations.

Layton

They do some of the Salisbury stations, which are out of market stations in the Kent County area but because they are Nielsen or rating powerhouses in the Delmarva area. However, they do not have any blackout protections and it is a little easier to carry those.

While they provide fliers in English and Spanish, Mr. Comer confirmed they have fliers in Creole and will send a digital version and order the others which takes a few days to receive.

Employee Introduction/Electric Director Tony Chipola

City Manager introduced Director Chipola who began May 23<sup>rd</sup>. He is responsible for the direction and supervision of our electric department, including operating and maintaining the City's electrical system, couple calls, installing new aerial and underground lines, and performing the maintenance of those existing lines, as well as planning for future infrastructure, modernization of our system, SCADA, and everything electric.

He joins the City with 17 years of electrical engineering experience, including substation and distribution engineering, relay development, SCADA system knowledge, electrical planning, forecasting and solar experience. He is a graduate from Drexel University with a bachelor's in electrical engineering. He began at the City of Vineland, New Jersey and served at Exelon his past fourteen years.

Director Chipola said he very excited to be here and everyone has been fantastic so far and has taken time to show him the ropes. He hopes he will do the City proud and hopes to bring a lot of knowledge here and hopes to keep improving the reliability rates and start being prepared for all the new technologies coming in. He believes this is a very exciting time to be in the in the industry and he definitely looks forward to work with everybody.

DEMEC Presentation/Indian River Generator

The City Manager then introduced President and CEO Kimberly Schlichting of DEMEC who will be updating Council on the cost of power and things that will be affecting us in the very near future.

She stated she wishes it was better news, but we are not alone in what she will be talking about.

She then proved a very quick overview of DEMEC stating DEMEC is a joint action agency that represents the eight municipal electric utilities in the State of Delaware and Milford is one of its members. Primarily the biggest service they have done from the beginning is power supply, but there are also other services for renewables, legislative representation, training, and a host of other things. DEMEC was formed in 1979 and since has provided its members with the different types of services.

Tonight, she will talk about what is happening with Indian River, and natural gas prices and how they are affecting the power supply rates that the City and its customers are ultimately going to be responsible for paying.

Indian River generator is located in the southern part of Delaware and has provided a lot of reliability to out peninsula, supplying power needed and some other related services. Over the years, legislation leaders wanted to get away from coal and clean up our energy portfolio. However, DEMEC was very concerned years back when the conversation started about closing down Indian River. If it goes out, at one point they were concerned the peninsula could go black because we were dependent on it. Though not as dependent on it today, is still needed.

Indian River decided they were going to file and close. PJM, the regional transmission owner, had responded back and said it cannot show down, your reliability must run unit and it is needed.

Indian River responded by stating if they have to stay on, they will make the filing so they could be made whole and stay on as long as PJM requires. On April 1<sup>st</sup>, a filing was made for cost-of-service rate recovery. They were going to get into some of the costs to show some of the outrageous costs that will be imposed.

They put in the rates that they had to recover, and PJM agrees and says they will be made whole and receive those payments. Ms. Schlichting also found that the DP&L zone, which includes all utilities in Delaware, will go in effect June 1<sup>st</sup>. That provides no time to plan, and DEMEC has already provided all their members, including Milford, what the power supply would look like. Now, midstream of the year, and we're seeing some really heavy costs. DEMEC filed a motion to intervene and followed up later with additional comments. Seeing those impacts, they went to FERC, protest and to file a hearing.

Just approved this past Tuesday, it will be set for a settlement hearing and that will give the FERC attorneys and other the chance to talk about why the costs are exorbitant to the ratepayers.

Some calculations were done, and Indian River was claiming they needed almost \$70 million a year for their cost of service to stay online. That would occur over a four and a half to five-year period. That would be an additional \$460,000 a month that DEMEC would have to pay, or \$5.5 million a year, adding this is the lower end of the costs. There are additional charges that can added though Ms. Schlichting is unaware of all of them.

This did go into effect June 1<sup>st</sup>. DEMEC will know nothing until sometime in July, when all the bills from PJM for June usage are received.

The most frustrating part is there was no planning. Indian River being shut down has been discussed for years and DP&L knows about it, State Leadership and PJM. But where were people planning, so some replacement generation could have been in place, or the transmission would have been built.

When considering energy filing for \$70 million a year, she believes the fix is transmission lines. From what she knows today, for \$30 million a transmission line could do away with this which is less than half of what they are going to charge in one year. DEMEC continues to work their FERC legal attorneys and will be working with other partners to get some consultants in place to start challenging the costs that they are adding. Some of the costs that make up the \$70 million a year, DEMEC feels are unjust and unfair, and go back to costs that were paid that were paid to take care of certain emission issues, like back in 2008. Because of how long ago that was, they are going point out they cannot recover those costs that needed to keep the unit open for reliability. There is a host of other things they will be pushing at to try and reduce this.

She stated that unfortunately, DEMEC will be paying these charges, however they come through on the PJM bill and will be passed on to the members because DEMEC is non for profit and aggregate power supply for all members. DEMEC pays the suppliers and then the members pay DEMEC as the wholesale supplier to Milford.

The hope is to have the hearings done soon. Best case scenario would be to get a ruling in the fall that would reduce the amount of money being paid. But in reality, she does not see the costs done away with and believes we will pay it.

She also understands all this money is being paid for Indian River to stay online because in the case of an emergency, we need them and there is nothing that will make them perform. This means we will pay them to be ready, but if not, and they can't run, she does not believe they will be penalized and have to pay money back.

This will result in paying for a unit for reliability must run, and there's no guarantees that at the time that we need them that they'll even be available.

Ms. Schlichting shared that this unfolded rather quickly and caught a lot of people by surprise. She continues to ask how the closing going to impact DEMEC, and everyone was assuring her that everything will be fine. Then DEMEC receives this cost to serve rate filing. Not good for DEMEC, but they will do what is possible to help reduce the cost that will ultimately be paid.

She also noted that DEMEC does not count on Indian River for power supply and have no power supply agreements with them. But the way the grid works and is interconnected, it supplies other types of services. So even when it is not supplying services, there are other ancillary services they can receive revenues for. Even though DEMEC is not getting power from them, we will still be caught up in the costs to keep them able to run, and not only supply power, but any other reactive type services.

She confirmed that the charge will be based on the load percentage that Milford makes up of DEMEC. DEMEC, as a whole, is going to pay at minimum the \$460,000 because of the total number that PJM says we are going to be paying. We make up about 7 to 8% of the DP&L zone load. So that is how she came up with the \$460,000 and there are other charges that can be added that she has no knowledge of at this point.

Ms. Schlichting confirmed the \$30 million is the cost to have that transmission line coming from Maryland into Delaware. They are looking at a \$70 million a year for the DP&L zone charge. Then the \$30 million is a fix. But they are saying four and a half to five years.

Other Entities that have filed with FERC related to this docket include:

1. Independent Market Monitor (IMM)
2. PJM Interconnection
3. Delaware Division of the Public Advocate (DE DPA)
4. Delaware Public Service Commission (DE PSC)
5. Maryland Office of People's Counsel (MD OPC)
6. Southern Maryland Electric Coop (SMEC)
7. Delaware Energy Users' Group (DEUG)
8. Old Dominion Electric Coop (ODEC)
9. Maryland Public Service Commission (MD PSC)
10. City of Dover, DE

These utilities are not in the DP&L zone, but many utilizes are concerned.

The same type of thing happened in Mystic in New England. Customers got stuck with a high bill to give to a generator and was it really uneconomical for them to run or were they just looking for an easy revenue stream. People are watching Delaware to see what will happen because generation in other states is old and trying to be phased out.

The good news is the independent market monitor watches between PJM rulings and generation and advocates for things that are right to prevent market manipulation practices. As a result, there are a lot of other people who are fighting against this.

She recalled the Artificial Island, when Delaware was going to get stuck with a lot of the costs for only 10% of the benefit of the line going from New Jersey, passing through Delaware, and going west. People came out against that because we were going to be stuck with some really high costs and these costs are even higher than that issue.

Senator Carper was meeting with DEMEC and had to clear the items they originally planned to discuss and shared with him this information that she had not even presented to the DEMEC board. He was surprised and said this is not what they told him. This cannot be right and left rather flustered and his staff was going to be looking into this.

DEMEC hopes to partner with a couple maybe one of the or couple people on this list as they go out and get rate consultants to do the digging to find out what can be challenged. That partnership will be a cost savings to DEMEC too and the next step.

She again reiterated that these charges will not be eliminated but they will work to reduce them. The consultant said that perhaps it can be reduced from \$5.8 to \$5 though that will not move the needle very much. A \$60,000 a month savings over 12 months does add up, but it is not significant when you look at the total.

City Manager Whitfield reported that DEMEC has a rate stabilization reserve fund that the board uses to take care of substantial increases in utility rates. The board did vote for the first two months to take the money out of the rate stabilization reserve in order to pay for the first two months bills. That will provide an idea of what those bills are going to be moving forward before a power cost adjustment would be done in Milford, based on the charge from DEMEC.

The rough rate was around 5% and Ms. Schlichting believes it would add \$4 onto the wholesale power supply costs.

The public advocate was saying their residential customer base was going to see on average of a \$5 increase though she does not know what consumption that was based on.

She said the good news for Milford, when compared to the other members, are ranked fourth from the lowest rates. In her opinion, it is almost money for nothing and a lot of money for very little. But there is a need to have Indian River sitting there ready.

Ms. Schlichting confirmed this will impact all utilities in the DP&L zone which is the entire State of Delaware.

In addition to the increases in natural gas, Co-Op and DP&L will be raising rates. The Co-Op President informed her they were preparing for another rate increase, and she confirmed that did not include Indian River.

She spoke with one member who had calculated the Indian River increase and it was increasing their residential bill by \$3 to \$4. Today we are seeing high prices at the gas pumps, grocery stores, and other things, that they may not be surprised at the high prices being thrown at them.

Ms. Schlichting confirmed that a lot of this has to do with the drive towards the green energy and when you start bringing in those types of generation, the renewables, and especially the solar that's coming in, it competes in the capacity market and other PJM markets. Generation is great and can be diversified, but 100% solar but the sun is not shining in the middle of the night. It just can't work, and the batteries are not made yet. Pushing more renewables and solar in is taking away some of the capacity payments, so the capacity markets that generators get to help incentivize to stay running, is dropping. That is making very hard for them to be competitive, or to stay in.

She also talked about net metering legislation that she believes will be adopted this year. That will put the onerous task back on the developers or solar implementers who are putting things in and are paying their true costs. People who are not implementing it are not stuck paying for someone else's project.

They have also advocated as the State wants to increase the RPS. The sound of 100% renewable sounds very attractive, clean air and no emissions. The reality is the sun does not shine at night, there is a need to run the refrigerator all night and the batteries are not in place to make 100% sustainable energy.

Recently the State just passed legislation for a 40% renewable target. She thinks that when generation is producing, it should fall in those hours with the load it is doing. But legislation is taking those hours when solar is producing and letting it be applied to evening hours and that is not science. Councilman Fulton agreed adding it is just politics.

Solar has its place, but it is not 100% and there is a need to recognize it for what it is. There is a lot of moving pieces according to Ms. Schlichting, though DEMEC remains very active.

She also emphasized that when the City Managers sends out a call to action from DEMEC, there is a need for local legislators to get involved. The Governor wants to push through a piece of last-minute legislation related to climate change. And when Covid kicked in, they were no longer going to do these last-minute pieces of legislation. Instead, that everyone was going to work together, come together as the representative bodies to determine and negotiate what we can live with and come to a place of common ground. That was recently done with the net metering which she is hoping will go through this month. But now the Governor comes through with a piece and there has been no time to evaluate it. The Governor's office is saying this has to be passed because we are not going to meet our goals in 2030, noting that DEMEC members have already met the goals.

As a result, they need local legislators to call the state legislators and strongly oppose it.

Natural gas continues to increase and today it was at \$8. There are some projections for 2023 that it will come back down to \$4 or \$5. A lot of people in the industry feel that the increase is really being driven by fear. What we need to do is start getting more natural gas out of the ground and do production. We are at historic lows for storage.

The war in Ukraine is playing a part of it. There is just a lot of unrest and uncertainty going around. But really the fundamentals don't support that because there is enough in the ground that we can do this. They have to bring it out and people cannot keep sustaining these higher costs.

They are actively managing the purchase power costs as best as they can, with the resources they layer in at the right times. She anticipates the 100-day moving average will start creeping up in future years if we don't start seeing better natural gas prices. A good hedging policy is in place, and they know how to roll their purchases.

But if the fundamentals of the natural gas and fuel sources keep increasing, there is nothing DEMEC can do about that other than to say all utilities will be experiencing the same misery.

When talking about natural gas and electricity, Mr. Whitfield pointed out the price of power is very much linked to the price of natural gas. Councilman James added that natural gas has always been an indicator of electric prices because they're competing sources of energy.

When his business would hedge, block pricing--part variable and part fixed. When working with experts, they looked at natural gas futures, to provide an indication on what the electric futures will look like. That will closely predict the increase on a percentage basis.

When asked about wind solar, she noted that DEMEC was the first utility in the United States to enter into a power agreement with Blue Water Winds in April 2017. DEMEC along could not make that project to move forward. It was with the Mayors and Councils of DEMEC's membership to be a partaker in that project. Then it never happened. Now Maryland is looking into it and have approached DEMEC. They are looking at the costs and there remains a lot of uncertainty.

They have the Laurel Hill Wind Farm in Pennsylvania that is a 69-megawatt facility and is still not cheap energy. Though as other energy prices increase, it looks better. But there is only power when the wind is blowing and variable and not dispatchable like the Beasley Power Station in Smyrna.

Ms. Schlichting concluded by stating the City Manager will be receiving a form of resolution from DEMEC stating its positions and concerns with Indian River and encouraging our State officials to get involved and do something too. That may be sent out to Council for signatures or individual action.

*FY23 Budget Wrap-Up*

City Manager Whitfield hopes this is the final review of the budget and hopes Council will take final action at the next Council meeting due to the two-weeks needed by the Finance Department to switch over to the new budget.

He noted some adjustments, many of which were brought about by Council and the one being the additional \$65,000 added for Carlisle Fire Company. He believes there is a need for some type of performance-based criteria which can be discussed by Council.

Councilman Fulton pointed out the State of Delaware requires a scratch rate from them for funding. That is based upon them getting out for a call and that information can be obtained from the State and used as a performance marker.

There is a plan to have Carlisle come in for a workshop to talk about the future and how the City can assist them.

In addition, there was \$68,000 added for Office 365 that was previously scattered through various departments. About \$80,000 additional funding was added into the police and some of that relates to some liability with the upcoming retirements, as well as some money for the recruitment of a police chief.

Other items are fairly mundane. Changes in health insurance coverage for employees resulted during the recent open enrollment when some chose different health coverages that resulted in about \$260,000 in the operating budget. Also added was \$690,000 in capital expenditures.

All the questions asked are listed along with the responses.

Finance Director Lou Vitola referenced page 103 in the packet which is a change map and recaps those amendments.

That provides a complete summary of the initial draft of the budget (May 13<sup>th</sup>) and the current (June 3<sup>rd</sup>) draft.

Though there is close a million dollars added, the only true adds are called substantive adds on the next page. The \$267,000 in O&M and \$30,000 Parks Capital. All the additional dollars down in the utility funds in column F, total \$691,000, almost, after the reduction in general fund capital.

There is about \$765,000 in utility capital in F15, F16 and F18 for water, sewer, and electric capital. That is not new capital, but capital projects already approved in FY23 CIP. After another month of looking at balances and working through general fund reserve levels and funding availability, he was able to actually recommend funding for those additional projects with utility reserves. That is in addition to all the other projects that are already being funded with utility reserves.

Two numbers went up on each side of the ledger. There is more capital being funded out of reserves and greater application of reserves of roughly the same amount. That means we have a series of projects that we will really only be able to do and fund if successful achieving grants that we expect to get.

However, in the latest pass of the budget, it was the goal to try to fund and get as much of the CIP program approved with reserves as possible. In that way, if we are not successful with the grant, those projects can still be undertaken. Also, if the grant is only a match, we have the funding available in the approved budget for the project.

As much as could possibly fit within the constraints of the reserve funding was added to be approved in advance. He reiterated they are not new projects, just more funding approved through reserves.

When asked why the change, Director Vitola explained that really one more month of projections of the budget and the reserve balance. Also, the experience that we had as a department, and probably the input from department directors. There may have been a project that was planned for in the CIP, but wasn't able to be funded through the reserves, because we may have been a little bit too conservative. There was a need to apply and be approved for a certain grant and be awarded that grant funding before any dollars were loaded into the budget. Last year everything from the CIP was fit into the operating budget with reserves. Though we were conservative by leaving as we could to keep the reserves healthy.

In the latest round, Director Vitola took another pass through the reserves, and there was around \$380 or so thousand, after the reserve requirements and existing projects. If there is a handful of parks projects where the funding source was identified as a grant hopeful projects that were in the CIP for FY23 that Council backed by virtue of the approval in April, if that could be funded with what is in the reserves, why not fund them. If the grant funding comes through, it will be rolled back and reimburse ourselves.

But this is really just a one step forward from the May 13 budget.

When asked how Council will know the work will continue to obtain those grants and other money, noting this is very different that the way it was done in the past, Director Vitola explained this is based on all department's talents and efforts. When they look for grants, there is a handful that administration is responsible for and very few that finance is responsible for. They are on the back end of the grant and submit invoices and proof of payment to receive the funding.

It is the operating departments that are responsible for trying to solicit the grants. In most cases, there is funding that has been applied for in advance of the deadline.

Looking through the CIP, the total for FY23 should only be \$30,000 higher in this version for two of P&R's \$15,000 mowers from FY22 that are \$5,000 higher each. One other mower needs to be advanced in the FY23 which is \$20,000.

There are other projects that we already know cannot be started and involve \$1 and \$2 million projects unless we achieve the funding.

There is no guarantee, but all the department directors are responsible for making those efforts to minimize the City's out of pocket cash expenses.

Councilmember James pointed out that all of the enterprise business type funds and the amounts budgeted are lower than projected in previous years. The electric has \$2 million less or so, which is not zero that we are projecting to go into reserves. That means we still have an anticipated revenues greater than budgeted expenses.

When talked about rates and cost of service, Council looks at return on investment to make sure we are solvent in these funds long term. There remains the minimum cash requirement balance and the equipment replacement amounts. He asked Council to look at those two reserve amounts. He suggested they look through the budget line items to determine what has changed. If questions, they need to be asked of the City Manager and Finance Director.

Director Vitola agreed the FY23 budget is assuming less in surpluses in each of the utility funds than the FY22 projections and 21 actuals. Two years of uncertainty with Covid, where in FY21, there was an actual administrative directive to minimize costs because there was revenue uncertainty. Then in FY 22 we felt we were on solid footing and let's catch up on projects. But we could not find anyone to do the work, so expenses accidentally came in under.

He continued by stating the contributions to reserves in 21 actual and the 22 projections are just artificially high. Even though we are trying to work out being overly conservative in the budget, there is certainly still some conservative in the budget.

They will continue to be in front of Council with grant proposals, funding requests and bids.

Councilmember James said that Council wanted a lot of things done and wanted to be active. This reflects what Council had asked for. City Manager Whitfield agreed it is very aggressive. He believes we are going to tax our personnel to pull it all off.

He understands the concern about adding the \$690,000, but the alternative is to leave it out and then bring each individual project back to Council. Typically, each project is brought back before Council for some type of bid award. But we just know now, there is money available to be able to move forward. This is much easier for staff to know that there is a

committed funding source to move the project forward. There are always the hopes to have means of other funding and are always looking for that.

Once we learn what is in the infrastructure bill and the process, any project will be leverage with those dollars.

The City Manager also noted there are more needs that what we receive in funding dollars, particularly when it comes to lead service lines and water lines. He believes it is a high priority to address and it should be done as quickly as possible.

What the Finance Director has come up, with save Council and staff time, but we can always go backwards as well. That is Council's call.

Council commended the Finance Director and his staff for all their work. Director Vitola noted that Sandra Pack is the City Accountant and tons of credit goes to her and the department directors for meeting the deadlines and requests early in the process.

When asked about Carlisle's request for the additional \$12,500 for City residency incentives, it was noted that was offered by the City. Director Vitola added that was already in the May 13<sup>th</sup> draft. We received a property listing and were able to get a ballpark and it was around that number.

It was also noted that Council has a responsibility to make sure that fire protection is provided to the City as is required in the City Charter. However, that does not come down to forking over a lot of money to them or trying to meddle into other people's affairs. Council agreed it has to be a partnership.

There being no further business, the Workshop concluded at 8:16 pm.

Respectfully submitted,

Terri K. Hudson, MMC  
City Clerk/Recorder