

CITY OF MILFORD
COUNCIL MEETING MINUTES
May 28, 2024

The City Council of the City of Milford met in the Joseph Ronnie Rogers Council Chambers for an FY25 Budget Hearing Workshop on Tuesday, May 28, 2024.

PRESIDING: Mayor F. Todd Culotta

IN ATTENDANCE: Councilpersons Dan Marabello, Madula Kalesis, Nadia Zychal, Lori Connor, Nirmala Samaroo, Katrina Wilson, and Jason James Sr.

STAFF: City Manager Mark Whitfield, Police Chief Cecilia Ashe, and City Clerk Terri Hudson

COUNSEL: Solicitor David Rutt, Esquire

ABSENT: Councilmember Michael Stewart

Review and Discussion of Proposed City of Milford FY25 Budget:

City Manager Whitfield reported that there is no tax increase other than what was anticipated. Anticipated was a one-cent tax increase to cover a reduction in the Real Estate Transfer Tax (RTT) transfer. Council decided a few years ago to ratchet down the amount of RTT being spent on police operating expenses and increase taxes a penny a year over the next five years.

Also, the second tranche of debt service for the police building of 3.4 cents was also added. That brings a total tax increase of \$4.4 cents which is an increase of 8.1% for FY25.

He went into this budget with a \$2.3 million deficit and looked at various ways to fill it. One obstacle was the 27% increase in healthcare costs and are considering a different healthcare provider next year to offset the increase.

That was offset through FY25 utility transfers of \$722,000, an electric transfer roll-forward of \$500,000 from FY24, RTT surplus of \$400,000, and general enhancement funds of \$300,000, the application of economic development reserves of \$212,000, and rolling forward an estimated \$56,000 of underspent FY2024 general fund operating budget.

The FY2025 revenue budget totals \$60.6 million, representing an increase of \$6.7 million, or 12.3% over the FY2024 budget, excluding application of reserve funding required for capital spending. Operating budgets, excluding capital, total \$59.8 million, constituting an increase of \$6.9 million or 14.1% over the prior fiscal year. The proposed budget represents the third consecutive year with ambitious capital investments, particularly in parks, streets, water and sewer. Current revenue in FY2025 exceeds that of FY2024 by \$5.7 million, driven primarily by organic growth and rate impacts in the utility funds.

Three years ago, Council built in annual increases in all utilities after the cost-of-service study was completed for the following five years, of which, this is year four.

Solid waste continues to be a struggle. Both personnel and equipment costs have escalated considerably, and the provider has been asked to perform an update to the cost-of-service study. He anticipates a mid-year rate increase to keep that fund solvent.

Though we have not seen an increase in a couple of years, this year a 27% increase in healthcare premiums will be implemented, and another double-digit increase is expected in FY26. To offset part of that increase, the police contract was changed with employee contributions increasing from 15% to 20%.

He is also recommending all non-union employees, with the exception of the police command staff, receive a 4.5% increase for all non-union employees, and a half step merit increase or 1.5% in lieu of a full 3% increase.

The 4.5% salary increase will be effective July 1st to cover the increase in healthcare costs. A few employees will still lose money even with the 4.5% increase.

Because of several technical issues with the CIP, that review has been postponed until next Monday.

The budget memo includes several budget considerations. He is trying to prepare council in years to come and he cautions, stating that the city looks good this year, which is the reason to be aware of what will happen next year.

Mayor Culotta emphasized that as the City Manager stated, Council agreed to add one penny increase to real estate taxes a few years ago. However, it must be confirmed each year at the time of the budget.

Finance Director Vitola explained that a lot of information will be repeated and heard again tomorrow night. He referenced the one-page consolidated, citywide summary of all revenues and all expenses. The total budget being presented is \$60,529,288.

He then provided a review of how the budget was created. The city has three fund types—governmental (general fund), four utility funds (proprietary or enterprise funds), and the interservice funds. Of those costs, 100% is allocated to the general fund divisions and utilities.

Revenues

He explained that the budget starts on the department by department, line by line, level, and build the expense budget from the bottom up. The same thing is done with the revenue budget.

A reasonable expectation of revenue is considered and then methods are considered to close that gap of \$2.3 million this year. That was closed without any additional recommendations for property tax increases.

He then reviewed the following charts:

CONSOLIDATED EXPENDITURES BY FUND

Electric	56%	\$33.7 million
General Fund	26%	\$15.7 million
Sewer	9%	\$5.6 million
Water	6%	\$3.7 million
Solid Waste	3%	\$1.9 million

General Fund:

Police	14%	\$7.3 million
Streets	2%	\$1.0 million
IT	2%	\$.9 million
Planning	2%	\$.9 million
Finance	1%	\$.8 million
Administration	1%	\$.7 million
Council	1%	\$.8 million
City Clerk	1%	\$.4 million

GENERAL FUND REVENUE

Property Tax	40%	\$6.3 million
Utility Transfers	32%	\$5.1 million

Interdepartmental	10%	\$1.5 million
Reserves	.6%	\$.9 million
Police	.6%	\$.6 million
Rent, License, Misc	.5%	\$.5 million
Planning	.4%	\$.4 million
Investment Income	.3%	\$.3 million
Parks & Rec	.1%	\$.1 million
Grant Funding	-0%	0

He noted that most of the customer growth is on the residential side across all utilities. Some growth in commercial and industrial accounts is based on history and trends. And then the cost-of-service rate study results are applied to the consumption/usage per account in each of the customer classifications.

Utilities are anticipated to generate just under \$45 million in FY25.

He talked about how volatile the RTT taxes are, noting that this will be the last \$100,000 transferred into the general fund. FY26 will have no RTT included.

Director Vitola also noted that capital can always be deferred if needed if a large hole needs to be filled. When reserve budgets are calculated, they try to estimate what will come into those accounts, versus how much will be used for capital. That same process is done for lodging tax, economic development reserves, etc.

RTT was higher than the expected \$600,000 at \$1 million, and that \$400,000 can be rolled forward from FY24 into FY25.

The penny tax increase for five years and the \$100,000 year over year, the conservative budget on the capital side has set up a one-time shot to utilize some of the funding for FY25, and the reason for the recommendation.

When asked about the purchase of a new trash truck this year, and the need for an additional one next year, Director Vitola explained we have four solid waste trucks, and the life expectancy is seven to eight years. When they are taken out of the fleet, they are auctioned, and the trucks are purchased independently from a dealer.

There is a need whenever these trucks breakdown to get them repaired and back on the street quickly, but that has been a problem, and it has been recommended not to wait for a replacement as scheduled in FY26 but purchase a fifth unit and expand the fleet to ensure coverage.

Public Works Director Shafer confirmed that depending on the repairs, it could take weeks and is based on supplies and replacement items. There is a variation subject to the severity of the repair. He emphasized the need for a backup vehicle to ensure our customers receive the service they expect.

A conversation about keeping those parts in stock that fail on a regular basis followed.

Personnel Costs

Finance Director Vitola reported that the total personnel costs are increasing from \$10.4 million in FY24 to \$11.4 million in FY25.

In July 2024, the city had authorization for 138.3 full-time equivalent (FTE) employees. In January 2024, Council authorized five additional FTEs for the Police Department – two dispatchers and one crime analyst for FY2024 and two (2) additional dispatchers for FY2025, funded in part through the elimination of one FTE in the City Clerk's office and one FTE Horticulturist position for Parks and Recreation. Again, due to the inflationary environment, contractual obligations and insurance cost pressure emerging in FY2025, staff recommends not filling the following positions in FY2025: Economic Development/Community Engagement Administrator (Administration), Arborist and Arborist Ground Helper (Electric), two Dispatchers (Police), and Operations Supervisor (Public Works).

Accordingly, 136.3 total FTEs are budgeted in FY2025. New personnel requested in FY2025 include a part-time clerk for the City Clerk's Department and a part-time Electric Lead Line Technician for the Electric Department.

New positions included the economic development position and a fractional component of a public works supervisor position that is spread throughout the public works accounts. In addition, there are some fractional positions in the FY24 budget that are full years in the FY25 budget.

That will be seen as each department presents.

Reserves

The Finance Director shared that the vehicle and equipment replacement slide is as far as he could get in the absence of the CIP. He will have more on reserves after the receipt of the CIP budget.

This year is an excerpt of the global fleet roster that is maintained. There are four vehicles on top that were included in the FY24 budget that were ordered but have not been delivered. The balance of the list also includes equipment such as mowers and trailers.

There are ten to eleven actual vehicles that are scheduled to be replaced in FY25. Those replacements are going to be made with a combination of equipment sales and balances in the vehicle and equipment replacement funds.

Chief Ashe pointed out that the police vehicles have a life expectancy of eight years and not ten years, as is noted in the budget, and asked that be corrected.

The 2.8 positions in the clerk's office were discussed, and Director Vitola said that was based on the 2 FTE, and the .8 funding was transferred to the police department. A part-time position was then added for a total of 2.6. Further information was provided by City Clerk Hudson explaining the .6 position was based on the former mayor's request to hire a part-time person to assist with minutes. Councilmember James emphasized the need to not hire any additional personnel at this time until it is determined how much time will be saved with the new meeting software that is being purchased to assist in the workload.

Finance Department

No changes in FTE's and personnel costs are increasing because of wage progression and healthcare costs.

O&M is up 37% in finance but is down versus the actual FY24 budget. There are areas where it was underspent in furniture, supplies and training. Aside from those areas, O&M is only up 4% and is in line with the trend of copier, utilities and facility maintenance which have increased a few percent.

Auditing and software costs are driving the FY25 budgeted expenditures. Major focus for finance is the completion of the FY23 and FY24 audits, and then improve periodic closing to resume normal audit regularity. To get there, is to develop staff in not only training, but cross training and continue to improve Tyler to leverage some efficiencies and at the same time, layering in the other modules because they all interface with finance.

Personnel was split out to display the salaries only line and taxes and benefits component. He also has the personnel subtotal, rolled together with the FTE count.

Customer Service

There are no new staff of FTE increase proposals. Totals are up 14% in customer service versus the projection and slightly over 10% versus the budget.

The O&M Budget is up 2.3% and again based on ordinary growth and some of the routine expenses related to bill production, equipment leases, and building maintenance.

Focus area in FY25 is the Tyler Tax billing conversation. Cross training and staff development continue to be priorities. He also wants to us leverage some of these technological changes we've undergone and increase the proportion of payments we receive electronically, versus people at the windows making payment and that received via the mail.

City Administration

The budget has an overall decrease of 4.5% and there is an FTE decrease of 1.2 based on the deferral of the economic development/community engagement position. IT has been a hurdle getting out communications and his executive assistant picked up a lot of those duties, but not having that position is notable, particularly when moving into the development phase of the Milford Corporate Center.

O&M was up 15.5% with an increase of 46% functional savings over FY24 projection. Most of that is training funding can be reduced without the economic development position.

Tuition reimbursement continues and the compensation study will be done again this year to ensure we are comparable with other municipalities in terms of pay. That prevents large increases like was just done with the police officers of catching up.

They will be evaluating healthcare insurance alternatives in FY25 with the plan to make a change by FY26.

City Manager Whitfield confirmed that the decision to defer the economic development position is primarily financial after reviewing the pressures the city is facing. Other departments are making sacrifices, and, in each situation, there is a need.

The economic development position is a challenge, and his assistant is extremely busy trying to keep up with the day-to-day items, but a lot more could be done. If council wants that added back in, the funding needs to be found though it could be paid by future proceeds of the corporate center by adding it to the cost of each lot.

When asked if the grants the previous economic development employee was responsible for, the City Manager said she obtained over \$7 million though other staff can apply for the grants. But she was always looking for the opportunities which were more important.

Finance Director Vitola said that an additional \$20,000 was added to the budget to resume the relationship with the Kent Economic Partnership (KEP). He believes their activities overlap some of those duties.

He also pointed out that the removal of the third city clerk and the horticulturist position were needed to fund the additional police dispatchers and the crime analyst position. Those are new general fund costs that have no source of revenue.

The Finance Director also pointed out that the grant funds that were secured cannot be used for personnel costs. They were transportation and infrastructure dollars and hesitates to look at that in the form of a return. If council wanted to fill the position, the \$20,000 allocated for the KEP or leverage some additional reserves out of the economic development funds if they find recurring general fund money for FY26 and onward to fund the position permanently.

Mayor Culotta pointed out that when this position was originally discussed, his focus was on economic development. He also thinks a strong mayor and a strong council can really contribute to economic development. Obviously, they cannot do the job themselves, but can contribute to marketing the city better.

However, combining it with community engagement and the public relations position is an area that is needed, even in a situation such as an electric outage, or a press release. Originally, council agreed to take money from the Kent County Economic Partnership. The DMI allotment was also considered and at the time, it was \$30,000 or so and it is now \$50,000. When the position was created, there was money found in the budget to fund the position along with DMI.

Councilmember Zychal pointed out the position appeared revenue neutral, particularly with the tremendous amount of grant money she was able to find. She suggests that when the new position is filled, more rateables should be considered to make it a sustainable revenue stream.

Mayor noted that \$212,000 was taken out of the economic development fund to balance the budget, but that is being taken from something in place that will help promote and grow the city to shore up the budget. He recommends more analysis to figure out a way to fill in the community engagement/public relations gap so there is a point of contact.

It was agreed more discussion was needed before a final decision is made.

City Clerk Department

FY25 Total Expense Increase of 6.8% (-12% vs FY24 Budget)
Personnel Costs up 0.9% (-14.8% vs FY24 Budget)
Deputy City Clerk absorbed into Police Dept; 0.6FTE added for part-time support
Non-personnel O&M flat with FY24 Budget; Increase of 32.2% vs FY24 Projected
New packet software driving increase vs FY24 Projected
FY25 Focus Areas / Highlights
Succession Planning & Continuity at City Clerk Position
Staff Training & Development
Integration of New Software Platform

A discussion followed about the need for a front desk employee at city hall and financially it should be a shared cost and not borne entirely by the clerk's office.

City Clerk Hudson confirmed that the cell phone for the Senior Deputy City Clerk is included in the budget.

Mayor Culotta said that with the City Clerk's retirement on July 1st, there is a need for the Mayor and Council to focus on her replacement. And it is not the responsibility of the City Manager or anyone else. He recommends some executive sessions be scheduled to discuss those needs.

City Council

FY25 Total Expense Increase of 13% (8% vs FY24 Budget)
Personnel Costs up 11.4% (11% vs FY24 Budget)
FTE Count of 9.0 is a notional figure representing City Council
No changes expected for Council, Planning & Zoning, Board of Adjustment, or Election Team
Non-personnel O&M up 14.6% (5.6% vs FY24 Budget)
Increased tech expense, resident survey, and Kent Economic Partnership entirely drive FY25 increases
Otherwise, FY25 O&M is flat with FY24 Budget & Projection
FY25 Focus Areas / Highlights
Leverage technology & new software platform to improve transparency & engagement with citizens
Resume involvement with Kent Economic Partnership
Utilize economic development funding to defray general fund cost increases

Finance Director Vitola said the personnel numbers in the packet do not look correct. He will review and resubmit tomorrow.

He reported there is an increase in the tech expenses which based on IT's recommendation, updated equipment is needed to pair with the new software platform.

An additional \$20,000 for the Kent Economic Partnership is included regardless of the decision to fund the economic development position, or it can be removed based on council's recommendation.

An increase is included for the resident survey requested by City Council every three years.

When recalling that the KEP Executive Director had informed council the amount was their decision, and asked who determined the \$20,000, City Manager Whitfield said it was based on the amount Smyrna pays. He said the city was paying \$30,000 in previous years, and then it was determined that Smyrna was only paying \$20,000 and benchmark he used. Mayor Culotta does not agree with using Smyrna as a benchmark for anything and Council agreed.

Councilmember James pointed out that council agreed not to fund KEP, and he did not know that funding was being resumed. Councilmembers also agreed. Councilwoman Wilson recalled it being discussed and it was decided that any future funding of KEP would be considered at that point.

Parks and Recreation

FY25 Total Expense Increase of 6.6% (-4% vs FY24 Budget)
 Personnel Costs up 0.7% (Flat vs FY24 Budget)
 Horticulturist Position absorbed into Police Dept
 Non-personnel O&M up 13.5% (-7.6% vs FY24 Budget)
 Seasonal staffing & Recreation Program expenses driving FY25 Proposal vs FY24 Projects
 FY25 Focus Areas / Highlights
 Refine seasonal operations following first year of wage realignment
 Continued diversification and expansion of recreation alternatives
 Completion of ongoing, approved projects

Director Brad Dennehy explained the riding mowers are expensive and one purchased from Lowes for use by a homeowner are \$4,000. The ones they purchase are commercial grade and come at a cost of over \$20,000. He said each lawnmower is being used thirty hours a week in the maintenance of the 200 acres they are responsible for. They are maintained in house and are used as long as possible and are then sold at an online auction.

They continue to concentrate on beautification throughout the city, as well as quality recreational programs.

He also talked about several capital projects which will be his focus over the next twelve months.

When asked about yard waste, he said when they cut a tree down, they use a chipper. They use wood chips at the farmer's market and the community garden.

Currently, the city pays a nominal fee at Porter Sand and Gravel in Harrington for composting.

Informational Technology

FY25 Total Expense Increase of 9% (-10.6% vs FY24 Budget)
 Personnel Costs up 8.1% (11.2% vs FY24 Budget)
 No changes to staff currently planned; assimilate interns where possible
 Non-personnel O&M up 10.3% (-29% vs FY24 Budget)
 Hardware Maintenance, Security Improvements & Training driving increase vs FY24
 Projects
 Savings vs FY24 achieved by leveraging capital funding rolled from FY23
 FY25 Focus Areas / Highlights
 Continued work on Tyler ERP Implementation
 Continued support of citywide staff (desktop support, uptime, hardware & software needs)
 Ongoing efforts to bolster data security

IT Director Bill Pettigrew stated most of the 10% increase is in O&M and the 5% increase in software licensing. The CIP projects in FY24 included additional licensing for those products.

He reported there were no changes in personnel and salaries. Taxes and benefits are based on the market.

When asked if laptops still need to be used or can tablets and similar devices be implemented. The IT directors said if an application is a true app, we can get away with something like a phone. Then yes, you can use that. If not, a PC would be required even though most cloud -based applications are geared for both.

Mayor Culotta recommends moving more toward a client-server situation, adding the hardware costs are reduced.

The director talked about the drawbacks of Tyler Munis' app, noting that will be most of the software moving forward. A laptop will be needed until they are able to develop their mobile devices better. Council can use a tablet or phone for Microsoft 365.

Councilwoman Wilson then talked about all the upgrades that have been done to the city phone system though it continues to be a problem. Director Pettigrew said the phone system is not horrible but instead it is the voice attendant. Sara Bluhm was handling the system and determining which buttons went to which department. He said a working group is needed if there is a problem with the attendant.

Councilwoman Wilson disagrees. She called the local number of the police department 8081 and that is a number Milfordians have and should still be useful. She still sees it posted in various places.

Chief Ashe said that she has received complaints from other councilmembers regarding the prompting system. Traditionally Milford does not dial 911 and instead the full 8081 number. After receiving a huge number of complaints, they were able to have the engineers remove the attendants part for that specific number, but the other numbers published are more administrative or detectives, though they can still call into the regular number and those calls can be transferred.

She agrees that the phone system in the dispatcher center has nothing to do with an attendant and is not a system that can function inside communications. It is going to be addressed but could not be done in this fiscal year. They are aware and the city system is not compatible with police services.

The voice attendant was removed, and calls are now being answered by the dispatchers when calling the 8081 number.

Director Pettigrew confirmed that any changes can be made through Net Carrier. He said it has been a work in progress, but the newer system is much better than when it was implemented. However, any police calls are different and may need something different. Anything that needs correcting can be done.

Mayor Culotta again recommended that when there is an outage, technology such as social media and the city website should have that information available to prevent these phone calls. In addition, those that have signed up for alerts should be receiving the information in real time via their email or cell phones.

Electric Director Tony Chipola agreed and had several customers emailing him when this occurred. He explained this becomes more of a volume issue and he looked at this in the past and will certainly continue to assess to find ways to better leverage technology to ensure proper customer service.

Mayor Culotta explained that when these situations occur, and customer service is unavailable, the Mayor and Council become customer service. He agrees there needs to be a system in place where customers can be directed to obtain the information they are seeking.

Planning Department

FY25 Total Expense Increase of 13% (-3% vs FY24 Budget)

Personnel Costs up 11.6% (13% vs FY24 Budget)

No new FTE; Increase to 7.0FTE represents first full year of new position

Non-personnel O&M up 20% (12% vs FY24 Budget)

Contract Services & Property Maintenance drive the increase, along with overhead
FY25 Focus Areas / Highlights
Continued work on Tyler ERP Implementation
Continued support of Milford Corporate Center and other Citywide Projects

Director Rob Pierce stated the main increase is driven by personnel costs. And this year, he has no new positions though he will continue to fund the contract services line which provide backup for his building official.

He also reviewed the above stated focus areas.

When asked if the CIP can be added to tomorrow's agenda, City Manager Whitfield explained there was a technical issue with the CIP that involved a corrupted file, and it will have to be completely recreated.

There being no further business, the Budget Workshop concluded at 8:48 p.m.

Respectfully submitted,

Terri K. Hudson, MMC
City Clerk/Recorder