

City of Milford



AGENDA

Monthly Council Meeting

December 12, 2011

Joseph Ronnie Rogers Council Chambers, Milford City Hall, 201 South Walnut Street, Milford, Delaware

7:00 p.m.

COUNCIL MEETING

Call to Order - Mayor Joseph Ronnie Rogers

Invocation

Pledge of Allegiance

Approval of Previous Minutes

Recognition

Monthly Police Report

City Manager's Report

Committee Reports

Communications

Unfinished Business

Adoption of Ordinance 2011-28/Chapter 193-Solid Waste/Yard Waste
DBF Proposal/Amendment/Test Well Site Project*

New Business

Bid Approval/Dump Truck & Plow/State Contract/Street Department**

Acceptance of FY2010-2011 City of Milford Audit

Introduction of Ordinance 2011-29/Modification of Conditional Use for PUD/Davis, Bowen and Friedel, Incorporated on behalf
of Siobain-VI LLC

DBF Proposal/Washington Street Water Treatment Plan Rehabilitation & Improvements Project

Planning Commission Vacancies

FY2011-12 Budget Amendment

Final Review and Approval/Feasibility Study for Small Business Accelerator***

Introduction of Ordinance 2011-30/Chapter 119/Electric Tariff/Rate Reduction***

Monthly Finance Report

*Executive Session*****

Land Acquisition/Pursuant to 29 Del. C. §10004(b)(2) Preliminary discussions on site acquisitions for any publicly funded capital improvements

Personnel/Pursuant to 29 Del. C. §10004(b)(9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed

Adjourn

This agenda shall be subject to change to include additional items including executive sessions or the deletion of items including executive sessions which arise at the time of the public body's meeting.

**SUPPORTING DOCUMENTS MUST BE SUBMITTED TO THE CITY CLERK IN ELECTRONIC FORMAT
NO LATER THAN ONE WEEK PRIOR TO MEETING; NO PAPER DOCUMENTS WILL BE ACCEPTED
OR DISTRIBUTED AFTER PACKET HAS BEEN POSTED ON THE CITY OF MILFORD WEBSITE.**

CITY OF MILFORD

DELAWARE



OFFICE OF THE CHIEF OF POLICE
E. KEITH HUDSON

“THE GARDEN CITY OF TWIN COUNTIES”

400 N.E. FRONT STREET
MILFORD, DELAWARE 19963
(302)422-8081 FAX (302)424-2330

MEMORANDUM

TO: Mayor and Members of City Council

FROM: E. Keith Hudson, Chief of Police

DATE: December 7, 2011

RE: Activity Report/November 2011

=====

Monthly Stats:

A total of 469 arrests were made by the Milford Police Department during November 2011. Of these arrests, 154 were for criminal offenses and 315 for traffic violations. Criminal offenses consisted of 42 felonies and 112 misdemeanors. Traffic violations consisted of 101 Special Duty Radar, 3 Drunk-Driving charges, and 211 other.

Police officers investigated 42 accidents during the month (5 personal injury, and 37 property damage) and issued 162 written reprimands. In addition, they responded to 1069 various complaints including city requests and other agency assistance.

A total of \$14,476.24 was collected in fines during November.

No False Alarm Violation Invoices were issued during the month of November.

Monthly Activities:

The Department's School Resource Officer, Pfc. Joey Melvin, remains busy working on the Comprehensive School Safety Plan for the district. He also assisted one of the teachers at the Middle School by holding a Slogan/Poster contest at the school. A local business donated gift cards to present to the winners.

Pfc. Melvin also recently completed a Hunter Safety Course at the High School for student and some staff. In addition, he assisted in PBS assembly at Lulu Ross encouraging Safe Walker Habits.

The department's drug unit conducted a number of investigations that resulted in several drug arrests and confiscated undisclosed drugs, drug paraphernalia, U.S. currency and the seizure of a motor vehicle.

The department's K-9 Unit remains a very useful addition to the department and continues to be busy as was expected.

Five officers attended the three-day Delaware Hometown Security Conference held at Polytech.

Three officers attended a two-day "Conducting Complete Traffic Stops" seminar.

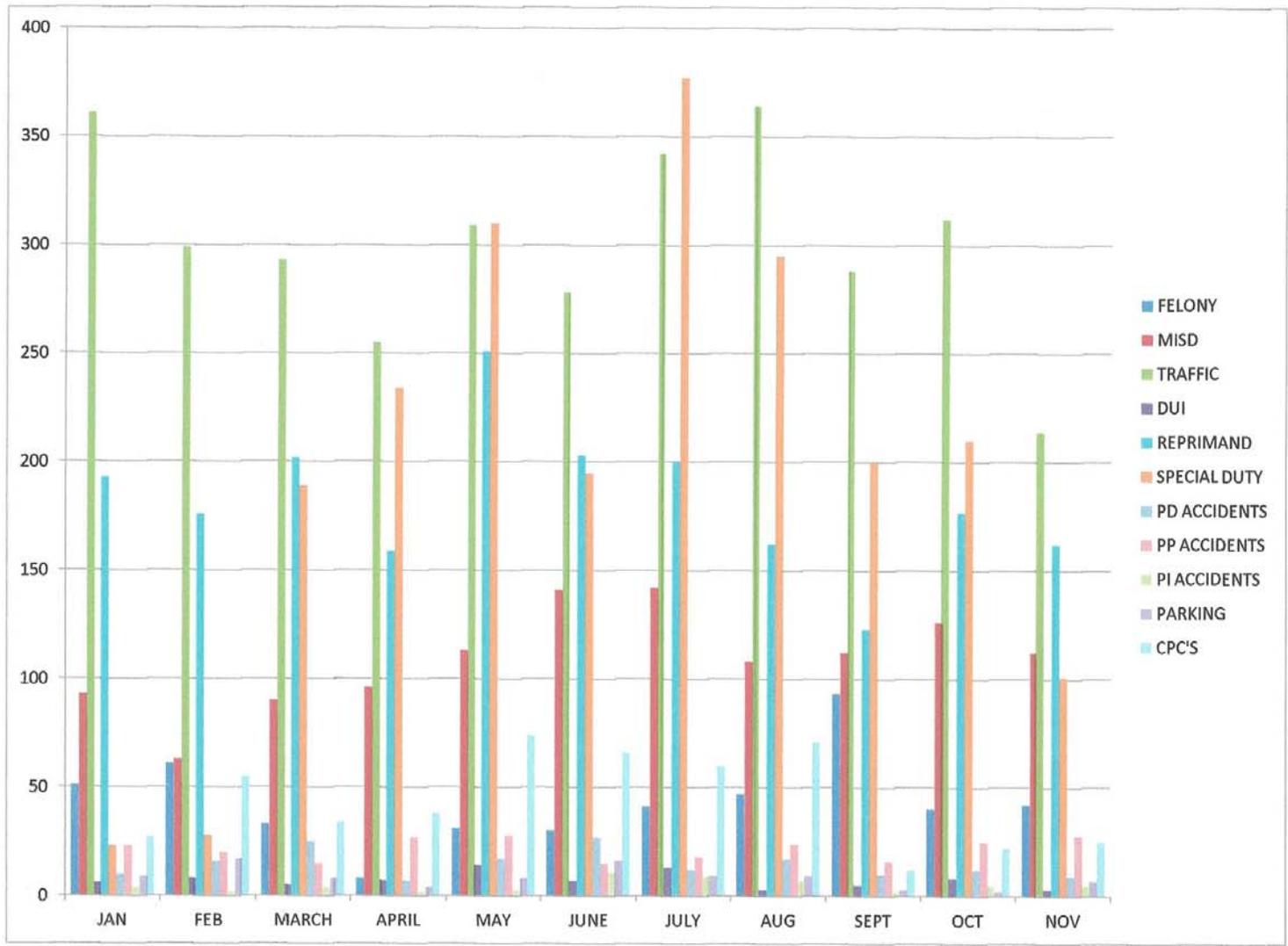
The department is currently conducting firearms re-certification as mandated by the Council on Police Training.

EKH

vrk

NOVEMBER ACTIVITY REPORT

| | <u>NOV 2010</u> | <u>TOTAL 2010</u> | <u>NOV 2011</u> | <u>TOTAL 2011</u> |
|--------------------------------|-----------------|-------------------|--------------------|---------------------|
| <u>Complaints</u> | 1084 | 12283 | 1069 | 13943 |
| <u>Criminal Arrests</u> | 230 | 1741 | 154 | 1698 |
| Felonies | 130 | 607 | 42 | 480 |
| Misdemeanors | 100 | 1134 | 112 | 1202 |
| <u>Traffic Arrests</u> | 251 | 3016 | 315 | 5192 |
| Special Duty Radar | 13 | 236 | 101 | 2173 |
| D.W.I. | 7 | 83 | 3 | 76 |
| Other | 195 | 2111 | 211 | 2845 |
| <u>Reprimands</u> | 160 | 1390 | 162 | 2024 |
| <u>Accidents</u> | 26 | 461 | 42 | 457 |
| Personal Injury | 5 | 72 | 5 | 53 |
| Property Damage | 21 | 398 | 37 | 404 |
| Fatal (included in PI) | 0 | 2 | 0 | 0 |
| <u>Parking Summons</u> | 7 | 74 | 7 | 92 |
| <u>Crime Prevention Checks</u> | 28 | 388 | 25 | 486 |
| <u>Fines Received</u> | \$8,653.68 | \$100,170.86 | \$14,476.24 | \$140,405.49 |



City Manager Report



DELAWARE SOLID WASTE AUTHORITY

Pasquale S. Canzano, P.E., BCEE
Chief Executive Officer

Richard P. Watson, P.E., BCEE
Chief Operating Officer

Board of Directors
Richard V. Pryor
Chairman
Ronald G. McCabe
Vice Chairman
Theodore W. Ryan
Timothy P. Sheldon
Tonda L. Parks
Gerard L. Esposito
Gregory V. Moore, P.E.

November 8, 2011

Mr. David Baird
City of Milford
P.O. Box 159
Milford, DE 19963

Dear David:

Enclosed please find the City of Milford's numbers for the month of October 2011.

**October 2011
Weight in Pounds**

MARSHALL STREET

| SINGLE-STREAM TOTAL | OIL GALLONS |
|----------------------------|------------------------|
| 19,914 | 250 |

MILFORD MIDDLE SCHOOL

| | |
|-------|--|
| 4,979 | |
|-------|--|

MILFORD COMMONS

| | |
|--------|--|
| 14,521 | |
|--------|--|

Sincerely,

Rich Von Stetten
Sr. Manager of Statewide Recycling

C:\RVS\RD correspondence\cityofmilford.doc
Attachments: City of Milford Curbside Totals

1128 S. Bradford Street, P.O. Box 455, Dover, Delaware 19903-0455
Phone: (302) 739-5361 Fax: (302) 739-4287

CITIZENS' RESPONSE LINE: 1-800-404-7080 www.dswa.com

| | | | |
|-------------------------------|---------------|-------|---------------------|
| CITY OF MILFORD October-11 | SINGLE-STREAM | TOTAL | USED OIL GALLONS |
|-------------------------------|---------------|-------|---------------------|

| LOCATION | LBS | LBS | |
|---------------------|--------|--------|-----|
| MILFORD MIDD.SCHOOL | 4,979 | 4,979 | |
| MARSHALL ST | 19,914 | 19,914 | 250 |
| MILFORD COMMONS | 14,521 | 14,521 | |
| TOTAL POUNDS | 39,414 | 39,414 | |
| | | | |
| | | | |
| | | | |

**DELAWARE LEAGUE OF LOCAL GOVERNMENTS
MONTHLY DINNER MEETING
JANUARY 26TH, 2012
SHERATON DOVER HOTEL
1570 NORTH DUPONT HIGHWAY
DOVER, DELAWARE**

SOCIAL HOUR: 6:00 P.M. - 6:45 P.M.
 OPENING: 6:45 P.M. - 7:00P.M.
 DINNER: 7:00 P.M. - 7:20 P.M.
 PROGRAM: 7:20 P.M. - 8:00 P.M.

PROGRAM

Margaret M. DiBianca, Esq., of Young Conway Stargatt & Taylor, LLP will deliver a timely presentation on the issue of Social Media in the workplace. Recently, there has been a shift in the way employers are approaching Facebook, Linked In, Twitter and other social media outlets, likely as a result of the frequency that social media issues arise in the workplace. Come out and learn about the latest legal challenges faced by employers and the best ways to prevent problems before they arise. This will be a valuable program and a *must* for Mayors, Council Members, and staff to guarantee that you stay informed on these changes that can affect local government policy.

NEXT MEETING: FEBRUARY 23RD, 2012

Special diets can be accommodated with 24 hours notice
WE MUST HAVE YOUR RESERVATIONS NO LATER THAN January 12, 2012

Mail To: Delaware League of Local Governments
 P.O. Box 484
 Dover, Delaware 19903
 Telephone: 302-678-0991 Fax: 302-678-4777

_____ will have _____ attendees
 (Municipality/County/Agency)

PLEASE LIST THE NAMES OF THOSE ATTENDING

| <u>Name</u> | <u>Title</u> |
|-------------|--------------|
| _____ | _____ |
| & | _____ |
| _____ | _____ |
| & | _____ |
| _____ | _____ |
| & | _____ |
| _____ | _____ |
| & | _____ |
| _____ | _____ |

- () Check enclosed for () dinners @ \$20.00 each
- () Please direct bill the Municipality/County/Agency
- () Payment will be made at the door
- () Enclosed for () dinners @ \$20.00 each



Comcast
5729 West Denneys Road
Dover, DE 19904

November 25, 2011

Mr. David Baird
City Manager
City of Milford
201 S. Walnut Street
Milford, Delaware 19963

Dear Mr. Baird:

As part of our commitment to provide customers in your community with the best entertainment and communications experience, we continue to invest in making our services even better. Here are some highlights:

More to Watch, More Ways—Anytime, Anywhere

- Now, over 60,000 On Demand TV shows and hit movies on TV and online—over half are free!
- Catch up and keep up with your favorite shows from all top networks & enjoy new movies On Demand—many the same day as DVD & a month before Netflix
- Watch from your TV or online, anytime, anywhere—even from your iPad or iPhone!

Comcast Customer Guarantee and Commitment to Service

- And with the Comcast Customer Guarantee, we promise to provide customers with a consistently superior experience, including 24/7 customer service and on time appointments—or we'll credit them \$20 or give them a free premium channel for three months.

While we continue to make these investments, we periodically need to adjust prices due to increases in programming and other business costs. Starting January 1, 2012, the following new prices will apply.

| INSTALLATION/OTHER PRICES (per occurrence) | Current Price | NEW Price |
|--|----------------------|------------------|
| Hourly Service Charge (Non-Standard; Per hour, Per technician) | \$31.75 | \$33.75 |
| Installation - Unwired Home (within 250 feet) | \$42.75 | \$43.90 |
| Installation - Prewired Home | \$29.50 | \$32.40 |

| | | |
|---|---------|---------|
| Installation - Additional Outlet (Same Trip) | \$15.50 | \$14.15 |
| Installation - Additional Outlet (Separate Trip) | \$25.75 | \$31.50 |
| Other Installation - Relocate Outlet (Same Trip) | \$15.25 | \$13.60 |
| Other Installation - Relocate Outlet (Separate Trip) | \$22.50 | \$32.20 |
| Other Installation - Upgrade (Trip required) | \$16.00 | \$20.10 |
| Other Installation - Downgrade (Trip required) | \$12.00 | \$12.05 |
| Connect VCR/DVD (Same Trip) | \$8.00 | \$8.55 |
| Connect VCR/DVD (Separate Trip) | \$16.00 | \$19.10 |
| Activate Pre-Existing Additional Outlet (Same Trip) | \$8.75 | \$7.75 |
| Activate Pre-Existing Additional Outlet (Separate Trip) | \$15.00 | \$21.75 |

| OTHER CHARGES (per occurrence unless noted) | Current Price | NEW Price |
|--|----------------------|------------------|
| Service Call (Video Only) | \$28.50 | \$33.55 |
| Service Call (High-Speed Internet or Digital Voice) | \$39.95 | \$40.00 |
| Amplifier. | N/A | \$35.00 |
| Name Change. | N/A | \$1.99 |
| Bill Statement Reprint For bill statement copies requested by phone or in-person with a Customer Care Representative | N/A | \$5.00 |

| MONTHLY EQUIPMENT RENTAL | Current Price | NEW Price |
|---|----------------------|------------------|
| Limited Basic Service Only Converter. | \$0.95 | \$0.60 |
| Digital Converter. | \$2.75 | \$2.15 |
| HDTV Digital Converter (only available to Limited Basic Service Only subscribers). | \$2.75 | \$2.15 |
| Customer-Owned Video Equipment Credit (see www.comcast.com/equipmentpolicy for additional information) | \$2.75 | \$2.50 |
| CableCard* (second card in same device) | \$1.50 | \$1.15 |

*This equipment does not include the following services:
On Demand, Pay-Per-View
and Interactive Programming Guide.

Please give me a call if you have questions. My direct line is 302 -672-5936.

Sincerely,



R. Thomas Worley
Senior Director Government Regulatory Affairs

PUBLIC NOTICE
Notice of City of Milford Ordinance Review

The following ordinance is currently under review by Milford City Council:

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF MILFORD,
CHAPTER 193, THEREOF, ENTITLED SOLID WASTE, BY AMENDING
CHAPTER 193, SOLID WASTE, TO INCLUDE A DEFINITION FOR YARD
WASTE IN ARTICLE I AND AMENDING §193-9 TO §193-12 AS
CONTAINED IN ARTICLE II.

ORDINANCE 2011-28

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

Section 1. Chapter 193, Article I, Collection and Disposal, Section §193-1, entitled Definitions, is hereby amended by adding thereto the following definition:

YARD WASTE-- The part of solid waste consisting of leaves, grass clippings, twigs, small branches (less than 4 ft. in length), shrubbery, prunings, and other garden material.

Section 2. Chapter 193, Article II, Yard Waste, Section §193.9, entitled Unlawful Acts; Containment Required, is hereby amended by deleting and adding thereto the following new §193-9:

§193-9 - Unlawful Acts; Containment Required.

It shall be unlawful to deposit or place any leaves, grass trimmings, tree trimmings or other vegetative debris or matter into *any garbage container, recycling container, or a City street or drainage gutter*. Said materials shall be deposited in adequate containers ~~/receptacles or confined in such a manner as to prevent said material from being blown or washed into adjoining yard areas or streets except as allowed in §193-10.~~

Section 3. Chapter 193, Article II, Yard Waste, Section §193.10, entitled Containers, is hereby amended by deleting and adding thereto the following new §193-10:

§193-10 - Containers. Leaves, grass clippings, tree trimmings, shrubbery or other garden and yard waste or matter for collection by the City shall be placed in adequate containers so as to confine said materials, except as allowed in §193-11. The container shall ~~not exceed 30 gallons in capacity be provided to the homeowner by the City and the homeowner will be responsible for the cost of said container.~~

Section 4. Chapter 193, Article II, Yard Waste, §193.11, entitled Loose Leaf Curbside Collection, is hereby deleted and repealed:

~~§ 193-11. -- Loose leaf curbside collection:~~

~~[Added 10-11-2004 by Ord. No. 2004-102 [26]]~~

- ~~1. Loose leaves may also be raked and placed behind the curb for removal by the City's leaf vacuum at no additional cost.~~
- ~~2. Leaves must be free of stones, branches, brush and grass clippings or they will not be collected in this manner.~~
- ~~3. It is illegal to place, sweep or blow leaves and other yard waste into the street, storm drains or catch basins.~~

Section 5. Chapter 193, Article II, Yard Waste, is hereby amended by adding a new §193.11, entitled Collection Procedures, to read as follows:

§193-11. – *Collection Procedures.*

- A. *The City will provide for the collection of leaves, branches and tree trimmings from April 1 through October 31 of each year, provided that such refuse is deposited into the yard waste containers as provided for in §193-10. Disposal of leaves, branches and tree trimmings that will not fit into the container shall be the responsibility of the property owner.*
- B. *The City will provide for loose leaf curbside collection from November 1 through January 31 in accordance with the following conditions.*
 1. *Loose leaves shall be raked and placed behind the curb for removal by the City's leaf vacuum.*
 2. *Leaves must be free of stones, branches, brush and grass clippings or they will not be collected.*
 3. *It is illegal to place, sweep or blow leaves and other yard waste into the street, storm drains or catch basins.*

Section 6. Chapter 193, Article II, Yard Waste, is hereby amended by renumbering §193-12 to §193-13.

Section 7. Chapter 193, Article II, Yard Waste, is hereby amended by adding a new §193.12, entitled Collection Schedule, to read as follows:

§193-12. – *Collection Schedule.*

- A. *The City will collect yard waste as described in §193-11A once every other week.*
- B. *The loose leaf curbside collection as described in §193-11B will be collected once each week.*
- C. *The City Manager shall divide the City into districts and shall schedule the collection of yard waste in these districts on the day or days and at the times that shall be most efficient and convenient to the City. Adequate notice of the collection schedules shall be given to the residents of the times and schedules and any changes thereto.*

Section 8. Dates.

Introduction to City Council 11-14-11

Council Review: 11-28-11

Projected Adoption Date: 12-12-11

Ordinances are in effect ten days following adoption by City Council.

*Gerald G. Friedel, P.E.
Michael R. Wigley, AIA, LEED AP
Randy B. Duplechain, P.E.
Charles R. Woodward, Jr., LS
W. Zachary Crouch, P.E.
Michael E. Wheelleton, AIA
Jason P. Loar, P.E.*

November 17, 2011

City of Milford
201 S. Walnut Street
P.O. Box 159
Milford, Delaware 19963

Attn: Mr. David W. Baird
City Manager

RE: PROPOSAL AMENDMENT
Wells, Treatment and Storage Facility Project
Milford, Delaware
DBF #052A140

Dear David:

In response to the City Council meeting of November 14, 2011, Davis, Bowen & Friedel, Inc. is pleased to submit this proposal amendment for installation of a second test well for the above referenced project. We understand the City would like to investigate two (2) properties for future water facilities in the southeast portion for the city. As you are aware, the first step in the investigation is the installation of a test well to assist in determining both the water quality and available groundwater quantity at each location. Since the original scope of the project included only one (1) test well we are requesting that our Engineering Agreement of July 28, 2009 be amended to include the second test well.

The 2009 engineering agreement proposed to install one test well for a lump sum fee \$29,500.00. This price included the installation of the test well by our well drilling sub-consultant for approximately \$25,000.00, as well as \$4,500.00 for our time to oversee and coordinate the test well installation. With a second test well now being considered, both DBF and our well drilling sub-consultant are able to provide the City with a more economical price for this second well. We therefore propose to install the second test well for the lump sum fee of \$25,000.00. Total cost for both wells will be \$54,500.00.

Should this amendment be acceptable, please execute below and return one copy for our files. Receipt of a signed copy will be considered as our authorization to proceed. Please note that we have also included a signature line for obtaining USDA Rural Development Office approval of this amendment.

Mr. David Baird
November 17, 2011
Page 2

On behalf of Davis, Bowen & Friedel, Inc., we appreciate the opportunity to offer these additional services. Should you have any questions, please call.

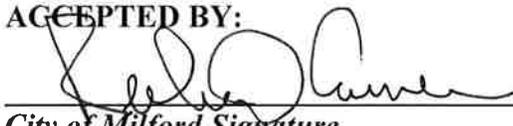
Sincerely,
Davis, Bowen & Friedel, Inc.



Randy B. Duplechain, P.E.
Principal

Proposal Amendment: Wells, Treatment and Storage Facility Project

ACCEPTED BY:

  12/07/2011

City of Milford Signature *Date*

RICHARD CARMEAN

Printed Name

JOSEPH R. ROGERS-MAYOR

Printed Name

APPROVED BY:

USDA-RD Signature

Date

Printed Name



PUBLIC WORKS DEPARTMENT
302.422.6616, FAX 302.422.1119

180 VICKERS DRIVE
MILFORD, DE 19963

MEMO

TO: Richard D. Carmean
City Manager

FR: Brad Dennehy 
Director of Public Works

DA: December 8, 2011

RE: Purchase of Dump truck for Streets Department.

Dick,

As you know the Streets Department has put in for several years to replace their aging fleet of full-size dump trucks. As part of last year's approved budget the Streets Department was approved \$175,000 for a full-size dump truck, salt spreader and plow, and a regular pickup truck and plow.

At this time the State contract for full-size dump trucks has finally been awarded to Barr International. Mr. Webb (Streets Superintendent) has met several times with representatives of both Barr International and the snow equipment vendor to confirm the required specifications.

Included with this memo are the specifications and the cost of the truck, body, spreader and plow at a total of \$129,280.00. We had previously estimated that the total would be around \$140,000, so are satisfied that purchasing off the State Contract is the preferred option.

It is my recommendation under advice from Mr. Webb that we precede with the as quoted invoice. If you are in agreement please sign page 6 of the summary and we can obtain a Purchase Order number and then order the truck.

If you require further information please contact me.

Thank you.

Prepared For:
 City of Milford DE.
 Tim Webb
 201 S Walnut St
 Milford, DE 19963-
 (302)422 - 6616
 Reference ID: N/A

Presented By:
 BARR INTERNATIONAL INC
 Francisco E Cherrix
 2407 N. SALISBURY BLVD.
 SALISBURY MD 21801 -
 (410)546-1122

Thank you for the opportunity to provide you with the following quotation on a new International truck. I am sure the following detailed specification will meet your operational requirements, and I look forward to serving your business needs.

Model Profile
2012 7400 SFA 4X2 (SA525)

| | |
|--|---|
| APPLICATION: | Front Plow with spreader |
| MISSION: | Requested GVWR: 37500. Calc. GVWR: 39000 Calc. Start / Grade Ability: 35.00% / 2.41% @ 55 MPH Calc. Geared Speed: 85.6 MPH |
| DIMENSION: | Wheelbase: 156.00, CA: 81.00, Axle to Frame: 71.00 |
| ENGINE, DIESEL: | {MaxxForce DT} EPA 10, 300 HP @ 2200 RPM, 860 lb-ft Torque @ 1300 RPM, 2400 RPM Governed Speed |
| TRANSMISSION, AUTOMATIC: | {Allison 3500_RDS_P} 4th Generation Controls; Wide Ratio, 6-Speed, With Double Overdrive; On/Off Hwy; Includes Oil Level Sensor, With PTO Provision, Less Retarder, With 80,000-lb GVW & GCW Max. |
| CLUTCH: | Omit Item (Clutch & Control) |
| AXLE, FRONT NON-DRIVING: | {Meritor MFS-16-143A} Wide Track, I-Beam Type, 16,000-lb Capacity |
| AXLE, REAR, SINGLE: | {Meritor RS-23-160} Single Reduction, 23,000-lb Capacity, With 200 Wheel Ends Gear Ratio: 5.38 |
| CAB: | Conventional |
| TIRE, FRONT: | (2) 315/80R22.5 UNISTEEL G291 (GOODYEAR) 491 rev/mile, load range J, 18 ply |
| TIRE, REAR: | (4) 12R22.5 G282 MSD (GOODYEAR) 481 rev/mile, load range H, 16 ply |
| SUSPENSION, RR, SPRING, SINGLE: | Vari-Rate; 23,500-lb Capacity, With 4500 lb Auxiliary Rubber Spring |
| FRAME REINFORCEMENT: | Outer "C" Channel, Heat Treated Alloy Steel (120,000 PSI Yield); 10.813" x 3.892" x 0.312"; (274.6mm x 98.9mm x 8.0mm); 480.0" (12192mm) Maximum OAL |
| PAINT: | Cab schematic 100GM Location 1: 9219, Winter White (Std) Chassis schematic N/A |

Description

Base Chassis, Model 7400 SFA 4X2 with 156.00 Wheelbase, 81.00 CA, and 71.00 Axle to Frame.

TOW HOOK, REAR (2)

FRAME RAILS Heat Treated Alloy Steel (120,000 PSI Yield); 10.125" x 3.580" x 0.312" (257.2mm x 90.9mm x 8.0mm); 480.0" (12192) Maximum OAL

FRAME REINFORCEMENT Outer "C" Channel, Heat Treated Alloy Steel (120,000 PSI Yield); 10.813" x 3.892" x 0.312"; (274.6mm x 98.9mm x 8.0mm); 480.0" (12192mm) Maximum OAL

BUMPER, FRONT Steel, Swept Back

FRAME EXTENSION, FRONT Integral; 20" In Front of Grille, With Outer "C" Channel Reinforcement

WHEELBASE RANGE 146" (370cm) Through and Including 195" (495cm)

AXLE, FRONT NON-DRIVING {Meritor MFS-16-143A} Wide Track, I-Beam Type, 16,000-lb Capacity

SHOCK ABSORBERS, FRONT

SUSPENSION, FRONT, SPRING Multileaf, Shackle Type; 16,000-lb Capacity; Less Shock Absorbers

BRAKE SYSTEM, AIR Dual System for Straight Truck Applications

BRAKES, FRONT, AIR CAM 16.5" x 6", Includes 24 SqIn Long Stroke Brake Chambers

TRAILER CONNECTIONS Four-Wheel, With Hand Control Valve and Tractor Protection Valve, for Straight Truck

DRAIN VALVE {Berg} Manual; With Pull Chain, for Air Tank

AIR BRAKE ABS {Bendix AntiLock Brake System} Full Vehicle Wheel Control System (4-Channel)

AIR DRYER {Bendix AD-IP} With Heater

BRAKE CHAMBERS, FRONT AXLE {Haldex} 24 SqIn

BRAKE CHAMBERS, REAR AXLE {Haldex GC3030LHDHO} 30/30 Spring Brake

SLACK ADJUSTERS, FRONT {Haldex} Automatic

SLACK ADJUSTERS, REAR {Haldex} Automatic

BRAKES, REAR, AIR CAM S-Cam; 16.5" x 7.0"; Includes 30/30 Sq.In. Long Stroke Brake Chamber and Spring Actuated Parking Brake

AIR COMPRESSOR {Bendix Tu-Flo 550} 13.2 CFM Capacity

AIR TANK LOCATION (2) Mounted Outside Right Rail, Under Cab, On Step Mounting Brackets

STEERING COLUMN Tilting

STEERING WHEEL 2-Spoke, 18" Diam., Black

STEERING GEAR (2) {Sheppard M-100/M-80} Dual Power

DRIVESHAFT {Dana Spicer} SPL170XL in lieu of 1710 Series

EXHAUST SYSTEM Single, Horizontal, Aftertreatment Device Frame Mounted Outside Right Rail Under Cab; Includes Vertical Tail Pipe and Guard

TAIL PIPE (1) Turnback Type, Non-Bright, for Single Exhaust

ELECTRICAL SYSTEM 12-Volt, Standard Equipment

CIGAR LIGHTER Includes Ash Cup

HORN, ELECTRIC (2)

POWER SOURCE Cigar Type Receptacle without Plug and Cord

Description

BATTERY TERMINALS Sealed

ALTERNATOR {Leece-Neville BLP2361H} Brushless, 12 Volt 185 Amp. Capacity, Pad Mounted, with Remote Voltage Sensor

ELECTRIC TRAILER BRAKE/LIGHTS Accommodation Package to Rear of Frame; for Combined Trailer Stop, Tail, Turn, Marker Light Circuits; Includes Electric Trailer Brake Accommodation Package With Cab Connections for Mounting Customer Installed Electric Brake Unit, Less Trailer Socket

BODY BUILDER WIRING INSIDE CAB; Includes Sealed Connectors for Tail/Amber, Turn/Marker/Backup/Accessory, Power/Ground, and Stop/Turn

BATTERY SYSTEM {JCI} Maintenance-Free (3) 12-Volt 2100CCA Total

2-WAY RADIO Wiring Effects; Wiring With 20 Amp Fuse Protection, Includes Ignition Wire With 5 Amp Fuse, Wire Ends Heat Shrink and Routed to Center of Header Console in Cab

RADIO {International} AM/FM Stereo With Weatherband, Clock, Auxiliary Input, Includes Multiple Speakers

BACK-UP ALARM Electric, 102 dBA

TRAILER AUXILIARY FEED CIRCUIT for Electric Trailer Brake Accommodation/Air Trailer ABS; With 30 Amp Fuse and Relay, Controlled by Ignition Switch

AUXILIARY HARNESS 5.0' for Auxiliary Front Head Lights and Turn Signals for Front Plow Applications

JUMP START STUD Remote Mounted

HORN, AIR Black, Single Trumpet, Air Solenoid Operated

BATTERY BOX Steel, With Aluminum Cover, 3 Battery Capacity, Mounted Right Side Under Cab Below Frame Mounted Exhaust, Provides Clean CA

WINDSHIELD WIPER SPD CONTROL Force Wipers to Slowest Intermittent Speed When Park Brake Set and Wipers Left on for a Predetermined Time

HEADLIGHTS Long Life Halogen; for Two Light System

CLEARANCE/MARKER LIGHTS (5) {Truck Lite} Amber LED Lights, Flush Mounted on Cab or Sunshade

ENGINE SHUTDOWN Automatic; With 30 Second Delay, With International Engines

TEST EXTERIOR LIGHTS Pre-Trip Inspection will Cycle all Exterior Lamps Except Back-up Lights

HEADLIGHTS ON W/WIPERS Headlights Will Automatically Turn on if Windshield Wipers are turned on

STARTING MOTOR {Delco Remy 39MT} 12 Volt; Gear Reduced, With Thermal Over-Crank Protection

INDICATOR, LOW COOLANT LEVEL With Audible Alarm

HEADLIGHT WARNING BUZZER Sounds When Head Light Switch is on and Ignition Switch is in "Off" Position

ALARM, PARKING BRAKE Electric Horn Sounds in Repetitive Manner When Vehicle Park Brake is "NOT" Set, With Ignition "OFF" and any Door Opened

CIRCUIT BREAKERS Manual-Reset (Main Panel) SAE Type III With Trip Indicators, Replaces All Fuses Except For 5-Amp Fuses

INSULATION, UNDER HOOD for Sound Abatement

GRILLE Stationary, Chrome

INSULATION, SPLASH PANELS for Sound Abatement

BUG SCREEN Front End; Mounted Behind Grille

FRONT END Tilting, Fiberglass, With Three Piece Construction; for 2007 & 2010 Emissions

PAINT SCHEMATIC, PT-1 Single Color, Design 100

Description

PAINT TYPE Base Coat/Clear Coat, 1-2 Tone

CLUTCH Omit Item (Clutch & Control)

RADIATOR HOSES Silicone; Molded

BLOCK HEATER, ENGINE {Phillips} 120 Volt/1250 Watt

ENGINE, DIESEL {MaxxForce DT} EPA 10, 300 HP @ 2200 RPM, 860 lb-ft Torque @ 1300 RPM, 2400 RPM Governed Speed

FAN DRIVE {Borg-Warner SA85} Viscous Type, Screw On

RADIATOR Aluminum, Cross Flow, Series System; 1228 SqIn Core and 648 SqIn Charge Air Cooler and 342 SqIn Low Temperature Radiator and With Transmission Oil Cooler

FEDERAL EMISSIONS for 2010; MaxxForce DT Engines

AIR CLEANER Single Element, with Integral Snow Valve and In-Cab Control

THROTTLE, HAND CONTROL Engine Speed Control; Electronic, Stationary, Variable Speed; Mounted on Steering Wheel

ENGINE CONTROL, REMOTE MOUNTED Provision for; Includes Wiring for Body Builder Installation of PTO Controls; With Ignition Switch Control for MaxxForce post 2007 Emissions Electronic Engines

EMISSION COMPLIANCE Federal, Does Not Comply With California Clean Air Regulations

TRANSMISSION, AUTOMATIC {Allison 3500_RDS_P} 4th Generation Controls; Wide Ratio, 6-Speed, With Double Overdrive; On/Off Hwy; Includes Oil Level Sensor, With PTO Provision, Less Retarder, With 80,000-lb GVW & GCW Max.

TRANSMISSION SHIFT CONTROL {Allison} Push-Button Type; for Allison 3000 & 4000 Series Transmission

SHIFT CONTROL PARAMETERS {Allison} 4 Speed S3 Secondary Shift Schedule for 5 or 6 Speed WT, MD and HD Transmissions

TRANSMISSION OIL Synthetic; 29 thru 42 Pints

ALLISON SPARE INPUT/OUTPUT for Rugged Duty Series (RDS); General Purpose Trucks, Construction

TRANSMISSION TCM LOCATION Located Inside Cab

AXLE, REAR, SINGLE {Meritor RS-23-160} Single Reduction, 23,000-lb Capacity, With 200 Wheel Ends . Gear Ratio: 5.38

SUSPENSION, RR, SPRING, SINGLE Vari-Rate; 23,500-lb Capacity, With 4500 lb Auxiliary Rubber Spring

AXLE, REAR, LUBE {EmGard FE-75W-90} Synthetic Oil; 30 thru 39.99 Pints

FUEL TANK STRAPS Bright Finish Stainless Steel

FUEL/WATER SEPARATOR With Thermostatic Fuel Temperature Controlled Electric Heater, and Filter Restriction/Change Indicator, Includes Standard Equipment Water-in-Fuel Sensor

FUEL TANK Top Draw; D Style, Non Polished Aluminum, 50 U.S. Gal., 189 L Capacity, 16" Tank Depth, With Quick Connect Outlet, Mounted Left Side, Under Cab

CAB Conventional

HEATER SHUT-OFF VALVES (1) Ball Check Valve Type, Supply Line

HEATER HOSES Silicone

GAUGE CLUSTER English With English Electronic Speedometer

GAUGE, OIL TEMP, ALLISON TRAN

GAUGE, AIR CLEANER RESTRICTION {Filter-Minder} With Black Bezel Mounted in Instrument Panel

IP CLUSTER DISPLAY On Board Diagnostics Display of Fault Codes in Gauge Cluster

SEAT, DRIVER {National 2000} Air Suspension, High Back With Integral Headrest, Cloth, Isolator, 1 Chamber Lumbar, 2 Position Front Cushion Adjust, -3 to +14 Degree Back Angle Adjust

Description

SEAT, PASSENGER {Gra-Mag} Non Suspension, High Back With Integral Headrest, Cloth, With Fixed Back, With Under Seat Storage

MIRROR, CONVEX, LOOK DOWN {Lang Mekra} Right Side; 6" x 10 1/4", With Bright Finish

MIRRORS (2) {Lang Mekra} Styled; Rectangular, 7.09" x 15.75" & Integral Convex Both Side, 102" Inside Spacing, Breakaway Type, Heated Heads Thermostatic Controlled, Bright Finish Heads and Brackets

GRAB HANDLE Chrome; Towel Bar Type With Anti-Slip Rubber Inserts; for Cab Entry Mounted Left Side Only at "B" Pillar

WINDSHIELD Heated, Single Piece

ARM REST, RIGHT, DRIVER SEAT

AIR CONDITIONER {Blend-Air} With Integral Heater & Defroster

INSTRUMENT PANEL Center Section, Flat Panel

HVAC FRESH AIR FILTER

STORAGE POCKET, DOOR Molded Plastic, Full Width; Mounted on Passenger Door

FRESH AIR FILTER Attached to Air Intake Cover on Cowl Tray in Front of Windshield Under Hood

CAB INTERIOR TRIM Deluxe

CAB REAR SUSPENSION Air Bag Type

WINDSHIELD WIPER BLADES Snow Type

WHEELS, FRONT DISC; 22.5" Painted Steel, 5 Hand Hole, 10-Stud (285.75MM BC) Hub Piloted, Flanged Nut, Metric Mount, 9.00 DC Rims; With .500" Thick Disc, Non-Standard Offset and Steel Hubs

WHEELS, REAR DUAL DISC: 22.5" Painted Steel, 5 Hand Hole, 10 Stud (285.75MM BC) Hub Piloted, Flanged Nut, Metric Mount 9.00 DC Rims with Steel Hubs

WHEEL BEARING, FRONT, LUBE {EmGard 50W} Synthetic Oil

BDY INTG, REMOTE POWER MODULE Mounted Inside Cab behind Driver Seat; Up to 6 Outputs & 6 Inputs, Max. 20 amp. per Channel, Max. 80 amp Total (Includes 1 Switch Pack With Latched Switches)

BDY INTG, PTO ACCOMMODATION for Electric over Air, Clutched PTO Engagement and Disengagement, Does not Include Air Solenoid, With Latched Switch Mounted on Dash, Includes Audible Alarm and Indicator Light in Gauge Cluster (requires 1 Remote Power Module Input & 1 Output)

(4) TIRE, REAR 12R22.5 G282 MSD (GOODYEAR) 481 rev/mile, load range H, 16 ply

(2) TIRE, FRONT 315/80R22.5 UNISTEEL G291 (GOODYEAR) 491 rev/mile, load range J, 18 ply

Godwin 300 U + Plow and Accessories

| <u>Description</u> | <u>(USA DOLLAR)</u> | <u>Price</u> |
|--|---------------------|--------------|
| Net Sales Price: | | \$129,280.00 |
| Memo Item(s): | | |
| Total Federal Excise Tax | \$0.00 | |
| Total Taxes: | \$0.00 | |
| Warranty: | \$0.00 | |
| Body/Allied Equipment: | \$49,480.00 | |
| Note: Memo item(s) shown here are included in the above Net Sales Price. | | |

Please feel free to contact me regarding these specifications should your interests or needs change. I am confident you will be pleased with the quality and service of an International vehicle.

Approved by Seller:

Accepted by Purchaser:

Official Title and Date

Firm or Business Name

Authorized Signature

Authorized Signature and Date

This proposal is not binding upon the seller without Seller's Authorized Signature

Official Title and Date

CITY OF MILFORD, DELAWARE
Department Of Public Works
Attn: Mr. Tim Webb

GODWIN 300U (or equal) with specification as listed below

**DUMP BODY: Furnished and Installed on proper chassis drop shipped to plant.
Includes delivery back to chassis dealer.**

| Description | Yes | No | Offered |
|--|-----|----|---------|
| Godwin Model 300U or equal | √ | | |
| Dimension: 10' LOA x 84" IW x 30" body side height x 36" tailgate height | √ | | |
| Floor – One piece minimum – 3/16" | √ | | |
| Hoist – Godwin 820 SF DA or equal | √ | | |

BODY SIDE

| Description | Yes | No | Offered |
|---|-----|----|---------|
| 8 gauge with vertical boxed fully welded and tapered side braces | √ | | |
| Fully welded boxed top rail | √ | | |
| Dirt shedding fully welded bottom rail | √ | | |
| Fully welded full depth (below floor height) rear corner posts | √ | | |
| Board gussets to accept 2.50" boards | √ | | |
| Godwin Hyda-Away ladder or equal installed front curb-side corner and include easy pull out | √ | | |

TAILGATE

| Description | Yes | No | Offered |
|---|-----|----|---------|
| 8 gauge with top design to be fabricated integral inverted vee to keep stones from collecting | √ | | |
| Bottom horizontal bracing to be sloping | √ | | |
| Minimum of (4) fully welded vertical braces | √ | | |
| Air operated | √ | | |
| In-cab operations for tailgate latching | √ | | |
| Two key ways for chains each side of body | √ | | |
| Steel splash shield in front of axle and rubber flaps behind rear tires | √ | | |
| Rear corner posts set up for LED MDOT/DELDOT lighting | √ | | |

LIGHTING & MISCELLANEOUS

| Description | Yes | No | Offered |
|--|-----|----|---------|
| All lighting must be shock mounted | √ | | |
| Lighting must duplicate Maryland DOT/SHA or DELDOT specifications | √ | | |
| Body plow lights to include plow operations and directional function | √ | | |
| Grease fittings on all pivot points | √ | | |
| 6" bolt on spreader apron | √ | | |
| Zinc based primer with finish/powder coat white | √ | | |
| Amber light mounted on cab shield "Show-Me" LED strobe | √ | | |
| Cab shield: minimum 24" x 8 gauge | √ | | |
| Labels: all functions should be labeled | √ | | |
| 36" steel toolbox to curbside frame | ✓ | | |
| Operations and exploded view parts manuals (not general manual only) to be provided by successful vendor | √ | | |

HYDRAULICS

| Description | Yes | No | Offered |
|---|-----|----|---------|
| Minimum of 5 valve bank functions: plow up, plow angle, body up/down, tarping system, spreader system | √ | | |
| Lever operation in cab between two seat cab design; levers splayed to allow for gloved hand operation | √ | | |
| Include flow control valve for future spreader operation and speed of spinner | √ | | |
| PTO to be hot shift off of automatic transmission | √ | | |
| Minimum 30 gallon reservoir w/shape and design NOT to need springs or rubber bushing-included top mount filter (see attached 2 pages) | √ | | |
| Reservoir to be minimum 10 gauge steel | √ | | |
| Reservoir shall have a 5" combo fluid, temperature gauge located outside face and sealed by "O" rings | √ | | |
| Filter condition indicator gauge color coded | √ | | |

FRONT WRAP REINFORCEMENT BUMPER

| Description | Yes | No | Offered |
|---|-----|----|---------|
| Truck chassis front bumper to be wrapped/reinforced by .50" steel formed wrap including 21" push centers for push frame | √ | | |

REAR MOUNTING PLATE & PINTLE

| Description | Yes | No | Offered |
|--|-----|----|---------|
| .75 steel mounting plate with 25 ton pintle hook | √ | | |
| Safety rings for chains | √ | | |
| Rear tow hooks/reinstall chassis dealer supplied | √ | | |
| Electric plug for trailer lights | √ | | |
| Electric brake control | √ | | |

TARPING SYSTEM

| Description | Yes | No | Offered |
|---|-----|----|---------|
| Hydraulic operation HT hydra-tarp or equal | √ | | |
| Controls inside of cab | √ | | |
| Tarp material to be mesh | √ | | |
| Wind deflector to keep tarp stable | √ | | |
| Arms to be heavy duty, able to cover/uncover load | √ | | |

SNOW PLOW

| Description | Yes | No | Offered |
|---|-----|----|---------|
| Good Road Model 120M (or equal) power angling | √ | | |
| Moldboard 10' x 42" height | √ | | |
| Snow shield rubber assembly 10' | √ | | |
| 10' cutting edge - Rubber | √ | | |
| Wrap around curb bumpers plus 8" swivel casters | √ | | |
| Moldboard end markers - 36" | √ | | |
| Power reverse assembly with road contour kit | √ | | |
| Snow plow lights, fender mounted, integral with chassis data link wiring system | √ | | |

SNOW PLOW PUSH FRAME

| Description | Yes | No | Offered |
|---|-----|----|---------|
| Godwin GN 200 or equal, installed on reinforced wrap and compatible with hydraulic fittings run to forward position to fully operate the Good Roads 120M snow plow (or equal) | √ | | |
| Hydraulic fitting run to forward position to fully operate plow. | √ | | |
| All fittings to quick disconnect type, hydraulic control mounting must be located outside of frame in steel box with removable lid for easy access - no hoses or fittings shall | √ | | |

| | | | |
|------------------------------|--|--|--|
| protrude below hydraulic box | | | |
|------------------------------|--|--|--|

SNOW PLOW LIGHT BRACKETS

| Description | Yes | No | Offered |
|---|-----|----|---------|
| No vendor fabricated brackets. Must be prefabricated brackets made to fit successful chassis | √ | | |
| Chassis manufacturer to include all required wiring codes and/or ports to connect body and plow light connections. Wiring code connections only, no spliced accepted. | √ | | |

VEE BOX INSERT SPREADER

| Description | Yes | No | Offered |
|--|-----|----|---------|
| To include hydraulic provision for City of Milford Vee Box spreader, including flow control valve and electric plug/connection for Vee Box strobe lights/light bar | √ | | |
| Tarco Highlander Vee Box – Stainless Steel 9’ Bolt-On conveyor plate/Chevron 7 gauge disc spinner Hinge screens (unmounted) Chain oiler Tailgate latch Spring load chain idler Rear strobe light using 58” light bar Red flashers 7” Dump mounting kit Dual flow control valve Flow control stand assembly Hydraulic hose group | √ | | |

City of Milford, Delaware
 Mr. Tim Webb
 302-242-3996
 twebb@milford-de.gov

Awarded Contract Details

Heavy Duty Trucks, Contract No. GSS11617HEAVY_TRUCKS

Agency Award Documents

[Award Notice](#) Effective:
11/22/2011

[Addendum History](#)

| Vendor Information | M/WBE | Vets/SDV | DE |
|--|-------|----------|----|
| Barr International, Inc. | | | |

Vendor Bid Documents

[RFP - Materiel and Nonprofessional Services](#)
[Addendum 1 - Q&A](#)
[Proposals Received List](#)

CITY OF MILFORD

Milford, Delaware

Financial Statements

For The Year Ended June 30, 2011

CITY OF MILFORD, DELAWARE

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TRANSMITTAL LETTER

October 26, 2011

The Honorable Mayor
and Members of the City Council
City of Milford
Milford, Delaware

The Finance Department and City Manager's Office is pleased to submit the Annual Financial Report for the City of Milford, Delaware for the fiscal year ended June 30, 2011.

This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORT

The accompanying financial section includes a Management and Discussion Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the independent auditors' report on the basic financial statements. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Milford's MD&A can be found immediately following the report of the independent auditors.

The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

CITY PROFILE

Location

The City of Milford is the sixth largest city in population in the State of Delaware, serving over 9,000 residents within a rapidly growing corridor along U.S. Route 113/DE Route 1 in Kent and Sussex Counties. Located on the Mispillion River, within both Kent and Sussex Counties, the City is approximately 95 miles from Philadelphia, Pennsylvania, 85 miles from Baltimore, Maryland, and 100 miles from Washington, D.C. Locally, the City is 19 miles south of Dover, the State Capital.

The City is a home rule city operating under the Council-Manager form of government. The City Council is comprised of the Mayor and eight Council members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria no other governmental organizations are included in this report.

FINANCE

Services Provided

The City provides to its citizens those services that have proven to be necessary and meaningful and which the City at the least cost can provide. Major services provided under general government and enterprise functions are: police protection, water and sewer services, electric services, sanitation services, park and recreational facilities, street improvements and general administrative services.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's informal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City charter provides that the City Council shall adopt the annual budget prepared by City Management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between the items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the general fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental and divisional management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the accounts, financial records and transactions of the City by independent certified public accountants selected by the City Council. This requirement has been complied with, and the independent auditors' report has been included in this report. Additionally, the City of Milford's Director of Finance hears and reviews all recommendations made by the independent auditors.



Certified Public Accountants

*Member Firm Private Companies Practice Section
AICPA Division for CPA Firms*

BECK, VILLATA & CO., P.C.

www.beckvillata.com

Frank C. Beck, CPA/ABV
Vincent P. Villata, Jr., CPA
Robert K. Griffin, CPA

Independent Auditors' Report

To the Mayor and City Council
City of Milford
Milford, Delaware

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Milford, Delaware, as of and for the year ended June 30, 2011, which collectively comprise the City of Milford's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Milford's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Milford, Delaware, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2011, on our consideration of the City of Milford, Delaware internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milford, Delaware's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Back Villalovos Co PC

Cherry Hill, New Jersey
October 26, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Milford's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased throughout the course of the year. Net assets of our business type activities increased approximately \$2.7 million (or about 6.85%), while the net assets of the governmental activities decreased \$423 thousand (or about 2.28%).
- During the year, the City's governmental activities incurred total costs of \$8.3 million. Tax revenues generated \$3.9 million, with the deficiency being made up through interfund transfers from the other funds, as well as investment earnings and special items.
- In the City's business-type activities, revenues increased \$1.4 million while expenses increased approximately \$184 thousand. The main reason for this was an increase in billing by the City's utility funds to the city's residents due to increased consumption.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements together with required supplementary information, and additional reports issued by the City's independent auditor in connection with an audit performed in accordance with Government Auditing Standards. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements.
- The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.

- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the water and sewer system.
- Fiduciary fund statements provide information about the financial relationship-like the agency trust-in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.
- Required supplementary information includes a budgeting comparison schedule with respect to the City's General Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net asset - the difference between the City's assets and liabilities is one way to measure the City's financial health, or position.

- Increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government - wide financial statements of the City are divided into two categories:

- Governmental activities - Most of the City's basic services are included here, such as the police, fire, public works, and parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities - The City charges fees to customers to help it cover the costs of certain services it provides. The City's water, sewer, electric and trash services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
 - We use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities.
- Fiduciary and agency funds - The agency fund accounts for assets held by the city in a trustee capacity for fees collected on behalf of Kent County as well as for the Carlisle Fire Department. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The City's combined net assets increased between fiscal year 2010 and 2011 approximately \$2.3 million. In comparison, last year net assets increased \$1.4 million.

Changes in Net Assets

The City's total revenues increased \$1.4 million to \$42 million. The total cost of all programs and services increased approximately \$231 thousand, (or approximately 0.6 percent). The City's expenses cover a range of services, with about \$5.2 million related to public safety and public works.

The narrative that follows considers the operations of governmental and business-type activities separately.

Business-type Activities

Revenues of the City's business-type activities increased about 4 percent to \$36 million, and expenses increased .6 percent to \$31.4 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$6 million, a \$349 thousand decrease from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into three categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances.
- Increase in appropriations to prevent budget overruns.

Actual general fund revenues exceeded budgeted revenues by \$107 thousand (2.5%) Actual expenditures were \$215 thousand more than the total \$7.5 million budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the City had invested \$39.4 million in a broad range of capital assets, including police equipment, buildings, park facilities, roads, bridges, and water and sewer lines. This amount represents a net increase (including additions and deductions) of \$2.7 million, or 7.4 percent, over last year.

Long-term Debt

At year-end, the City had \$18.9 million in bonds and notes outstanding. More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements. There were several significant transactions in the City's debt obligations during the fiscal year, including issuance of Series A of 2011 bonds in the amount of \$9,000,000 for electric and sewer capital projects, and Series B of 2011 bonds in the amount of \$3,720,000 for the purpose of current funding of the Series 2002 bonds.

CITY OF MILFORD, DE
STATEMENT OF NET ASSETS
JUNE 30, 2011

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and Equivalents | \$ 2,967,308 | \$ 17,727,478 | \$ 20,694,786 |
| Investments | 3,598,650 | 14,365,904 | 17,964,554 |
| Receivables | 324,351 | 3,700,936 | 4,025,287 |
| Inventories | - | 1,146,696 | 1,146,696 |
| Other Assets | 95,460 | 243,920 | 339,380 |
| Capital Assets | | | |
| Land, Infrastructure and Other Assets not being depreciated | 8,876,212 | 1,461,358 | 10,337,570 |
| Utility System | - | 38,548,908 | 38,548,908 |
| Buildings | 8,095,313 | 6,109,747 | 14,205,060 |
| Equipment and Furniture | 4,662,584 | 5,471,825 | 10,134,409 |
| Construction in Progress | 230,229 | - | 230,229 |
| Less: Accumulated Depreciation | <u>(9,041,126)</u> | <u>(25,025,360)</u> | <u>(34,066,486)</u> |
| Total Capital Assets | <u>12,823,212</u> | <u>26,566,478</u> | <u>39,389,690</u> |
| Total Assets | <u>\$ 19,808,981</u> | <u>\$ 63,751,412</u> | <u>\$ 83,560,393</u> |
| LIABILITIES | | | |
| Accounts Payable and Accrued Expenses | \$ 291,935 | \$ 2,512,390 | \$ 2,804,325 |
| Deferred Revenues | - | - | - |
| Long-Term Liabilities | | | |
| Due Within One Year | | | |
| Bonds, Capital Leases and Contracts | 33,919 | 772,553 | 806,472 |
| Compensated Absences | 96,948 | 53,283 | 150,231 |
| Customer Deposits | - | 344,450 | 344,450 |
| Due in More Than One Year | | | |
| Bonds, Capital Leases and Contracts | 199,188 | 17,943,992 | 18,143,180 |
| Compensated Absences | 516,767 | 213,119 | 729,886 |
| Total Liabilities | <u>1,138,757</u> | <u>21,839,787</u> | <u>22,978,544</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 12,590,105 | 7,849,933 | 20,440,038 |
| Restricted | 730,699 | 1,833,976 | 2,564,675 |
| Unrestricted | 5,349,420 | 32,227,716 | 37,577,136 |
| Total Net Assets | <u>\$ 18,670,224</u> | <u>\$ 41,911,625</u> | <u>\$ 60,581,849</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

| <u>Functions/Programs</u> | <u>Program Revenue</u> | | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | | |
|--|------------------------|-----------------------------|---|---|--|---------------------------------|-----------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary Government</u> | | |
| | | | | | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| Primary Government | | | | | | | |
| Governmental Activities | | | | | | | |
| General Government | \$ 1,786,979 | \$ 30,229 | \$ 140,036 | \$ - | \$ (1,616,714) | | \$ (1,616,714) |
| Public Safety | 4,391,516 | - | 326,162 | - | (4,065,354) | | (4,065,354) |
| Public Works | 802,362 | - | 246,855 | - | (555,507) | | (555,507) |
| Culture and Recreation | 1,332,901 | 114,715 | - | - | (1,218,186) | | (1,218,186) |
| Total Governmental Activities | <u>8,313,758</u> | <u>144,944</u> | <u>713,053</u> | <u>-</u> | <u>(7,455,761)</u> | | <u>(7,455,761)</u> |
| Business-Type Activities | | | | | | | |
| Electric Fund | 23,999,264 | 28,083,448 | 50,000 | - | | 4,134,184 | 4,134,184 |
| Water Fund | 1,719,995 | 2,278,721 | - | - | | 558,726 | 558,726 |
| Sewer Fund | 3,033,504 | 3,245,170 | - | - | | 211,666 | 211,666 |
| Trash Fund | 1,005,820 | 1,130,791 | - | - | | 124,971 | 124,971 |
| Internal Service Fund | 1,643,575 | 1,656,394 | - | - | | 12,819 | 12,819 |
| Total Business-Type Activities | <u>31,402,158</u> | <u>36,394,524</u> | <u>50,000</u> | <u>-</u> | | <u>5,042,366</u> | <u>5,042,366</u> |
| Total Primary Government | <u>\$ 39,715,916</u> | <u>\$ 36,539,468</u> | <u>\$ 763,053</u> | <u>\$ -</u> | <u>\$ (7,455,761)</u> | <u>\$ 5,042,366</u> | <u>\$ (2,413,395)</u> |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 3,282,292 | - | 3,282,292 |
| Franchise Taxes | | | | | 366,818 | - | 366,818 |
| Public Service Taxes | | | | | 222,778 | - | 222,778 |
| Impact Fees | | | | | - | 60,560 | 60,560 |
| Unrestricted Investment Earnings | | | | | 58,583 | 74,792 | 133,375 |
| Miscellaneous | | | | | 493,228 | 8,946 | 502,174 |
| Special item - Gain on Sale of Asset | | | | | 109,440 | - | 109,440 |
| Transfers | | | | | 2,500,000 | (2,500,000) | - |
| Total General Revenues, Special Items, and Transfers | | | | | <u>7,033,139</u> | <u>(2,355,702)</u> | <u>4,677,437</u> |
| Change in Net Assets | | | | | (422,622) | 2,686,664 | 2,264,042 |
| Net Assets - Beginning (restated) | | | | | <u>19,092,846</u> | <u>39,224,961</u> | <u>58,317,807</u> |
| Net Assets - Ending | | | | | <u>\$ 18,670,224</u> | <u>\$ 41,911,625</u> | <u>\$ 60,581,849</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Parks and Recreation Fund</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|----------------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,310,292 | \$ 1,603,566 | \$ 53,450 | \$ 2,967,308 |
| Investments | 1,998,650 | 1,600,000 | - | 3,598,650 |
| Taxes Receivable, Net of Allowance for Doubtful Accounts | 97,332 | 60,926 | - | 158,258 |
| Other Receivables | 160,407 | 5,686 | - | 166,093 |
| Prepaid Expenses | 95,460 | - | - | 95,460 |
| Total Assets | <u>\$ 3,662,141</u> | <u>\$ 3,270,178</u> | <u>\$ 53,450</u> | <u>\$ 6,985,769</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 134,010 | \$ 38,073 | \$ 3,125 | \$ 175,208 |
| Compensated Absences - Current | 96,948 | - | - | 96,948 |
| Other Accrued Expenses | 165,478 | - | - | 165,478 |
| Other Payables | 2,856 | - | 828 | 3,684 |
| Deferred Revenue | - | - | - | - |
| Total Liabilities | <u>399,292</u> | <u>38,073</u> | <u>3,953</u> | <u>441,318</u> |
| Fund Balances: | | | | |
| Restricted | - | 730,699 | - | 730,699 |
| Nonspendable | 95,460 | - | - | 95,460 |
| Assigned | - | 2,501,406 | 49,497 | 2,550,903 |
| Unassigned | 3,167,389 | - | - | 3,167,389 |
| Total Fund Balances | <u>3,262,849</u> | <u>3,232,105</u> | <u>49,497</u> | <u>6,544,451</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,662,141</u> | <u>\$ 3,270,178</u> | <u>\$ 53,450</u> | <u>\$ 6,985,769</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MILFORD, DE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Balance, Governmental Funds \$ 6,544,451

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 12,823,212

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 52,435

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (749,874)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 18,670,224

The accompanying notes are an integral part of these financial statements.

CITY OF MILFORD, DE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Parks and Recreation Fund</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-------------------------------------|--|---|
| REVENUES | | | | |
| Property Taxes | \$ 2,998,316 | \$ - | \$ - | \$ 2,998,316 |
| Real Estate Transfer Taxes | - | 283,976 | - | 283,976 |
| Fees and Fines | 167,809 | - | - | 167,809 |
| Licenses and Permits | 199,009 | - | - | 199,009 |
| Engineering & Inspection Fees | 222,778 | - | - | 222,778 |
| Intergovernmental | 140,036 | 573,017 | - | 713,053 |
| Charges for Services | 30,229 | - | 114,715 | 144,944 |
| Investment Earnings | 36,849 | 21,734 | - | 58,583 |
| Miscellaneous | 478,583 | 7,861 | 6,784 | 493,228 |
| | <u>4,273,609</u> | <u>886,588</u> | <u>121,499</u> | <u>5,281,696</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 1,201,102 | - | - | 1,201,102 |
| Public Safety | 3,983,443 | 408,073 | - | 4,391,516 |
| Public Works | 802,362 | - | - | 802,362 |
| Culture and Recreation | 1,231,441 | - | 101,460 | 1,332,901 |
| Debt Service: | | | | |
| Principal | 36,966 | - | - | 36,966 |
| Interest | 9,480 | - | - | 9,480 |
| Capital Outlay | 271,940 | 214,641 | - | 486,581 |
| | <u>7,536,734</u> | <u>622,714</u> | <u>101,460</u> | <u>8,260,908</u> |
| Total Expenditures | <u>7,536,734</u> | <u>622,714</u> | <u>101,460</u> | <u>8,260,908</u> |
| (Deficiency) Excess of Revenues Over Expenditures | <u>(3,263,125)</u> | <u>263,874</u> | <u>20,039</u> | <u>(2,979,212)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 3,152,060 | - | - | 3,152,060 |
| Transfers Out | - | (652,060) | - | (652,060) |
| Proceeds of Refunding Bonds | 233,107 | - | - | 233,107 |
| Debt Service - Principal on Refunded Bonds | (230,347) | - | - | (230,347) |
| Issuance Costs on Refunding Bonds | (2,760) | - | - | (2,760) |
| | <u>3,152,060</u> | <u>(652,060)</u> | <u>-</u> | <u>2,500,000</u> |
| Total Other Financing Sources and Uses | <u>3,152,060</u> | <u>(652,060)</u> | <u>-</u> | <u>2,500,000</u> |
| SPECIAL ITEM | | | | |
| Proceeds from Sale of Land | 130,470 | - | - | 130,470 |
| | <u>130,470</u> | <u>-</u> | <u>-</u> | <u>130,470</u> |
| Net Change in Fund Balances | 19,405 | (388,186) | 20,039 | (348,742) |
| Fund Balances - Beginning | <u>3,243,444</u> | <u>3,620,291</u> | <u>29,458</u> | <u>6,893,193</u> |
| Fund Balances - Ending | <u>\$ 3,262,849</u> | <u>\$ 3,232,105</u> | <u>\$ 49,497</u> | <u>\$ 6,544,451</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds: | \$ (348,742) |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in the statement of revenues, expenditures and changes in fund balance. | (52,044) |
| Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation \$524,353 exceeded capital outlays \$486,581 in the current period. | (37,772) |
| Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold | (21,030) |
| Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. | <u>36,966</u> |
| Change in net assets of governmental activities | <u><u>\$ (422,622)</u></u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

| | Budgeted Amounts | | Actual Amounts, Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|--|---|
| | Original | Final | | |
| REVENUES | | | | |
| Property Taxes | \$ 2,914,600 | \$ 2,914,600 | \$ 2,998,316 | \$ 83,716 |
| Fees and Fines | 169,000 | 169,000 | 167,809 | (1,191) |
| Licenses and Permits | 190,500 | 190,500 | 199,009 | 8,509 |
| Engineering and Inspection Fees | 180,400 | 413,788 | 222,778 | (191,010) |
| Intergovernmental | - | - | 140,036 | 140,036 |
| Charges for Services | 41,000 | 41,000 | 30,229 | (10,771) |
| Investment Earnings | 25,000 | 25,000 | 36,849 | 11,849 |
| Miscellaneous | 412,575 | 412,575 | 478,583 | 66,008 |
| Total Revenues | 3,933,075 | 4,166,463 | 4,273,609 | 107,146 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 1,253,115 | 1,259,515 | 1,201,102 | 58,413 |
| Public Safety | 3,783,060 | 3,783,060 | 3,983,443 | (200,383) |
| Public Works | 742,825 | 742,825 | 802,362 | (59,537) |
| Culture and Recreation | 1,058,615 | 1,117,615 | 1,231,441 | (113,826) |
| Debt Service: | | | | |
| Principal | 36,050 | 36,050 | 36,966 | (916) |
| Interest and Other Charges | 10,670 | 10,670 | 9,480 | 1,190 |
| Capital Outlay | 203,400 | 371,388 | 271,940 | 99,448 |
| Total Expenditures | 7,087,735 | 7,321,123 | 7,536,734 | (215,611) |
| Deficiency of Revenues Over Expenditures | (3,154,660) | (3,154,660) | (3,263,125) | (108,465) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 3,204,300 | 3,204,300 | 3,152,060 | (52,240) |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources and Uses | 3,204,300 | 3,204,300 | 3,152,060 | (52,240) |
| SPECIAL ITEM | | | | |
| Proceeds from Sale of Land | - | - | 130,470 | 130,470 |
| Net Change in Fund Balances | 49,640 | 49,640 | 19,405 | (30,235) |
| Fund Balances - Beginning | 3,243,444 | 3,243,444 | 3,243,444 | - |
| Fund Balances - Ending | <u>\$ 3,293,084</u> | <u>\$ 3,293,084</u> | <u>\$ 3,262,849</u> | <u>\$ (30,235)</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

ENTERPRISE FUNDS

| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> | <u>Trash</u> | <u>Total</u> | <u>Internal Service Fund</u> |
|--|----------------------|----------------------|----------------------|-------------------|----------------------|----------------------------------|
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 10,098,221 | \$ 2,594,693 | \$ 4,312,425 | \$ 532,136 | \$ 17,537,475 | \$ 190,003 |
| Investments | 7,703,919 | 3,798,488 | 2,863,497 | - | 14,365,904 | - |
| Accounts Receivable, net of allowance for doubtful accounts | 2,979,640 | 214,622 | 335,708 | 131,330 | 3,661,300 | - |
| Other Receivables | 3,301 | 10,393 | 25,442 | 500 | 39,636 | - |
| Inventories | 1,054,300 | 41,762 | - | - | 1,096,062 | 50,634 |
| Deferred Bond Issue Costs | 147,477 | 29,659 | 66,784 | - | 243,920 | - |
| Total Current Assets | 21,986,858 | 6,689,617 | 7,603,856 | 663,966 | 36,944,297 | 240,637 |
| Non-Current Assets: | | | | | | |
| Capital Assets: | | | | | | |
| Land and Improvements | 1,405,351 | 27,369 | 28,638 | - | 1,461,358 | - |
| Utility System | 10,593,827 | 12,734,716 | 15,220,365 | - | 38,548,908 | - |
| Buildings and Improvements | 5,850,346 | 202,734 | 45,821 | 10,846 | 6,109,747 | - |
| Equipment and Furniture | 2,293,995 | 625,892 | 382,432 | 1,064,818 | 4,367,137 | 1,104,688 |
| Less Accumulated Depreciation | (11,323,334) | (6,117,746) | (6,441,584) | (866,676) | (24,749,340) | (276,020) |
| Total Non-Current Assets | 8,820,185 | 7,472,965 | 9,235,672 | 208,988 | 25,737,810 | 828,668 |
| Total Assets | \$ 30,807,043 | \$ 14,162,582 | \$ 16,839,528 | \$ 872,954 | \$ 62,682,107 | \$ 1,069,305 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | \$ 2,054,255 | \$ 38,591 | \$ 228,718 | \$ 32,446 | \$ 2,354,010 | \$ 84,112 |
| Salaries Payable | 28,498 | 6,049 | 6,048 | 7,257 | 47,852 | - |
| Other Accrued Expenses | 26,416 | - | - | - | 26,416 | - |
| Customer Deposits | 344,450 | - | - | - | 344,450 | - |
| Compensated Absences | 21,204 | 3,720 | 3,720 | 3,459 | 32,103 | 21,180 |
| Bonds, Notes and Loans Payable | 172,917 | 359,636 | 240,000 | - | 772,553 | - |
| Total Current Liabilities | 2,647,740 | 407,996 | 478,486 | 43,162 | 3,577,384 | 105,292 |
| Non-Current Liabilities: | | | | | | |
| Compensated Absences | 84,822 | 14,869 | 14,869 | 13,847 | 128,407 | 84,712 |
| Bonds, Notes and Loans Payable | 8,449,043 | 3,156,632 | 6,338,317 | - | 17,943,992 | - |
| Total Non-Current Liabilities | 8,533,865 | 3,171,501 | 6,353,186 | 13,847 | 18,072,399 | 84,712 |
| Total Liabilities | \$ 11,181,605 | \$ 3,579,497 | \$ 6,831,672 | \$ 57,009 | \$ 21,649,783 | \$ 190,004 |
| NET ASSETS | | | | | | |
| Invested in Capital Assets, net of related debt | \$ 198,225 | \$ 3,956,697 | \$ 2,657,355 | \$ 208,988 | \$ 7,021,265 | \$ 828,668 |
| Restricted for Capital Improvements | 257,828 | 912,632 | 663,516 | - | 1,833,976 | - |
| Unrestricted | 19,169,385 | 5,713,756 | 6,686,985 | 606,957 | 32,177,083 | 50,633 |
| Total Net Assets | \$ 19,625,438 | \$ 10,583,085 | \$ 10,007,856 | \$ 815,945 | \$ 41,032,324 | \$ 879,301 |

The accompanying notes are an integral part of these financial statements.

CITY OF MILFORD, DE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | ENTERPRISE FUNDS | | | | | Internal Service Fund |
|--|-------------------------|----------------------|----------------------|-------------------|----------------------|----------------------------------|
| | Electric | Water | Sewer | Trash | Total | |
| REVENUES | | | | | | |
| Charges for Services | \$ 27,697,694 | \$ 2,240,621 | \$ 3,245,170 | \$ 1,078,718 | \$ 34,262,203 | \$ 1,656,394 |
| Miscellaneous | 385,754 | 38,100 | - | 52,073 | 475,927 | - |
| Total Operating Revenues | <u>28,083,448</u> | <u>2,278,721</u> | <u>3,245,170</u> | <u>1,130,791</u> | <u>34,738,130</u> | <u>1,656,394</u> |
| OPERATING EXPENSES | | | | | | |
| Personal Services | 2,021,633 | 368,632 | 394,425 | 436,110 | 3,220,800 | 1,122,158 |
| Contractual Services | 20,933,716 | 69,303 | 1,896,621 | 342,591 | 23,242,231 | 19,491 |
| Utilities | 8,678 | 244,045 | 29,905 | - | 282,628 | 4,712 |
| Repairs and Maintenance | 386,275 | 33,208 | 34,558 | 90,039 | 544,080 | 219,179 |
| Other Supplies and Expenses | 64,407 | 502,267 | 265,824 | 99,256 | 931,754 | 272,515 |
| Insurance Claims and Expenses | 39,936 | 7,779 | 3,111 | 6,924 | 57,750 | 5,520 |
| Depreciation | 405,824 | 302,183 | 307,001 | 30,900 | 1,045,908 | - |
| Total Operating Expenses | <u>23,860,469</u> | <u>1,527,417</u> | <u>2,931,445</u> | <u>1,005,820</u> | <u>29,325,151</u> | <u>1,643,575</u> |
| Operating Income | <u>4,222,979</u> | <u>751,304</u> | <u>313,725</u> | <u>124,971</u> | <u>5,412,979</u> | <u>12,819</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Interest and Investment Revenues | 43,565 | 14,507 | 15,782 | 938 | 74,792 | - |
| Impact Fees | - | 39,487 | 21,073 | - | 60,560 | - |
| Miscellaneous Revenue | 8,946 | - | - | - | 8,946 | - |
| Operating Grants and Contributions | 50,000 | - | - | - | 50,000 | - |
| Interest Expense | (138,495) | (192,578) | (81,299) | - | (412,372) | - |
| Miscellaneous Expenses | (300) | - | (20,760) | - | (21,060) | - |
| Total Non-Operating (Expenses) Revenues | <u>(36,284)</u> | <u>(138,584)</u> | <u>(65,204)</u> | <u>938</u> | <u>(239,134)</u> | <u>-</u> |
| Income Before Transfers | 4,186,695 | 612,720 | 248,521 | 125,909 | 5,173,845 | 12,819 |
| Transfers In | - | - | - | - | - | - |
| Transfers Out | (2,500,000) | - | - | - | (2,500,000) | - |
| Changes in Net Assets | 1,686,695 | 612,720 | 248,521 | 125,909 | 2,673,845 | 12,819 |
| Total Net Assets - Beginning | <u>17,938,743</u> | <u>9,970,365</u> | <u>9,759,335</u> | <u>690,036</u> | <u>38,358,479</u> | <u>866,482</u> |
| Total Net Assets - Ending | <u>\$ 19,625,438</u> | <u>\$ 10,583,085</u> | <u>\$ 10,007,856</u> | <u>\$ 815,945</u> | <u>\$ 41,032,324</u> | <u>\$ 879,301</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011**

| | ENTERPRISE FUNDS | | | | |
|---|-------------------------|---------------------|---------------------|-------------------|----------------------|
| | <u>Electric</u> | <u>Water</u> | <u>Sewer</u> | <u>Trash</u> | <u>Total</u> |
| Cash Flows from Operations: | | | | | |
| Receipts from Customers | \$ 27,554,528 | \$ 2,540,909 | \$ 3,208,254 | \$ 1,066,520 | \$ 34,370,211 |
| Other Operating Receipts | 411,778 | 40,695 | 354,033 | 52,073 | 858,579 |
| Payments to Suppliers | (21,399,015) | (868,813) | (2,304,631) | (528,023) | (25,100,482) |
| Payments to Employees | (2,014,263) | (369,584) | (393,378) | (434,846) | (3,212,071) |
| Customer Deposits | 6,940 | - | - | - | 6,940 |
| Insurance Premiums Paid | (39,936) | (7,779) | (3,111) | (6,924) | (57,750) |
| Net Cash Provided by Operating Activities | <u>4,520,032</u> | <u>1,335,428</u> | <u>861,167</u> | <u>148,800</u> | <u>6,865,427</u> |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers (Out) | (2,500,000) | - | - | - | (2,500,000) |
| Net Cash Used in Non-Capital Financing Activities | <u>(2,500,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,500,000)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Additions to Property, Plant and Equipment | (2,168,052) | (384,693) | (566,871) | (137,757) | (3,257,373) |
| Proceeds from Bond Issuance | 5,578,162 | - | 3,530,458 | - | 9,108,620 |
| Debt Issue Costs | (84,894) | - | (54,025) | - | (138,919) |
| Principal Paid on Bonds | (170,000) | (397,183) | (253,385) | - | (820,568) |
| Interest Paid on Bonds | (136,954) | (99,863) | (81,299) | - | (318,116) |
| Non-Operating Capital | 58,946 | - | - | - | 58,946 |
| Impact Fees Received | - | 39,487 | 21,073 | - | 60,560 |
| Net Cash Flows Provided by (Used in) Capital and Related Financing Activities | <u>3,077,208</u> | <u>(842,252)</u> | <u>2,595,951</u> | <u>(137,757)</u> | <u>4,693,150</u> |
| Cash Flows from Investing Activities: | | | | | |
| Net Proceeds/Purchases from Sales and Maturities of Short-Term Investments | 85,310 | 45,220 | (221,689) | - | (91,159) |
| Income on Investments | 43,565 | 14,507 | 15,782 | 938 | 74,792 |
| Net Cash Flows from Investing Activities | <u>128,875</u> | <u>59,727</u> | <u>(205,907)</u> | <u>938</u> | <u>(16,367)</u> |
| Net Increase in Cash and Cash Equivalents | 5,226,115 | 552,903 | 3,251,211 | 11,981 | 9,042,210 |
| Cash and Cash Equivalents at Beginning of Year | <u>4,872,106</u> | <u>2,041,790</u> | <u>1,061,214</u> | <u>520,155</u> | <u>8,495,265</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 10,098,221</u> | <u>\$ 2,594,693</u> | <u>\$ 4,312,425</u> | <u>\$ 532,136</u> | <u>\$ 17,537,475</u> |
| Reconciliation of Operating Income to Net Cash Flows from Operating Activities: | | | | | |
| Operating Income | \$ 4,222,979 | \$ 751,304 | \$ 313,725 | \$ 124,971 | \$ 5,412,979 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | | | | |
| Depreciation and Amortization | 405,824 | 302,183 | 307,001 | 30,900 | 1,045,908 |
| Effect of Changes in Operating Assets and Liabilities: | | | | | |
| Accounts Receivable, net | (117,142) | 302,883 | 317,117 | (12,198) | 490,660 |
| Inventory | 70,176 | (9,062) | - | - | 61,114 |
| Accounts Payable | (76,115) | (10,928) | (77,723) | 3,863 | (160,903) |
| Salaries Payable | 3,615 | (2,139) | (140) | 789 | 2,125 |
| Customer Deposits | 6,940 | - | - | - | 6,940 |
| Liability for Compensated Absences | 3,755 | 1,187 | 1,187 | 475 | 6,604 |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 4,520,032</u> | <u>\$ 1,335,428</u> | <u>\$ 861,167</u> | <u>\$ 148,800</u> | <u>\$ 6,865,427</u> |
| Noncash Capital Financing Activities | | | | | |
| Issuance of Series B of 2011 Refunding Bonds | \$ - | \$ 2,504,664 | \$ 1,077,406 | \$ - | \$ 3,582,070 |
| Current Refunding of Series 2002 Bonds | - | (2,475,005) | (1,064,648) | - | (3,539,653) |
| Deferred Bond Issuance Costs | - | (29,659) | (12,758) | - | (42,417) |
| Net Cash | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Additions to Property, Plant and Equipment | 2,168,052 | 384,693 | 1,169,645 | 137,757 | 3,860,147 |
| Financed by Delaware Revolving Loans | - | - | (602,774) | - | (602,774) |
| Net Cash | <u>2,168,052</u> | <u>384,693</u> | <u>566,871</u> | <u>137,757</u> | <u>3,257,373</u> |

The accompanying notes are an integral part of these financial statements.

**CITY OF MILFORD, DE
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

| ASSETS | <u>AGENCY</u> |
|---------------------------|-------------------------|
| Cash and Cash Equivalents | <u>42,290</u> |
| Total Assets | <u><u>\$ 42,290</u></u> |
| LIABILITIES | |
| Due to Other Governments | <u>42,290</u> |
| Total Liabilities | <u><u>\$ 42,290</u></u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Introduction

The City of Milford, Delaware (the "City"), operates under a Council-Manager form of government and provides the following services as authorized by its charter adopted on May 24, 1977: public safety (police), highways and streets, sanitation, health and social services, electric, water, parks and recreation, public improvements, planning and zoning, and administrative services.

The City complies with Generally Accepted Accounting Principles (GAAP) applicable to state and local governments. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary Funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting policies and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the year ended June 30, 2010.

Financial Reporting Entity

The accompanying financial statements present the City's primary government and component units (if applicable) over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided by governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than as a expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures are recorded only when payment is due. Also, compensated absences are recorded as expenditures when paid.

Sales taxes, franchise taxes, permits and fees, recreation fees, fines and court fees, other miscellaneous revenues and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

The City reports the following governmental funds:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds account for revenues derived from earmarked revenue sources. Separate self-balancing funds are established to account for each restricted special revenue source.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The City reports the following governmental funds (Continued):

Parks and Recreation Fund - The parks and recreation fund accounts for revenues derived from activities provided by the City's parks and recreation department, which include youth and adult sports leagues, summer camps and clinics, special events and festivals as well as fund raising activities.

The City reports the following proprietary funds:

Enterprise Funds - The Enterprise Funds of the City include the electric, water, sewer and trash funds. Enterprise funds are used to account for operations (a) which are financed and operated in a manner similar to private business enterprises; where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - Consists of five internal funds which are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

The City reports the following fiduciary fund types:

Agency Fund - The agency fund accounts for assets held by the City in a trustee capacity for fees collected on behalf of Kent County and the Carlisle Fire Department.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances as of the year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. As of the end of the period, the City had no such encumbrances.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Budgets and Budgetary Accounting

The City Council follows these procedures in establishing the budgetary data reflected within the financial statements:

- (1) In accordance with the City Charter, prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. The City Charter requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included and provided for administrative control.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager is required by the City Charter to present a monthly report to the City Council explaining any variances from the approved budget.
- (5) Formal budgetary integration is employed as a management control device during the year for the general fund.
- (6) The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments.
- (7) The budgets for the special revenue fund are approved on a program by program basis by the funding agencies.
- (8) Budgetary amendments are approved by City Council as required throughout the year. If revenues in excess of those estimated in the budget become available, the Council, by ordinance, may make supplemental appropriations for the year up to the amount of such excess.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, checking and money market accounts, and short-term investments generally maturing in three months or less.

Receivables

Receivables are shown net of the allowances for estimated uncollectible accounts. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which in the judgment of City officials should be recognized in estimating possible losses. Management believes that they have adequately provided for future probable losses.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) :

Interfund Receivables/Payables

Advances between funds are accounted within the appropriate interfund receivable and payable accounts. These advances (reported as "due from/to other funds") are considered "available spendable resources."

Inventory

Inventory is carried at cost for the water fund, and at replacement cost for the electric fund, and is determined using the first-in, first out (FIFO) method.

Inventory in the general fund consists of gasoline and diesel fuel held for consumption. Inventory in the internal service fund consists of garage and meter supplies held for consumption. The inventory acquisitions are recorded in the inventory accounts initially and charged to expenditures when used. The cost value of such inventory has been presented on an average cost basis.

Deferred Bond Discount and Costs

The deferred bond discounts and costs are being amortized over the respective lives of the bonds, using the straight-line method.

Fixed Assets

Fixed assets which include land, buildings, improvements, equipment, vehicles and infrastructure assets, consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, are reported on the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Fixed assets are recorded at historical cost, if purchased, and at fair market value, if donated. The capitalization threshold for all fixed assets is \$5,000. No dollar threshold is set for land. Fixed asset depreciation is recognized using the straight-line method over the estimated useful lives.

Compensated Absences

A maximum of 30 days of vacation and 130 days of sick leave may be accumulated by each employee except for those hired before 1992, whose carry-over is not limited. The City accrues a liability for compensated absences which meet the following criteria:

- The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Compensated Absences (Continued)

In accordance with the above criteria, the City has accrued a liability for vacation and sick pay which has been earned but not taken by City employees. For governmental funds, the liability for compensated absences is reported as a long term liability in the government-wide financial statements since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences is recorded in proprietary fund types as an accrued liability in accordance with Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences.

Long-Term Liabilities

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-wide and Proprietary Fund Net Assets:

- Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net assets - consist of net assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (including those who have donated to the City's parks endowment).
- Unrestricted - all other net assets are reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- **Non-spendable** - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Governmental Fund Balances (Continued):

- **Restricted** - Amounts that can be spent only for specific purposes because of the City Charter, the City code, state or federal laws, or externally imposed conditions by grantor or creditors.
- **Committed** - Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This included the Budget Reserve Account.
- **Assigned** - Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- **Unassigned** - All amounts not included in other spendable classifications.

Inter-Fund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Interest Capitalization

Interest costs incurred for the acquisition and/or construction of capital assets are capitalized based on the guidelines established by the Statement of Financial Accounting Standards No. 34, Capitalization of Interest Cost.

The interest capitalization period begins when the following conditions are present:

- Expenditures for the capital asset have been made.
- Activities that are necessary to get the capital asset ready for its intended use are in progress.
- Interest expense is being incurred.

The amount of interest expense to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the interest rate for the obligation incurred specifically to finance the construction of capital assets. No capitalizable interest was incurred during the year ended June 30, 2011.

Changes in Beginning Fund Balances/Net Assets

The City discovered during the current year that certain infrastructure assets reflected in its government-wide financial statement, as well as an asset in its electric fund had not been properly depreciated in prior years.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Changes in Beginning Fund Balances/Net Assets (Continued):

The following summarizes the changes in beginning fund balances/net assets as of the beginning of the fiscal year:

| | <u>Special Revenue Fund</u> | <u>Electric Fund</u> | <u>Governmental Activities</u> |
|--|-------------------------------------|--------------------------|------------------------------------|
| Fund Balance/Net Assets, beginning of year, as previously stated | \$ 3,043,762 | \$18,791,882 | \$25,271,861 |
| Deferred Revenue reclassified to restricted fund balance | 576,529 | - | 576,529 |
| Decrease resulting from recognition of depreciation in prior years not previously recognized | <u>-</u> | <u>(853,139)</u> | <u>(6,755,544)</u> |
| Fund Balance/Net Assets, beginning of year, as restated | <u>\$ 3,620,291</u> | <u>\$17,938,743</u> | <u>\$19,092,846</u> |

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Asset Differences

When capital assets (land, building, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, these costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

| | |
|---------------------------------------|---------------------|
| Land, Infrastructure and Other Assets | \$ 8,876,212 |
| Building and Improvements | 8,095,313 |
| Equipment and Furniture | 4,662,584 |
| Construction in Progress | 230,229 |
| Less: Accumulated Depreciation | <u>(9,041,126)</u> |
| Net Capital Asset Difference | <u>\$12,823,212</u> |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

**NOTE 2 - RECONCILIATION OF GOVERNMENT-SIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED):**

**Explanation of Certain Differences between the Governmental Fund Balance Sheet
and the Government-Wide Statement of Net Assets (Continued).**

Long-Term Liability Differences

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

| | |
|---|-------------------|
| Long-Term Portion of Compensated Absences | \$ 516,767 |
| Current Portion of Bonds Payable | 33,919 |
| Long-Term Portion of Bonds Payable | <u>199,188</u> |
| Total Current and Long-Term Liability Differences | <u>\$ 749,874</u> |

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities.

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. The difference primarily results from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund financial statements.

Capital Outlay Differences

Capital Outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

| | |
|----------------|--------------------|
| Capital Outlay | \$ 486,581 |
| Depreciation | <u>(524,353)</u> |
| Net Difference | <u>(\$ 37,772)</u> |

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued, it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as a long-time liability and repayments are reported as reductions of those liabilities in the statement of activities. The detail of this difference is reported below:

| | |
|---------------------|------------------|
| Principal Repayment | <u>\$ 36,966</u> |
|---------------------|------------------|

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - FINANCIAL INSTRUMENTS

The City has a number of financial instruments. The City estimates that the fair value of all financial instruments as of June 30, 2011, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet and statement of net assets.

NOTE 4 - CASH AND INVESTMENTS

Cash and Cash Equivalents

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2011, all of the City's bank balance of \$20,556,314 was either insured or fully collateralized.

NOTE 5 - REAL ESTATE TAXES

The tax on real estate in the City area for the fiscal year 2011 was [46 mills (\$1,000 of assessed valuation)] as levied by the City Council. The City bills and collects its own real estate taxes. Delinquent taxes are lien by the City. The schedules of real estate taxes levied for the fiscal year 2011 are:

- July 1 - Levy Date (effective date of enforceable lien)
- August 1 - September 30 - Face Payment Period
- October 1 - 1% Penalty for each subsequent month not paid

NOTE 6 - IMPACT FEES

All new water, sewage, and electric services within the City of Milford are required to pay a one-time "impact fee." The purpose of the fee is to compensate for the impact of new users to the existing water and sewage systems, in order to provide for future expansion. All impact fees collected are restricted for capital improvements, as specified and approved by City Council that will be required as the result of population growth. The cost of the impact fee for water, sewage, and electric for the year ended June 30, 2011 was \$2,075, \$1,097, and \$600 per Estimated Discharge Usage (EDU), respectively.

The City has recorded as revenue in the proprietary funds Statement of Revenues, Expenses and Changes in Fund Net Assets and in the government-wide Statement of Activities the impact fee monies, as required by GASB No. 33. Resulting restricted net assets at June 30, 2011 is \$1,833,976.

NOTE 7 - INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenses or expenditures and transfers of resources primarily to provide services. The financial statements of the governmental and proprietary fund types generally reflect such transactions as transfers.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - INTERFUND TRANSACTIONS

Transfers that are not considered operating or residual equity transfers give rise to individual fund, interfund receivables and payables. As of June 30, 2011, there are no outstanding interfund balances.

NOTE 8 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units represent receivables for revenues earned by the City or collections made by another governmental unit on behalf of the City.

NOTE 9 - FIXED ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2011:

| Description | Year Ended June 30, 2011 | | | | |
|---|--------------------------|--------------------|------------------|----------------------------|----------------------|
| | Balances 07/01/10 | Additions | Deletions | Adjustments & Transfers | Balances 06/30/11 |
| City Department: | | | | | |
| Land | \$ 6,662,799 | \$ - | \$ 18,994 | \$ - | \$ 6,643,805 |
| Buildings and Improvements | 4,137,131 | - | - | - | 4,137,131 |
| Vehicles and Equipment | 3,343,808 | 156,320 | 20,357 | - | 3,479,771 |
| Construction in Progress | 135,596 | 94,633 | - | - | 230,229 |
| Total City Depreciation | 14,279,334 | 250,953 | 39,351 | - | 14,490,936 |
| Accumulated Depreciation | (967,991) | (324,103) | (18,321) | (3,196,942) | (4,470,715) |
| Total City Department, Net | \$13,311,343 | (\$ 73,150) | \$ 21,030 | (\$ 3,196,942) | \$10,020,221 |
| Street Department: | | | | | |
| Land Improvements | \$ 1,951,118 | \$ 123,487 | \$ - | \$ 157,802 | \$ 2,232,407 |
| Buildings and Improvements | 4,115,984 | - | - | (157,802) | 3,958,182 |
| Vehicles and Equipment | 1,095,808 | 87,005 | - | - | 1,182,813 |
| Total City Department | 7,162,910 | 210,492 | - | - | 7,373,402 |
| Accumulated Depreciation | (811,559) | (121,096) | - | (3,637,756) | (4,570,411) |
| Total Street Department, Net | \$ 6,351,351 | \$ 89,396 | \$ - | (\$3,637,756) | \$ 2,802,991 |
| Year Ended June 30, 2011 | | | | | |
| Description | Balances 07/01/10 | Additions | Deletions | Adjustments & Transfers | Balances 06/30/11 |
| Total Government | | | | | |
| Capital Assets: | | | | | |
| Land | \$ 8,613,917 | \$ 123,487 | \$ 18,994 | \$ 157,802 | \$ 8,876,212 |
| Buildings and Improvements | 8,253,115 | - | - | (157,802) | 8,095,313 |
| Vehicles and Equipment | 4,439,616 | 243,325 | 20,357 | - | 4,662,584 |
| Construction in Progress | 135,596 | 94,633 | - | - | 230,229 |
| Total Governmental Capital Assets | 21,442,244 | 461,445 | 39,351 | - | 21,864,338 |
| Accumulated Depreciation | (1,779,550) | (445,199) | (18,321) | (6,834,698) | (9,041,126) |
| Total Governmental Capital Assets, Net | \$19,662,694 | \$ 16,246 | \$ 21,030 | (\$6,834,698) | \$12,823,212 |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 - FIXED ASSETS (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2011:

| Description | Year Ended June 30, 2011 | | | | |
|----------------------------|--------------------------|--------------------|-------------|----------------------------|----------------------|
| | Balances 07/01/10 | Additions | Deletions | Adjustments & Transfers | Balances 06/30/11 |
| Electric Fund: | | | | | |
| Land | \$ 312,981 | \$1,092,370 | \$ - | \$ - | \$ 1,405,351 |
| Buildings and Improvements | 5,838,126 | 12,220 | - | - | 5,850,346 |
| Electric System | 9,686,361 | 907,466 | - | - | 10,593,827 |
| Vehicles and Equipment | 2,137,997 | 155,998 | - | - | 2,293,995 |
| Total Fixed Assets | 17,975,465 | 2,168,054 | - | - | 20,143,519 |
| Accumulated Depreciation | (10,064,371) | (405,824) | - | (853,139) | (11,323,334) |
| Net Book Value | \$ 7,911,094 | \$1,762,230 | \$ - | (\$ 853,139) | \$ 8,820,185 |
| Water Fund: | | | | | |
| Land | \$ 27,369 | \$ - | \$ - | \$ - | \$ 27,369 |
| Buildings and Improvements | 202,734 | - | - | - | 202,734 |
| Water System | 12,395,663 | 339,053 | - | - | 12,734,716 |
| Vehicles and Equipment | 580,252 | 45,640 | - | - | 625,892 |
| Total Fixed Assets | 13,206,018 | 384,693 | - | - | 13,590,711 |
| Accumulated Depreciation | (5,815,563) | (302,183) | - | - | (6,117,746) |
| Net Book Value | \$ 7,390,455 | \$ 82,510 | \$ - | \$ - | \$ 7,472,965 |
| Waste Water Fund: | | | | | |
| Land | \$ 28,638 | \$ - | \$ - | \$ - | \$ 28,638 |
| Buildings and Improvements | 45,821 | - | - | - | 45,821 |
| Waste Water System | 14,050,720 | 1,169,645 | - | - | 15,220,365 |
| Vehicles and Equipment | 382,432 | - | - | - | 382,432 |
| Total Fixed Assets | 14,507,611 | 1,169,645 | - | - | 15,677,256 |
| Accumulated Depreciation | (6,134,583) | (307,001) | - | - | (6,441,584) |
| Net Book Value | \$ 8,373,028 | \$ 882,644 | \$ - | \$ - | \$ 9,235,672 |

| Description | Year Ended June 30, 2011 | | | | |
|----------------------------|--------------------------|-------------------|-------------|----------------------------|----------------------|
| | Balances 07/01/10 | Additions | Deletions | Adjustments & Transfers | Balances 06/30/11 |
| Trash Fund: | | | | | |
| Buildings and Improvements | \$ 10,846 | \$ - | \$ - | \$ - | \$ 10,846 |
| Vehicles and Equipment | 927,061 | 137,757 | - | - | 1,064,818 |
| Total Fixed Assets | 937,907 | 137,757 | - | - | 1,075,664 |
| Accumulated Depreciation | (835,777) | (30,899) | - | - | (866,676) |
| Net Book Value | \$ 102,130 | \$ 106,858 | \$ - | \$ - | \$ 208,988 |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9 - FIXED ASSETS (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2011:

| <u>Description</u> | <u>Year Ended June 30, 2011</u> | | | | |
|----------------------------|---------------------------------|--------------------|------------------|--|------------------------------|
| | <u>Balances 07/01/10</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments & Transfers</u> | <u>Balances 06/30/11</u> |
| Total Enterprise Funds: | | | | | |
| Land | \$ 368,988 | \$1,092,370 | \$ - | \$ - | \$ 1,461,358 |
| Buildings and Improvements | 6,097,527 | 12,220 | - | - | 6,109,747 |
| Electric System | 9,686,361 | 907,466 | - | - | 10,593,827 |
| Water System | 12,395,663 | 339,053 | - | - | 12,734,716 |
| Waste Water System | 14,050,720 | 1,169,645 | - | - | 15,220,365 |
| Vehicles and Equipment | 4,027,742 | 339,395 | - | - | 4,367,137 |
| Total Fixed Assets | 46,627,001 | 3,860,149 | - | - | 50,487,150 |
| Accumulated Depreciation | (22,850,294) | (1,045,907) | - | (853,139) | (24,749,340) |
| Net Book Value | <u>\$23,776,707</u> | <u>\$2,814,242</u> | <u>\$ -</u> | <u>(\$ 853,139)</u> | <u>\$25,737,810</u> |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - LONG-TERM DEBT OBLIGATIONS

Long-Term Debt Schedule

Long-Term liability activity for the year ended June 30, 2011 is as follows:

Governmental Activities:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Within One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--|
| Bonds Payable: | | | | | |
| Series 2002 General Obligation Bonds | \$ 267,313 | \$ - | (\$ 267,313) | \$ - | \$ - |
| Series B 2011 General Obligation Bonds | - | 227,292 | - | 227,292 | 32,700 |
| Bond Premium | - | 5,815 | - | 5,815 | 1,219 |
| Other Liabilities: | | | | | |
| Compensated Absences | <u>637,997</u> | <u>-</u> | <u>(24,282)</u> | <u>613,715</u> | <u>96,948</u> |
| Governmental Activities Long-Term Liabilities | <u>\$ 905,310</u> | <u>\$ 233,107</u> | <u>(\$ 291,595)</u> | <u>\$ 846,822</u> | <u>\$130,867</u> |

Business Activities:

| | | | | | |
|--|---------------------|---------------------|----------------------|---------------------|------------------|
| Bonds Payable: | | | | | |
| Series 1992A Capital Appreciation Bond | \$ 1,670,000 | \$ - | \$ - | \$ 1,670,000 | \$ - |
| Revolving Funds Loans - State of Delaware | 1,138,393 | - | (80,111) | 1,058,282 | 82,532 |
| State of Delaware 2010 | 337,585 | 600,353 | - | 937,938 | - |
| Series 2002 General Obligation Bonds | 4,107,688 | - | (4,107,688) | - | - |
| Series 2005 General Obligation Bonds | 3,310,000 | - | (170,000) | 3,140,000 | 175,000 |
| Series A of 2011 General Obligation Bonds | - | 9,000,000 | - | 9,000,000 | - |
| Series B of 2011 General Obligation Bonds | <u>-</u> | <u>3,492,708</u> | <u>-</u> | <u>3,492,708</u> | <u>512,300</u> |
| | 10,563,666 | 13,093,061 | (4,357,799) | 19,298,928 | 769,832 |
| Add: Bond Premium 2011 Bonds | - | 197,982 | - | 197,982 | 27,054 |
| Less: Bond Discount and Deferred Amount on Refunding | <u>(881,037)</u> | <u>-</u> | <u>100,672</u> | <u>(780,365)</u> | <u>(24,333)</u> |
| Total Bonds Payable | 9,682,629 | 13,291,043 | (4,257,127) | 18,716,545 | 772,553 |
| Other Liabilities: | | | | | |
| Compensated Absences | <u>241,107</u> | <u>25,295</u> | <u>-</u> | <u>266,402</u> | <u>53,283</u> |
| Business-Type Activities Long-Term Liabilities | <u>\$ 9,923,736</u> | <u>\$13,316,338</u> | <u>(\$4,257,127)</u> | <u>\$18,982,947</u> | <u>\$825,836</u> |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - LONG-TERM DEBT OBLIGATIONS

General Obligation Bonds

Series A of 1992 Bond Issue

The 1992 General Obligation Enterprise Bonds, Series A, in the amount of \$839,697 represents the remaining principal portion, net of unamortized appreciation of \$649,349 with variable interest rates of 5.50% to 6.95%. The bonds were used to defease in-substance a portion of the 1989 Bond Issue and to finance additional waste water system improvements. The general obligation bonds have various maturity dates through April 2018.

The following schedule is a summary of the 1992 Bond Issue, Series A with a balance outstanding of \$1,670,000. Bonds mature on April 1, and October 1, and interest is paid on those dates.

Capital Appreciation Bonds

| Year Ending <u>June 30,</u> | <u>Principal Amount</u> | <u>Unamortized Appreciation</u> | <u>Rate</u> |
|-----------------------------------|-----------------------------|-------------------------------------|-------------|
| 2011 | \$ - | 77,556 | ... |
| 2012 | - | 83,028 | ... |
| 2013 | - | 88,886 | ... |
| 2014 | - | 95,157 | ... |
| 2015 | 420,000 | 94,561 | 6.90% |
| 2016 | 465,000 | 69,334 | 6.95% |
| 2017 | 395,000 | 43,294 | 6.95% |
| 2018 | 390,000 | 19,089 | 6.95% |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (CONTINUED)

SERIES OF 2002 BOND ISSUE

On October 1, 2002, the City issued \$6,675,000 in General Obligation Refunding Bonds with interest rates ranging between 1.35% and 4.35%. The City issued the bonds to advance refund \$3,435,000 of the total \$7,115,000 outstanding Series of 1996 General Obligation Bonds with an interest rate of 4.7%. Also, \$2,865,000 of the \$4,765,000 outstanding Series of 1992 General Obligation Bonds with an interest rate of 6.4% was currently refunded on the same date. The City used a portion of the net proceeds to refund \$3,435,000 of the Series 1996 General Obligation Bonds. In addition, the City used the remaining portion of the net proceeds to provide for the \$2,865,000 defeasance of the Series of 1992 A-Capital Interest Bonds.

The advanced and current refunding reduced total debt service payments over the then remaining term of 18 years by approximately \$830,000, which resulted in an economic gain (difference between the present value debt service payments on the old and new debt) of \$744,000.

The following is a schedule of maturities of the 2002 bond issue:

| Year Ending <u>June 30,</u> | Principal <u>Amount</u> | <u>Interest</u> | |
|-----------------------------------|----------------------------|-----------------|---------------|
| | | <u>Rate</u> | <u>Amount</u> |
| 2011 | 605,000 | 3.20% | 155,163 |
| 2012 | 620,000 | 3.30% | 134,640 |
| 2013 | 650,000 | 3.40% | 112,563 |
| 2014 | 665,000 | 3.55% | 88,723 |
| 2015 | 275,000 | 3.70% | 71,126 |
| 2016 | 235,000 | 3.85% | 61,133 |
| 2017 | 240,000 | 4.00% | 51,573 |
| 2018 | 255,000 | 4.05% | 41,421 |
| 2019 | 265,000 | 4.15% | 30,499 |
| 2020 | 275,000 | 4.25% | 18,886 |
| 2021 | 290,000 | 4.35% | 6,453 |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (CONTINUED)

General Obligation Bonds (Continued)

SERIES OF 2005 BOND ISSUE

On June 1, 2005, the City issued \$3,790,000 in General Obligation Refunding Bonds with the average rate of interest not to exceed 4.50%. The City issued the bonds to advance refund the total amount outstanding under the Series of 2000 General Obligation Bonds of \$3,580,000 with interest rates ranging from 4.70% to 5.65% per annum. The advanced refunding reduced total debt service payments over the then remaining term of 20 years by approximately \$384,000.

The following is a schedule of maturities of the 2005 bond issue:

| Year Ending June 30, | Principal Amount | Rate | Interest Amount |
|----------------------------|---------------------|-------|--------------------|
| 2011 | 170,000 | 3.20% | 127,995 |
| 2012 | 175,000 | 3.35% | 122,555 |
| 2013 | 180,000 | 3.45% | 116,692 |
| 2014 | 185,000 | 3.55% | 110,482 |
| 2015 | 195,000 | 3.65% | 103,915 |
| 2016 | 200,000 | 3.70% | 96,798 |
| 2017 | 210,000 | 3.80% | 89,398 |
| 2018 | 220,000 | 3.85% | 81,418 |
| 2019 | 225,000 | 3.90% | 72,948 |
| 2020 | 230,000 | 4.00% | 64,172 |
| 2021 | 245,000 | 4.00% | 54,972 |
| 2022 | 250,000 | 4.15% | 45,172 |
| 2023 | 265,000 | 4.15% | 34,798 |
| 2024 | 275,000 | 4.25% | 23,800 |
| 2025 | 285,000 | 4.25% | 12,112 |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - LONG-TERM DEBT OBLIGATIONS (CONTINUED)

NOTES PAYABLE - STATE OF DELAWARE

In connection with its Wastewater Collection System Expansion Project, the City entered into a financing agreement with the Delaware Water Pollution Control Revolving Fund, acting by and through the Delaware Department of Natural Resources and Environmental Control, a public agency of the State of Delaware. Under terms of the agreement, interest only payments were due semi-annually at a rate of three percent (3%) per annum on the amounts that had been advanced to fund the project. Semi-annual payments of principal and interest (at 3%) are due through scheduled maturity of July 1, 2022. The note is secured by the full faith and credit of the City. Scheduled maturities of the note are as follows:

| Year Ending <u>June 30,</u> | |
|--------------------------------|--------------------|
| 2011 | \$ 82,532 |
| 2012 | 85,027 |
| 2013 | 87,597 |
| 2014 | 90,245 |
| 2015 | 92,972 |
| Thereafter | <u>619,909</u> |
| | <u>\$1,058,282</u> |

The City has also received additional funds under this program in connection with the second part of its System Expansion Project which is still in progress. The balance on the related note as of June 30, 2011 is \$937,938. Semi-annual interest payments are due during construction at an annual rate of 2.0%. Amortized loan payments shall begin semi-annually after the completion of the project.

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

SERIES A OF 2011 BOND ISSUE

On June 30, 2011, the City issued \$9,000,000 in General Obligation Bonds in connection with planned electric and sewer capital projects, with interest rates ranging from 2.0% to 4.4%. The bonds are scheduled to mature January 1, 2037. Annual principal payments are scheduled to commence January 1, 2013, with semi-annual interest payments commencing January 1, 2012. The bonds had an original issue premium of \$108,620, the unamortized portion of which is included in the balance reflected in the financial statements at June 30, 2011.

The following is a schedule of maturities of the Series A 2011 bond issue:

| Year Ending <u>June 30,</u> | <u>Principal</u> <u>Total</u> | <u>Interest</u> | |
|-----------------------------------|----------------------------------|-----------------|--------------|
| | | <u>Rate</u> | <u>Total</u> |
| 2012 | \$ - | 2.00% | \$ 159,887 |
| 2013 | 280,000 | 2.00% | 318,007 |
| 2014 | 285,000 | 2.00% | 312,407 |
| 2015 | 290,000 | 2.00% | 306,707 |
| 2016 | 295,000 | 2.00% | 300,906 |
| 2017 | 300,000 | 2.00% | 295,007 |
| 2018 | 310,000 | 3.00% | 289,007 |
| 2019 | 320,000 | 3.00% | 279,707 |
| 2020 | 330,000 | 3.00% | 270,107 |
| 2021 | 340,000 | 3.00% | 260,207 |
| 2022 | 350,000 | 3.50% | 250,007 |
| 2023 | 365,000 | 3.50% | 237,758 |
| 2024 | 375,000 | 3.50% | 224,983 |
| 2025 | 390,000 | 3.75% | 211,857 |
| 2026 | 405,000 | 3.75% | 197,234 |
| 2027 | 420,000 | 4.00% | 182,045 |
| 2028 | 435,000 | 4.00% | 165,245 |
| 2029 | 455,000 | 4.05% | 147,845 |
| 2030 | 470,000 | 4.05% | 129,419 |
| 2031 | 490,000 | 4.05% | 110,382 |
| 2032 | 500,000 | 4.25% | 90,539 |
| 2033 | 290,000 | 4.25% | 69,288 |
| 2034 | 305,000 | 4.25% | 56,962 |
| 2035 | 320,000 | 4.40% | 44,000 |
| 2036 | 335,000 | 4.40% | 29,920 |
| 2037 | 345,000 | 4.40% | 15,180 |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

SERIES B OF 2011 BOND ISSUE

On June 30, 2011, the City issued \$3,720,000 in General Obligation Bonds with interest rates ranging between 2.0% and 3.0%. The City issued the bonds in order to currently refund \$3,770,000 of outstanding 2002 Refunding Bonds with interest rates ranging from 3.2% to 4.35%. The Series B 2011 General Obligation Bonds are scheduled to mature January 1, 2021, with annual principal payments commencing January 1, 2012. Semi-annual interest payments are also scheduled to commence January 1, 2012.

The current refunding reduced total debt service payments over the next 10 years by \$276,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$259,000.

The following is a schedule of maturities of the Series B 2011 bond issue:

| Year Ending <u>June 30,</u> | <u>Principal Amount</u> | <u>Interest</u> | |
|-----------------------------------|-----------------------------|-----------------|---------------|
| | | <u>Rate</u> | <u>Amount</u> |
| 2012 | \$ 545,000 | 2.00% | \$ 43,792 |
| 2013 | 685,000 | 2.00% | 76,200 |
| 2014 | 690,000 | 2.00% | 62,500 |
| 2015 | 290,000 | 2.00% | 48,700 |
| 2016 | 240,000 | 2.00% | 42,900 |
| 2017 | 235,000 | 3.00% | 38,100 |
| 2018 | 250,000 | 3.00% | 31,050 |
| 2019 | 255,000 | 3.00% | 23,550 |
| 2020 | 260,000 | 3.00% | 15,900 |
| 2021 | 270,000 | 3.00% | 8,100 |

CITY OF MILFORD, DELAWARE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - PENSION PLAN

County and Municipal Pension Plan

Effective January 1, 2005, City Council elected, under provisions of the Delaware Code, to participate in the County and Municipal Police/Firefighter and the General Employees Retirement Funds. In connection with this election, the City agreed to fund prior service cost up to a maximum of fifteen (15) years for all eligible employees. The total cost to the City for the funding of the prior service cost was \$3,260,008. Such funding was provided for from the City's reserves in its Water and Sewer Funds, as well as from assets of its existing retirement fund. This cost was included within the fiscal June 30, 2005 financial statements, and was allocated to all of the City's funds based on the actuarial data that was provided in order to determine the total prior service cost.

Along with the prior service cost, the City is obligated to pay the ongoing regular contribution rate (6.15% for fiscal year 2010 and 6.2% for fiscal year 2011). For sworn officers, the contribution rate was 13.7% for fiscal year 2010 and 13.9% for fiscal year 2011. These contribution rates are expected to gradually increase over the next several years. In addition, eligible employees are required to contribute 3% of their earnings in excess of \$6,000 and an additional 2% of their earnings in excess of the Social Security wage base.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The City does not anticipate losses as a result of these transactions.

Government Grant/Award Programs

The City participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable program requirements will be established at some future date. The amount, if any, of expenditures, not already disclosed, which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Government Auditing Standards Reports

City of Milford, DE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Contract Number | Award Period | Award Amount | Expenditures |
|--|---------------------------|--------------------|-----------------------|-----------------|--------------------------|
| FEDERAL FINANCIAL ASSISTANCE: | | | | | |
| Federal Grantor: Department of Justice Pass-Through: Office of Community Policing Activities | | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | 2009CKWX0664 | 9/1/2009 - 8/31/2011 | \$ 486,040 | <u>278,350</u> |
| Total | 16.710 | | | | <u>278,350</u> |
| Federal Grantor: Environmental Protection Agency Pass-Through: State of Delaware Revolving Fund - Division of Water Resources | | | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | PAB#12000033 | 12/30/09 - 12/30/2029 | 2,835,586 | <u>547,088</u> |
| Total | 66.458 | | | | <u>547,088</u> |
| Federal Grantor: Environmental Protection Agency Pass-Through: State of Delaware Department of Agriculture | | | | | |
| Forest Health Protection | 10.680 | 07-00-11420004-064 | 5/1/2007 - 12/31/10 | 10,784 | <u>6,859</u> |
| Total | 10.680 | | | | <u>6,859</u> |
| Federal Grantor: U.S. Department of Energy | | | | | |
| Replacement of Street Lighting with Red Lights | 81.128 | DE-EE0002906 | 12/15/09 - 12/14/10 | 50,000 | <u>50,000</u> |
| Total | 81.128 | | | | <u>50,000</u> |
| Total Federal Assistance | | | | | <u><u>\$ 882,297</u></u> |

The accompanying notes are an integral part of this schedule.

CITY OF MILFORD, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. General Information:

The accompanying schedule of expenditures of federal awards presents the activities in all the federal financial assistance programs of City of Milford, DE. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies or not-for-profit organizations are included on the schedule.

2. Basis of Accounting:

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.



Certified Public Accountants

*Member Firm Private Companies Practice Section
AICPA Division for CPA Firms*

BECK, VILLATA & CO., P.C.
www.beckvillata.com

Frank C. Beck, CPA/ABV
Vincent P. Villata, Jr., CPA
Robert K. Griffin, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Milford
Milford, Delaware

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Milford, Delaware, as of and for the year ended June 30, 2011, which collectively comprise the City of Milford, Delaware's basic financial statements and have issued our report thereon dated October 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Milford, Delaware's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Milford, Delaware's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Milford, Delaware's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Milford, Delaware's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Back Villalovos & Co PC

Cherry Hill, New Jersey
October 26, 2011



Certified Public Accountants

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BECK, VILLATA & CO., P.C.

www.beckvillata.com

Frank C. Beck, CPA/ABV
Vincent P. Villata, Jr., CPA
Robert K. Griffin, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and City Council
City of Milford
Milford, Delaware

Compliance

We have audited City of Milford, DE's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Milford, DE's major federal programs for the year ended June 30, 2011. City of Milford, DE's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Milford, DE's management. Our responsibility is to express an opinion on City of Milford, DE's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Milford, DE's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Milford, DE's compliance with those requirements.

In our opinion, City of Milford, DE complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of City of Milford, DE is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Milford, DE's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Milford, DE's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, city council, others within the entity, State of Delaware, federal awarding agencies, and other pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Back Villalobos & Co PC

Cherry Hill, NJ
October 26, 2011

CITY OF MILFORD, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

I. Summary of Auditors' Results:

1. The auditors' report issued on the basic financial statements of City of Milford was an unqualified opinion.
2. No material weakness in internal control related to the audit of the financial statements are reported in this schedule.
3. The audit disclosed no instances of noncompliance which are material to the financial statements in accordance with Government Auditing Standards.
4. No significant deficiencies in the internal control over major programs were disclosed by the audit.
5. The auditors' report issued on compliance for major programs was an unqualified opinion.
6. No audit findings are disclosed that are required to be reported in accordance with section 510(a) of Circular A-133.
7. The following federal programs were designated as major programs:

| <u>Federal Agency/ Pass through Entity</u> | <u>Federal CFDA Number</u> | <u>Contract Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|----------------------------|---------------------------------|
| Federal Agency: Environmental Protection Agency | | | |
| State of Delaware Revolving fund Loan | 66.458 | PAB#12000033 | \$547,088 |

8. The dollar threshold used to distinguish between Type A and Type B programs (as specified in Section 520(b) of OMB Circular A-133) was \$300,000.
9. City of Milford did not qualify as a low-risk auditee.

CITY OF MILFORD, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

II. Significant Deficiency in Internal Control over Financial Reporting:

2011-1 Financial Statement Preparation

Condition: The City of Milford, like many governmental units, has historically relied on its auditors to draft its annual financial statements and required disclosures as part of the year-end audit process. Upon completion of audit fieldwork, management reviews and approves any adjustments made to the general ledger, and then reviews and approves the audited financial statements prior to issuance.

While the City's accounting personnel have possessed the level of skill necessary to produce the basic financial statements, they have lacked the technical expertise needed to ensure compliance with the current reporting standards promulgated by GAAP. Further, the city does not have the necessary technical reference materials and resources needed to ensure the propriety and completeness of all of the required financial disclosures applicable to its financial statements. We believe these resource limitations would limit the organization's ability to comply with the requirements as outlined and as such would be deemed an internal control deficiency with respect to the financial reporting control.

Criteria: U.S. generally accepted auditing standards require management be responsible for the preparation of an organization's financial statements and all required disclosures in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, to comply with these standards an organization must not only have accounting personnel that have the expertise in the area of financial reporting standards, but a system in place that ensures on-going training for its personnel in the area of financial reporting and the necessary reference materials or other resources to ensure compliance with financial reporting standards.

Recommendation: We acknowledge that this is an element of internal control embodied in the standards that may be difficult for some organizations to overcome. For many governmental units like the City of Milford, it has been more cost effective to rely on its auditors for this technical expertise. We recommend that the City continue to monitor the cost/benefit of this control as its operations evolve as to whether it would ever be appropriate to develop all of the internal resources necessary to remedy this condition.

Management response: We have a small and limited staff but we do provide city council monthly and year-end financial reports, as well as all budgetary reports. Our annual audited financial statements and footnotes have been outsourced to our auditors because of the cost/benefit standpoint and our auditors have direct knowledge that aids in preparing the annual audited financial statement package. Our trial balance and financial package is used for basis in preparation of the annual audited financial statement package.

III. Findings Related to Federal, State, County and City Awards:

NONE

PUBLIC NOTICE

Notice is hereby given the following ordinance is under review by the Milford Planning Commission and Milford City Council as noted:

ORDINANCE 2011-29 Conditional Use Modification/Siobain-VI, LLC

An Ordinance of the City Council of the City of Milford, Delaware Authorizing the Modification of a Conditional Use Allowing a Planned Unit Development on 19.15 +/- acres for Davis, Bowen and Friedel, Incorporated on behalf of Siobain-VI, LLC on the south side of Airport Road, 1,600 feet west of US Route 113, Milford, Delaware, formerly known as Cascades. Approved Number of Units 84; Proposed Number of Units 142. Tax Map MD 16-173.00-01 - 04.03; -04.04; -04.05; -04.06; -04.07; -04.08; -04.09; -04.10; -04.11; -04.12; -04.13; -04.14; -04.15; -04.16; -04.17; -04.18.

Whereas, the City of Milford has been requested by Davis, Bowen and Friedel, Incorporated on behalf of Siobain-VI, LLC to allow a Modification to a Conditional Use for a Planned Unit Development; and

Whereas, the Planning Commission reviewed the application at a Public Hearing on December 20, 2011 and has presented the item to be considered by the City Council; and

Whereas, the City Council held an advertised public hearing on January 23, 2012 to allow public comment on the application.

Now, Therefore, the City of Milford hereby ordains:

Section 1. Upon the adoption of this ordinance, Siobain-VI, LLC is hereby granted a modification to the conditional use permitting a Planned Unit Development in accordance with the application, approved plans and any conditions set forth;

Section 2. Construction or operation shall be commenced within one year of the date of issuance or the conditional use permit becomes void.

Section 3. Dates.

Introduction to City Council: 12-12-11

Planning Commission Review & Public Hearing: 12-20-11

City Council Review & Public Hearing: 01-23-12

This ordinance shall take effect and be in force ten days after its adoption.

Ordinance 2011-29 is scheduled for adoption, with or without amendments, at the Council Meeting on January 23, 2012. Should you have questions, please contact the City of Milford Planning and Zoning Department at 302-424-3712 Extension 308.

*Gerald G. Friedel, P.E.
Michael R. Wigley, AIA, LEED AP
Randy B. Duplechain, P.E.
Charles R. Woodward, Jr., LS
W. Zachary Crouch, P.E.
Michael E. Wheedleton, AIA
Jason P. Loar, P.E.*

November 23, 2011

City of Milford
201 S. Walnut Street
Milford, Delaware 19963

Attn: Mr. David Baird
City Manager

RE: PROPOSAL
Washington Street Water Treatment Plant
Rehabilitation and Improvements Project
DBF #P0052A11.003

Dear David:

In response to our recent meeting, Davis, Bowen & Friedel, Inc. (DBF) is pleased to present this proposal for providing survey, architectural and engineering design, bidding, and construction phase services for the above-referenced project. We understand the City would like to rehabilitate the existing Washington Street Water Plant including demolition of the existing facilities and construction of a new clear well and treatment building, new high lift pumps, new chemical feed systems, and a new aeration tower.

The project shall also include the construction of an approximately 7,800 square foot two-story municipal building for use by the City's water billing department with associated site and parking lot improvements. Other work includes the installation of a new production well to replace existing Well No. 3 and the installation of a new raw water main from existing Wells 1 and 2 to the new treatment plant. Upgrade of the City's well monitoring and control system at each of the City's well facilities including installation of level transducers and raw water meters for each of the City's wells is also a part of this project. Finally, we understand that funding for this project will be obtained from Delaware Health and Social Services (DHSS) through their State Revolving Fund (SRF) program.

A description of our proposed scope of services and associated lump sum fees for each portion of the work is as follows:

A. PRELIMINARY ENGINEERING SERVICES

Our office will perform the preliminary engineering services necessary to define the

scope of the project and assist with the preparation of applications for obtaining the necessary project funding. These services shall include but not be limited to; architectural and structural inspections, concept planning, water quality testing, preliminary cost estimating, meetings with the City and various public officials, preparation and submission of funding applications and exhibits, environmental reports, preliminary engineering reports, and other services as may be necessary to obtain project funding. *Due to the unknown amount of work associated with this task we have provided an estimated fee for this portion of the project.*

Estimated Fee: \$30,000.00

B. SURVEYING SERVICES

Davis, Bowen & Friedel, Inc. will perform the office and field work necessary to determine the site boundaries, locate existing site features and obtain topographic information of the project site. Our work shall also include survey of the portion of South Washington Street needed for design of the raw water main replacement work.

Lump Sum Fee: \$12,500.00

C. TEST WELL INSTALLATION

Our office will employ the services of a qualified local well driller to install a test well at the Washington Street site for the purpose of determining both water quantity and quality available in the area. The test well will be constructed to a maximum of 470 feet and the well screen set at the appropriate level and length based the cuttings and well log data received with the installation of the exploratory bore hole. The well will be pump tested to determine available quantity and water samples taken to test for the quality of water. This information will be used as the basis for design of the new production well. The following fee also includes our time for coordination of the work with the well driller.

Lump Sum Fee: \$29,500.00

D. GEOTECHNICAL INVESTIGATION SERVICES

Our office will employ the services of a qualified geotechnical engineering sub-consultant for performing site soil borings to determine the site soil characteristics and for providing recommendations for subsurface bearing capacity, information needed to design the building and clear well foundation systems.

Lump Sum Fee: \$6,500.00

E. ASBESTOS AND LEAD INSPECTION SERVICES

DBF will employ the services of a qualified environmental consulting company to perform a Lead and Asbestos Inspection on all three (3) of the existing site buildings to determine the presence of any of these materials within the existing structure. The inspection will conclude with a report which outlines their findings and provides recommendations to the City for removal and disposal of any lead or asbestos materials found.

Lump Sum Fee: \$3,800.00

F. ARCHITECTURAL SERVICES

Davis, Bowen & Friedel, Inc. will prepare initial concept drawings for the proposed 7,800 square foot building for your review and comment. These concepts will be based upon the base flood elevation established as well as the programming document for the Utility Billing Department completed earlier this year. Once your comments are received, we will revise the building concept plans and proceed to the preparation of design development drawings in plan and elevation and establish the building materials to be used. These drawings, once agreed upon, will be forwarded to our sub-consultants for structural, mechanical, and electrical engineering. All construction documents will be prepared in a format suitable for public bid. We will review these documents along with associated cost estimates with City personnel. We will submit the documents to various agencies for review and approval including the Sussex County Fire Marshal and the Accessibility Board. The final bid package will include the applicable site documents described in Item G, below.

Lump Sum Fee: \$85,200.00

G. ENGINEERING SERVICES

Utilizing the above survey and test well information, our office will prepare the construction drawings and technical specifications necessary for rehabilitation of the Washington Street Plant. The work shall include demolition of all existing facilities and construction of a new clear well, new treatment and pump building, new free standing aeration equipment, new site piping, one (1) new production well, new raw water piping from two (2) existing wells, and all associated mechanical, electrical, and chemical feed systems and safety equipment. Our design shall also include level transducer and meter installations at each of the remaining well facilities for improving overall water system data acquisition and control capabilities. The following fee also includes the engineering

services necessary for site grading, drainage, storm water management and sediment erosion control design associated with the new 7,800 SF municipal building and parking lot improvements.

Construction documents will include drawings and technical specifications for use in obtaining construction permitting. We will prepare pre-final design documents for review and acceptance by the City of Milford. After your review, Davis, Bowen & Friedel, Inc. will finalize the design documents for obtaining the necessary permits. We will prepare submittals for agency review and address agency comments as necessary to obtain final plan approval. These documents will reflect the City's construction standards and be compliant with DHSS SRF guidelines.

Lump Sum Fee: \$173,000.00

Please note that the above fee excludes review and permitting fees. These fees are to be paid directly by the City of Milford at the time of agency submittal.

H. CONSTRUCTION PROCUREMENT SERVICES

After all approvals of construction documents have been obtained, we shall publicly solicit for bids, produce and distribute construction specifications and drawings, schedule and oversee a pre-bid meeting and site visit, answer contractor questions during the advertisement period, attend the bid opening, review contractor bids received, prepare project bid tabulation, and recommend approval of the qualified low bidder. The following fee assumes the project will consist of three (3) separate construction projects; one associated with the municipal building, parking and adjacent site work, the second for the well and treatment work, and the third for the raw water main installation.

Lump Sum Fee: \$10,500.00

The above fee assumes all three (3) projects will be advertised and bid at the same time.

I. CONSTRUCTION ADMINISTRATION SERVICES

Davis, Bowen & Friedel, Inc. will assist the City of Milford with contract administration services on the three (3) separate projects during the anticipated twelve (12) month project contract period. Our services shall include:

- Attendance at the pre-construction meeting between the Contractor, Sub-contractors, the funding agency and the City.
- Conducting monthly progress meetings and issuing meeting minutes.

- Review of submittals, partial payment estimates and contractor change orders.
- Prepare punch list inspection report.
- Arrange and perform final project inspection.
- Assist the City with the preparation and processing of contract closeout documents.

Lump Sum Fee: \$84,500.00

J. RESIDENT PROJECT REPRESENTATIVE (RPR) SERVICES

Davis, Bowen & Friedel, Inc. will provide a full-time Resident Project Representative (RPR) during the anticipated twelve (12) month contract period. The RPR would represent both the Engineer and the City on-site, monitor construction activities and ensure conformance with the contract documents for each of the three (3) contracts. The RPR shall prepare and submit daily field reports on the progress of the construction activities for the days on which construction inspection is provided. A final project inspection shall be performed and arranged by our office.

Estimated Fee: \$166,000.00

Please note that the above fee is only an estimate and is based on a 5 day work week and an average of 8 hours per day during the anticipated 12 month (365 consecutive calendar days) construction period.

K. EXCLUSIONS/ADDITIONAL SERVICES

Excluded from this scope of work are services associated with the following activities. These services, if requested, can be performed by our office on an hourly basis in accordance with our attached Schedule of Rates No. 44.

- Wetlands delineation and permitting.
- Archaeological surveys and permitting.
- Traffic impact studies or evaluations.
- DelDOT entrance permitting.
- Easement acquisition and coordination and preparation of easement plats.
- Construction stakeout services.
- As-built surveys and/or preparation.
- Application and permit fees.
- Construction Administration and RPR Services beyond the anticipated 12 month contract period

DAVIS, BOWEN & FRIEDEL, INC. ("DBF")
SCHEDULE OF RATES AND GENERAL CONDITIONS
 SCHEDULE NO. 44
 Effective June 1, 2006

| <u>CLASSIFICATION</u> | <u>HOURLY RATE</u> |
|---------------------------------|--------------------|
| Senior Architect | \$135.00 |
| Architect | \$105.00 |
| Senior Landscape Architect | \$135.00 |
| Landscape Architect | \$105.00 |
| Senior Engineer | \$135.00 |
| Engineer | \$105.00 |
| Senior Planner | \$135.00 |
| Planner | \$85.00 |
| Construction Administrator | \$105.00 |
| Traffic Engineer | \$105.00 |
| Geologist | \$105.00 |
| GIS Specialist | \$95.00 |
| Senior Surveyor | \$135.00 |
| Associate Surveyor | \$105.00 |
| Surveyor | \$100.00 |
| Senior Designer | \$100.00 |
| Computer Graphics Designer | \$85.00 |
| Designer | \$95.00 |
| CADD I | \$80.00 |
| CADD II | \$70.00 |
| Computer Administrator | \$85.00 |
| 2 Man Field Crew | \$130.00 |
| 3 Man Field Crew | \$165.00 |
| GPS Unit (1 man) | \$100.00 |
| GPS Unit (2 man Crew) | \$140.00 |
| GPS Unit (3 man Crew) | \$180.00 |
| Resident Project Representative | \$80.00 |
| Clerical | \$50.00 |
| Travel | \$0.50 |
| Direct Expense | Cost + 10% |
| Prints (In-house Reproduction) | \$2.50/sheet |

GENERAL CONDITIONS

INVOICES & PAYMENT

Invoices are sent monthly or sooner if project is complete. Payment Terms: Net 30 days of invoice date. Any invoice not paid within 30 days shall bear interest at 1.0% per month (12% annually). If required to engage legal counsel to collect an overdue invoice, DBF shall be entitled to recover also its costs of collection, including counsel fees and expenses. DBF reserves the right to adjust its schedule of rates annually. Any such adjustments will be effective within 30 days after written notification to the client.

TERMINATION OF CONTRACT

Client may terminate this agreement upon seven days' prior written notice to DBF for convenience or cause. DBF may terminate this Agreement for cause upon seven days' prior written notice to client. Failure of client to pay invoices when due shall be cause for immediate suspension and ultimate termination of services, at DBF's sole discretion. This agreement may be terminated by either party for any reason with 30 days advance notice.

LIMITATION OF LIABILITY

Client agrees to limit DBF's liability related to any errors or omissions to a sum that shall not exceed the total professional fee for the project.

INDEMNIFICATION

Client and DBF each agree to indemnify and hold the other harmless, and their respective officers, employees, agents and representatives, from and against liability for all claims, losses, damages and expenses, including reasonable attorney's fees caused by the other's negligence. To the extent such claims, losses, damages or expenses are caused by the joint or concurrent negligence of client and DBF, the same shall be borne by each party in proportion to its negligence. This shall in no way affect the limitation of DBF's liability expressed in the preceding paragraph.

FORCE MAJEURE

Neither party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations results from any cause beyond its reasonable control and without its negligence.

CONSTRUCTION PHASE SERVICES

If this Agreement provides for any construction phase services by DBF, it is understood that the contractor, not DBF, is solely responsible for the construction of the project, and that DBF shall not be responsible for the acts or omissions of any contractor, subcontractor or material supplier; for safety precautions, programs or enforcement; or for construction means, methods, techniques, sequences and procedures employed by the contractor, its subcontractors or suppliers.

OWNERSHIP OF DOCUMENTS

All documents prepared or furnished by DBF pursuant to this Agreement, including electronic media, are instruments of DBF's professional service, and DBF shall retain an ownership and property interest therein. DBF grants client, during the period of DBF's service, a license to use such documents for the purpose of constructing, occupying and maintaining the project. Reuse or modification of any such documents by client or client's agents, without DBF's written permission, shall be at client's sole risk; and client agrees to indemnify and hold DBF harmless from all claims, damages and expenses, including attorneys' fees, arising out of such reuse by client or by others acting through or with the consent of client.

USE OF ELECTRONIC MEDIA

Copies of documents that may be relied upon by client are limited to the printed copies (also known as hard copies) that are signed or sealed by DBF. Files in electronic media format or text, data, graphic or other types that are furnished by DBF to client are only for convenience of client. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. When transferring documents in electronic media format, DBF makes no representations as to long-term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, computer hardware or of a protocol differing from those in use by DBF during the period of this agreement.

SUCCESSORS & ASSIGNS

The client and DBF bind themselves, their partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither party shall assign, sublet or transfer any interest in this Agreement without the written consent of the other.

MISCELLANEOUS PROVISIONS

Unless otherwise specified, this Agreement shall be governed by laws of the State in which the work is performed, and the courts of such State shall have exclusive jurisdiction over any disputes hereunder. Terms in this Agreement shall have the same meaning as those in AIA Document A201, General Conditions of the Contract for Construction, current as of the date of this Agreement. If this schedule is incorporated or referenced in an agreement with client, the terms of this schedule shall prevail in the event of any conflict with the terms of such agreement.

REIMBURSABLE EXPENSES

Other expenses known as direct expenses incurred in the interest of the project (including travel, toll communications, postage, delivery, photographs, subcontract engineering, testing or other consultants, renderings, models, etc.) will be billed monthly at DBF's actual cost plus ten percent.

Mr. David Baird
November 23, 2011
Page 6

We propose to perform the above described work for Items B through I for the lump sums listed above. Billing will be submitted monthly based on the percentage of work completed the previous month. Billing for Items A and J, and any additional services as authorized by the City, will be submitted monthly and performed on an hourly basis in accordance with the enclosed Schedule of Rates No. 44. Payment terms shall be in accordance with our attached rate schedule.

Should you find this proposal acceptable, please execute below and return one (1) copy to us for our files. Receipt of a signed copy will be considered as our authorization to proceed.

On behalf of Davis, Bowen & Friedel, Inc., we appreciate the opportunity to offer our services and look forward to continuing our work with you on this project. If you should have any questions or need additional information, please call.

Sincerely,



Randy B. Duplechain, P.E.
Principal

Enc.

ACCEPTED BY: Joseph R. Rogers _____
Signature Date

Printed Name

FY 2011-2012 Budget Amendment:

Transfer \$7000 from the retiree medical account#101-1010-413-20-80 and \$23,000 from tax department salaries account#101-1085-417-10-10.

Transfer to administration salaries and benefits accounts 101-1010-413-10-10 through 413-20-70.

As part of an action item from the Economic Development Strategic Plan prepared for the City of Milford earlier this year, the City of Milford applied for and received a USDA grant to engage in a feasibility study for establishing a business accelerator.

The objective of the accelerator is to provide information and resources to small businesses within Sussex and Kent Counties that helps them to expand their operations and create additional jobs for the area. The feasibility study includes the following content:

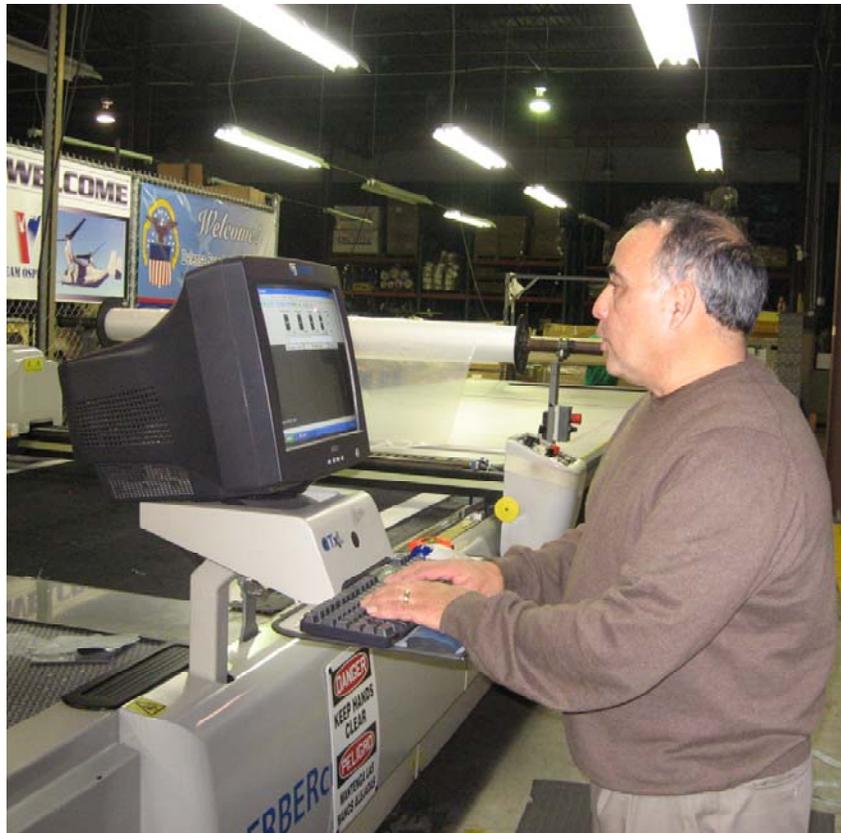
- A description of the existing small businesses within the state;
- Benchmarking of selected “best practice” accelerators and small business support in communities throughout North America;
- Determining an ideal approach to supporting the growth of small businesses;
- Defining the impact it could have on the local economy and providing recommendations to move the concept forward in Delaware.
- There are also some efforts involved in applying the entrepreneurship concept into the local education system.

The final report is presented to the City Council and is recommended to be approved based on its thoroughness in addressing the defined content.

Small Business Development

Feasibility Study for a Small Business Accelerator

Prepared for the City of Milford, Delaware Under
a Grant from the U.S. Department of Agriculture
December 2011



Moran, Stahl & Boyer
Site Selection and Economic Development Consultants



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Cover Picture: Eli Valenzuela, President, First State Manufacturing (Milford, DE)

ACKNOWLEDGEMENTS

Special appreciation is extended to **Sher Valenzuela**, Vice President of First State Manufacturing, for her valuable insights into small business development and the concept of a local business accelerator that was derived from real-world experiences of starting a manufacturing business with her husband Eli Valenzuela.

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Bruce A. Bachman, a retired executive from DuPont, provided a valued perspective on business needs and ideas on how to bring the business accelerator concept to a high level of performance.

To each of the businesses and educational institutions that were involved in surveys and interviews that provided information on the business and education environment to support the growth of small businesses in Delaware.

■ SECTION 1 • EXECUTIVE SUMMARY

Delaware currently has an abundance of organizations and resources to support small business. However, the challenge is in providing **easy access** to the right organization and resource – equipping and enabling small business owners to become “intelligent consumers” of no-cost and low-cost local, state and federal resources. Small business owners have no time to locate multiple web sites or review capabilities of individual organizations and resources. They may not be well versed in mapping out a plan for growth, performing a feasibility study for a new product, or developing a business plan to secure financing. They are enabled when an individualized “map” is made available with the straightest path toward the resources that will lead to access to capital, workforce development, marketplace intelligence, regulatory and tax issues, etc. To compete, Delaware companies require contemporary tools to move forward rapidly and thoughtfully.

“A business accelerator is more than an organization, a web site, or a facility; it is an environment that converges together all the elements that facilitate business growth.”

Key Objective for Feasibility Study

The objective of this study is to evaluate the use of a **Business Accelerator** in helping existing small businesses grow in Delaware. The contemporary business accelerator as a concept based on the convergence of two initiatives – business incubation that began in the 1980’s and business acceleration from the dot-com era. The roots of business incubation began when communities, and later universities, wanted to support small business growth by offering low cost space and access to local business services. It is a good idea but too static to make a radical impact. During the dot-com era, investors would acquire high potential companies and provide them with financial and technical resources as well as mentorship to build them up in a short time frame. The resultant higher performing business could then be offered at an escalated price.

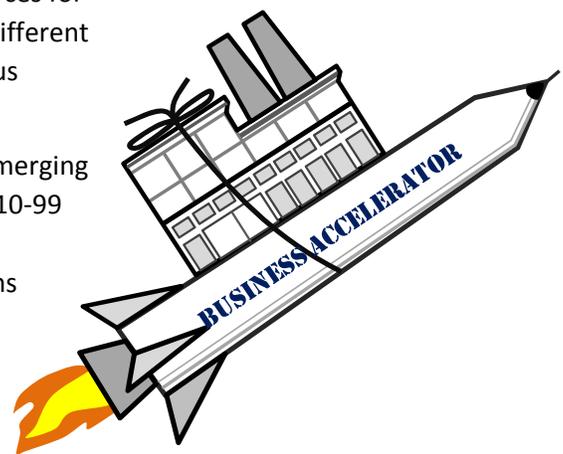
Identifying Best Practices and Applying Them to Delaware

Based on community benchmarking (see Appendix A-1), there are a number of successful ongoing efforts around the country that are stimulating small business growth with an integrated business accelerator approach with low cost space and business services as well as access to financial and technical resources, mentoring, process improvements and many other critical resources for emerging businesses. The benchmarking efforts also identified different levels and types of support required for start-up businesses versus emerging/small businesses that seek to expand.

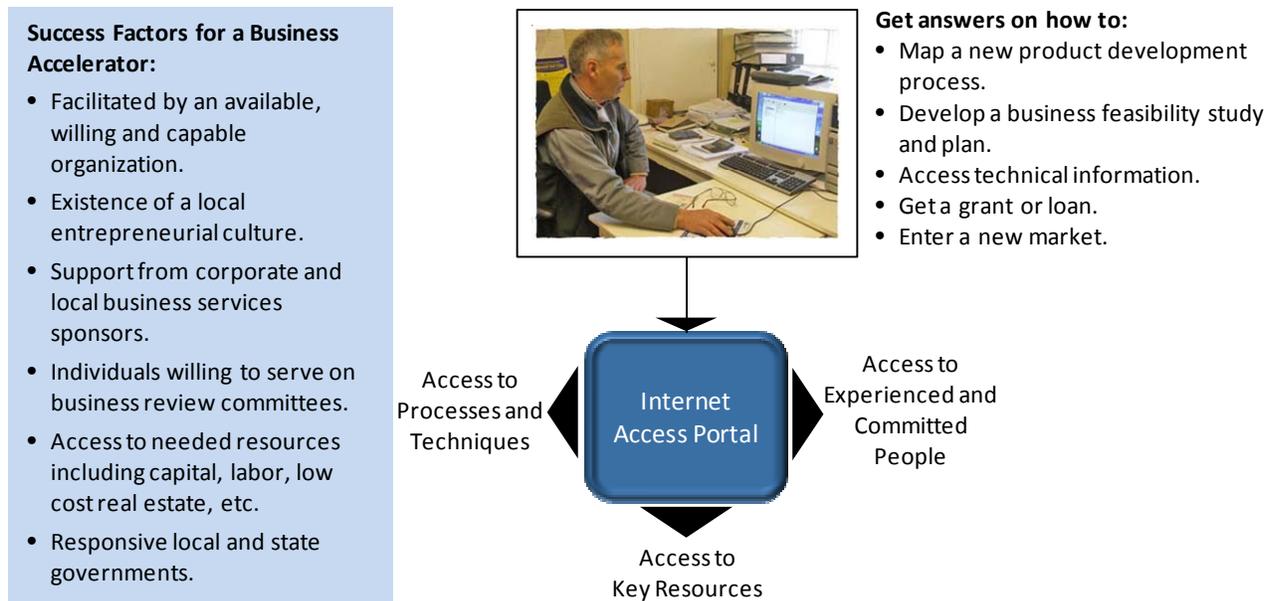
Within Kent and Sussex Counties there are thousands of small/emerging businesses (see Appendix A-2), including 85 manufacturers with 10-99 employees. Based on a recent survey of manufacturing firms, primarily in Sussex and Kent Counties, there are a number of firms that have an interest in a business accelerator approach while others offered to help smaller and emerging businesses to expand into specific markets.

Establishing a Business Accelerator

The project team has outlined the key elements of an optimum business accelerator in the back of Section 3 along with recommended actions for implementation. The strategy for developing and implementing the business incubator is to leverage existing organizations, volunteers and resources that are supplemented by a few additional tools and information sources accessed through a single internet access portal.



► FIGURE 1: **SMALL BUSINESS ACCELERATOR**



The eight-step process for “building” a business incubator is outlined below and detailed in Section 3. A critical outcome of this effort is not only to have access to information and resources but to enhance a culture of entrepreneurship that spreads across the state.

1. Select organization to oversee business accelerator
2. Establish a Resource Content Team
3. Establish a Board of Directors
4. Develop web access portal and support documentation
5. Identify individuals to act as business “guides”
6. Identify courses, seminars and mentors (on-going)
7. Establish financial/technical-based review teams
8. On-going promotion of business accelerator offerings

The report also evaluates the potential for incorporating entrepreneurship into the local school curriculum (see Section 5 and Appendix A-5) that has multiple positive attributes, including (1) makes learning more interesting and relevant, (2) builds personal development skills and (3) reaches at-risk students and give them a reason and vision to participate and learn.

Setting Goals and Monitoring Progress

Charting the success of a business incubator is an important factor. Specific goals that need to be established and tracked include the following:

- Number of businesses that use the portal.
- Number of businesses that are supported by individual services.
- Amount of loans and grants obtained.
- Number of jobs created through the process (seek to gain 500 new jobs within the first five (5) years).
- Number of students that engage in the entrepreneurship program.
- Anecdotal feedback on company and student successes.

■ SECTION 2 • INTRODUCTION AND BACKGROUND INFORMATION

Introduction

In December of 2010, Moran, Stahl & Boyer (MS&B) completed an Economic Development Strategic Plan for the City of Milford, DE. A key recommendation in the plan emphasized the need to support small/emerging businesses. The City realized that their economic growth will primarily be derived from the expansion of existing small business and the start-up of new firms rather than seeking to locate larger companies to the area. This is also a reflection of the State of Delaware's economy as well as the national economy. From this discussion, one of the local employers (First State Manufacturing) expressed an interest in helping other small businesses in the area. As they were in the process of expanding their own production space, they acquired and refurbished an existing building in the City of Milford and made extra space available for small business development and related activities.

As a team, the City of Milford, First State Manufacturing and others shared a vision of establishing a business accelerator that would benefit the Milford area as well as Sussex and Kent Counties, and ultimately the entire State of Delaware while serving as a model for the nation. The initial focus would be on helping existing small businesses (<100 employees) expand while also providing access to resources for those seeking to start-up a business. Also included in the project is identifying ways to apply entrepreneurship into the local school curriculum as a means of enriching the overall education experience while engaging at-risk students that disrupt the schools for lack of personal vision.

The City of Milford applied for and received a USDA grant to engage in a feasibility study for establishing a business accelerator that would benefit small businesses within Sussex and Kent Counties and leveraged throughout the State and to other communities. The project includes defining the existing small businesses, benchmarking selected "best practice" accelerators and small business support in communities throughout North America, determining an ideal approach to supporting the growth of small businesses, defining the impact it could have on the local economy and providing recommendations to move the concept forward in Delaware. There are also some efforts involved in applying the entrepreneurship concept into the local education system.

Defining "Small Business"

In general terms, a "small/emerging business" has less than 100 employees. The Small Business Administration (SBA) expands the definition above 500+ employees depending on the industry in order for the smaller employers within an industry to qualify for grants, contracts and other opportunities.

The largest number of companies and the overall level of employment within most industries/economic segments are comprised of small businesses. Providing more than 70 percent of all new jobs, a majority of growth in the U.S. economy comes from small businesses as they (1) expand existing product lines; (2) develop new products; and (3) seek to penetrate new and existing markets.

It should also be emphasized that not all small businesses are capable of or have the desire to grow. Some owners want to stay at their current levels for multiple reasons. Other businesses do not have the capability or know-how to restructure their organization of growth or to expand their operations with new products, further market penetration or the ability to engage in new markets. A business accelerator typically has a

Profile of Small Business

- Size of firm based on revenue and/or employment
- Type of industry
- Level of technology required
- Markets served
- Growth potential
- Desire/readiness for growth

mechanism for screening companies for growth potential and then enables those that are ready, able and willing to achieve their vision.

Business Incubator vs. Accelerator

Although the terms *business incubator* and *business accelerator* are frequently used interchangeably, there is a marked difference in scope and how they evolved. The business incubator concept began in the 1980's based on the idea that a start-up or emerging business may have a higher success rate if provided access to low cost space (with other emerging businesses) and offered basic support services. The concept was embraced by some local governments, universities and certain nonprofit organizations. The businesses would work through the first stage of growth by seeking grants and pursuing whatever angel funding may be available. The companies would "graduate" from the incubator once they reached a certain size based on revenue or employment level. One of the most valued aspects of the incubator approach was the co-location with other small businesses that could network with and leverage each other.

The business accelerator was a phenomenon borne out of the dot-com era when angel and venture capitalists sought to acquire emerging companies with good ideas, infuse resources at an accelerated rate to rapidly build the company up, and then sell off as a much higher valued asset. What came out of this effort was the concept that many types of potentially successful businesses could expand more rapidly if given access to the right type of resources.

The difference between the incubator and the accelerator is *speed and intensity*. The incubator "nurtures" companies to grow at their own defined pace while the accelerator compresses the delivery of support into a limited/defined time period. Companies are typically selected by a review team to be part of an accelerator and then given the opportunity to be subjected to a high level of rigor with access to resources that include financial, mentorship, technical information, marketplace intelligence and whatever is needed to expeditiously move the company and its product forward.

Economic Gardening (Business Acceleration for Second Stage Businesses)

Another milestone economic development effort that focuses primarily on second stage businesses (see definition below) is the concept of **Economic Gardening**. Developed in the late 1980's by Chris Gibbons in the City of Littleton, CO it is an approach to boost the growth of existing small companies within the community by providing the right environment and resources with an emphasis on three areas:

1. Provide critical information needed by businesses to thrive (the basic know-how on growth techniques, technical information on processes and techniques, and access to specific markets).
2. Develop and cultivate the physical infrastructure and environment that stimulates business growth that includes a culture that embraces growth and change; access to affordable space, business services and financial resources; the availability of qualified/ talented employees; and a quality of life that attracts and retains people to a location.
3. Facilitate connections between businesses and the contacts/organizations that can help take them to the next level, such as business associations, universities, networking opportunities, service providers and more.

The Economic Gardening approach operates at a more macro level within a community, assuring that the right environment and resources exist to stimulate existing small business growth rather than constantly relying on the attraction of outside businesses to expand a local economy. A natural outcome of building this type of environment may eventually be the attraction of other businesses to the community as certain segments reach a critical mass.

In developing an ideal situation for the Milford area and ultimately the State of Delaware, elements of each approach can potentially be incorporated into a hybrid model. The end result needs to be a shift in overall culture in Delaware to one of entrepreneurship and small business development, as well as providing access to the resources required to support growth in an accelerated time frame.

Second Stage Businesses

Second stage businesses are typically defined as *emerging businesses* with 10-100 employees and revenues from \$1 to \$50 million. Companies at this point are getting too big to be operated by a single hands-on leader but are too small to support a significant professional management staff. Companies can easily get stuck at this point due to the tyranny of available time and resources as well as the limited capabilities and vision of the founding leaders of the company. The company is moving into a stage that may be foreign and out of the comfort zone of the founding leaders.

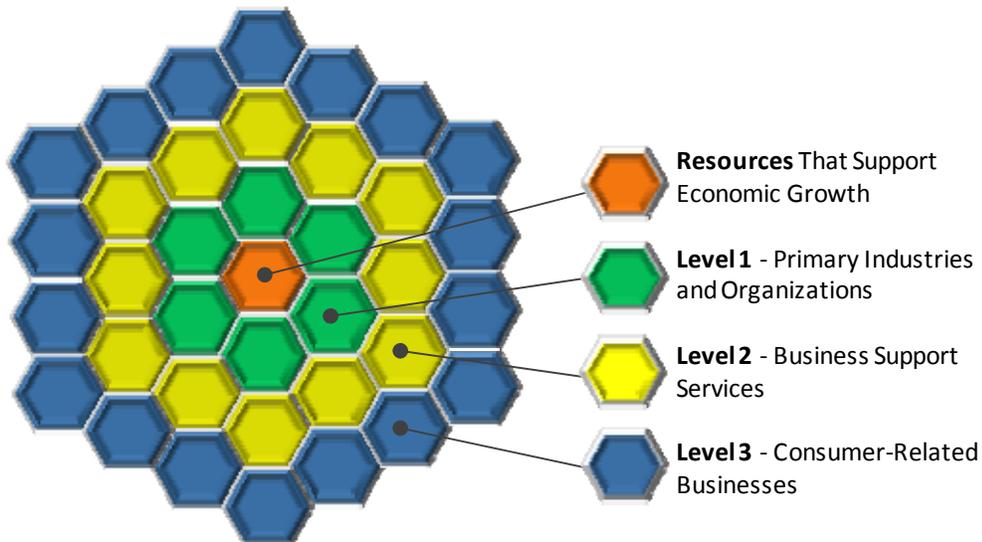
It should be noted that there is a marked difference between a *small business* and a *second stage company*. Many small businesses are content to be and stay small, while a second stage company has the desire and potential to keep growing and just needs the support and resources to get there.

Second stage businesses have information needs that can be basic and operational in nature, such as access to financing, tips on cash flow management, enhancing the customer base, reaching new markets, etc. Second stage firms need to address another set of challenges related to growth that include leadership development and management teams, strategic planning, market strategies, and responses to positioning within evolving industries. In essence, the second stage companies need more than just tangible resources in order to grow and be successful.

Structure of a Local Economy

In order to fully understand the value and impact of a small business, it is important to define the structure of a local economy. The chart below defines a local economy beginning with a “core” of local resources that support economic growth. They include the labor force and its diversity of skills along with education and training resources; availability of real estate options such as buildings and developed sites; access to utilities that are at a capacity and cost that meet company needs; air, highway and rail transportation; availability of incentives and financial resources; current industry presence; and other resources that meet company needs.

► FIGURE 2: COMPOSITION OF A TYPICAL LOCAL ECONOMY



Resources that support economic growth include:

- Sites and buildings with utility access
- Labor with specific skills and strong work ethic
- Transportation (interstate, air and rail)
- Education and training
- Financial resources and incentives
- Other (as required by specific industry)

Level 1 Industries/Organizations are those that infuse money into the local economy from outside sources and are of primary interest to economic developers. They include the following:

- Agriculture
- Manufacturing
- Colleges/Universities
- National Financial Services Firms
- Business Services (with outside clients)
- Regional Healthcare Operations
- Regional Retail Operations
- Regional Distribution Operations
- Tourism-Related Businesses
- State/Federal Government

Level 2 Business Support Services provide support services and materials to the Level 1 employers and will exist as long as the Level 1 employers remain in the area. Examples of Level 2 businesses include:

- Commercial banking and insurance
- Consulting services to local businesses
- Commercial construction
- Education/training services for employees
- Copy/print/mail services
- IT/computer services
- Lab/technical services for local businesses
- Parts fabrication for local manufacturing

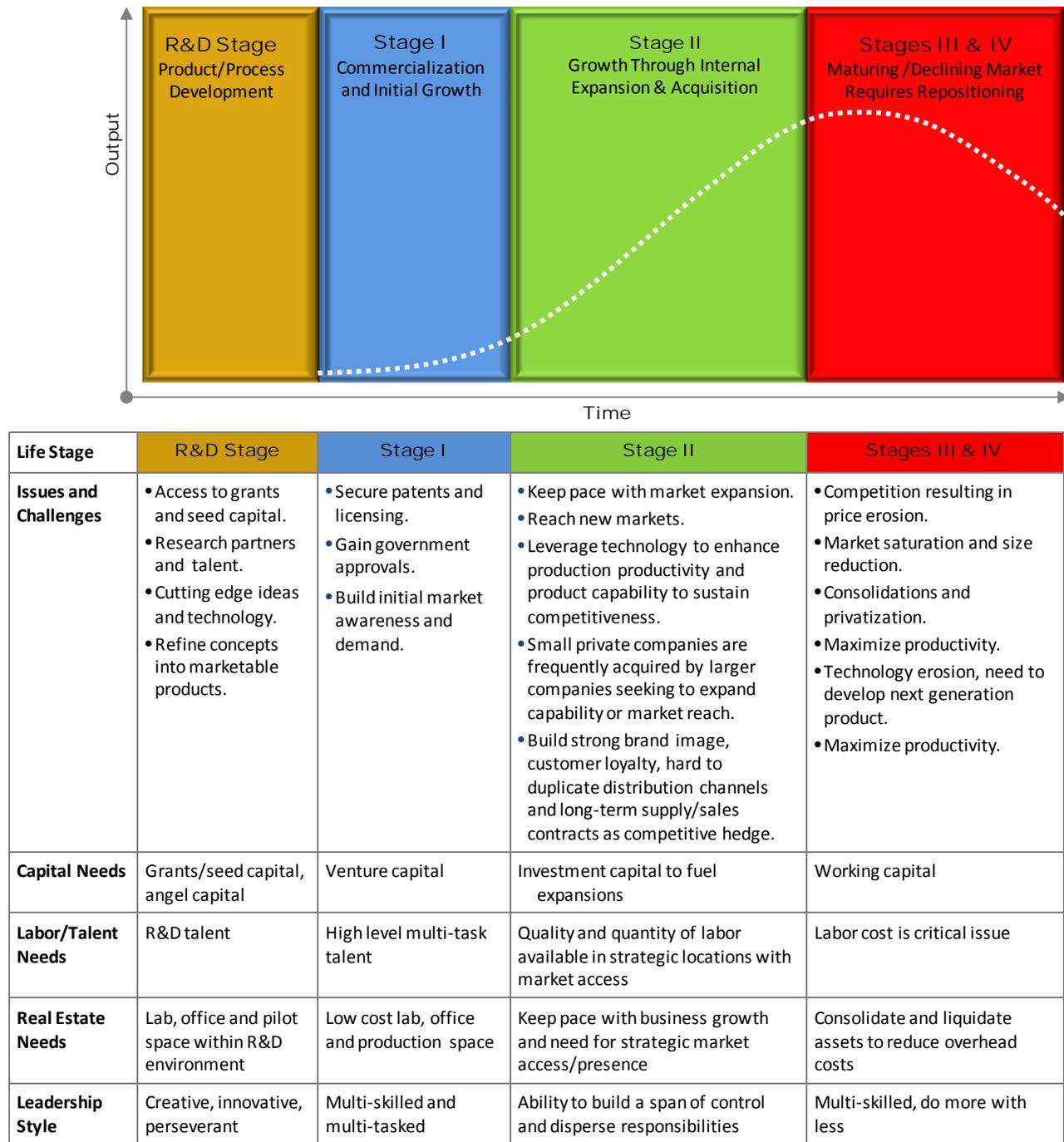
Level 3 Consumer-Related Businesses provide goods and services to local residents that include:

- Retail stores
- Personal services
- Home construction and real estate services
- Education services
- Entertainment/cultural/recreational venues
- Financial services (retail banking and insurance)

Business and Product Life Cycles

As noted in the chart below, each product and the company it represents goes through distinct life cycles as the product is conceptualized, commercialized, expanded and then matures. At each stage in the life cycle there is a need for specific resources that will differ by type of product (which can be a tangible product or a service). It is important for communities and other resource providers to be aware and understand the evolving needs of companies.

► **FIGURE 3: COMPANY/PRODUCT LIFE CYCLE: KEY TO UNDERSTANDING ECONOMIC DEVELOPMENT OPPORTUNITIES**



Very dynamic process that causes companies to have evolving resource/leadership needs.

SECTION 3 • RECOMMENDATIONS FOR ESTABLISHING A BUSINESS ACCELERATOR

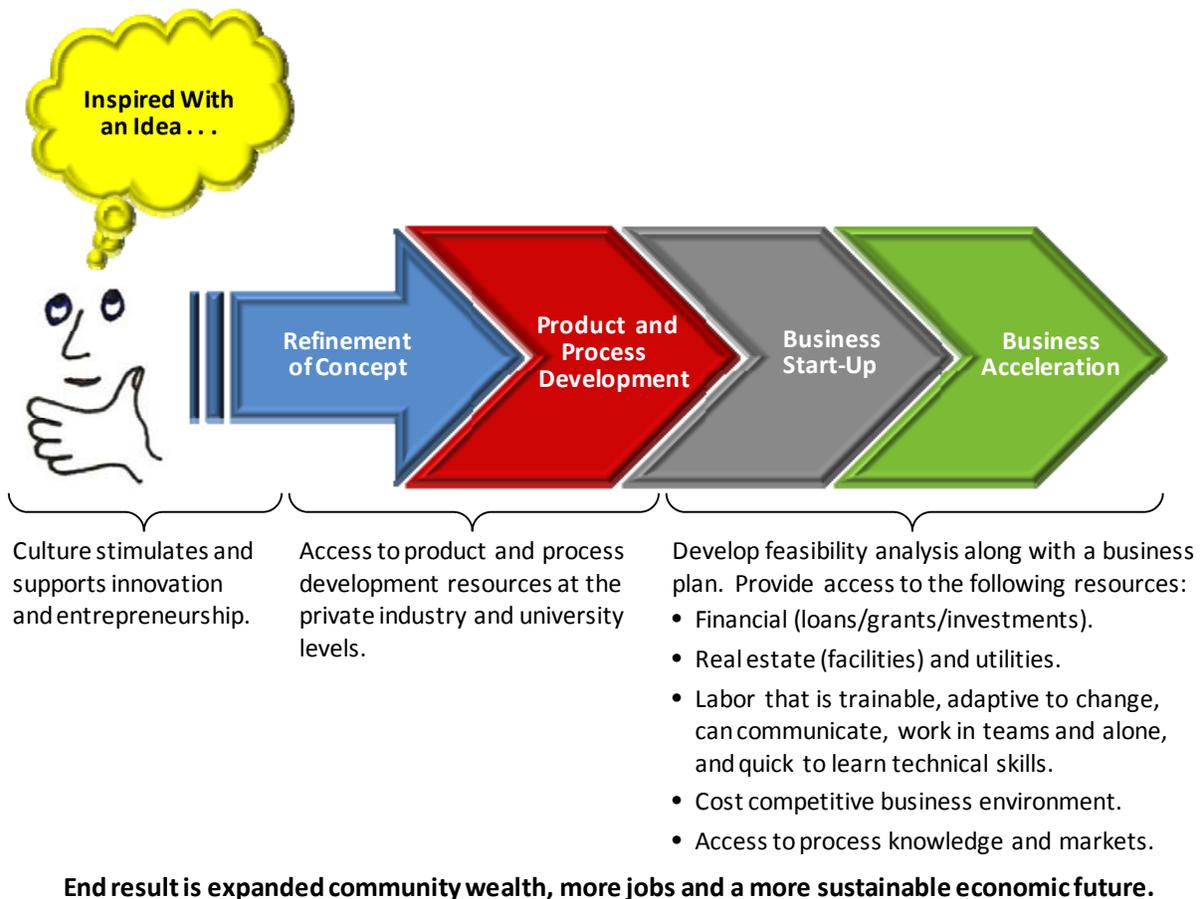
MS&B benchmarked a variety of business incubator and accelerator programs throughout North America (see Appendix A-1) and identified key elements that could be applied toward expanding Delaware’s small businesses. The ultimate success of an accelerator is not the mechanics of a program but rather a culture and attitude that embraces new ideas with an optimism and enthusiasm contributed by each stakeholder in the economy – government, educators, investors, support services, industry associations and others.

“A business accelerator is more than an organization, a web site, or a facility; it is an environment that converges together all the elements that facilitate business growth.”

The Entrepreneurship Process

In order for an “idea” to become a “business” there is a process within an environment that is supported by a culture that enables the individual to succeed. Communities that embrace this approach will thrive because the majority of jobs and wealth created in the economy is derived from small businesses that expand. The biggest challenge that small/emerging businesses face is being able to gain access to the available resources that exist while fighting the daily “tyranny of time” in operating a small business. The business accelerator approach seeks to bring all the needed resources together through one web portal location to make access to resources easy and processes straightforward.

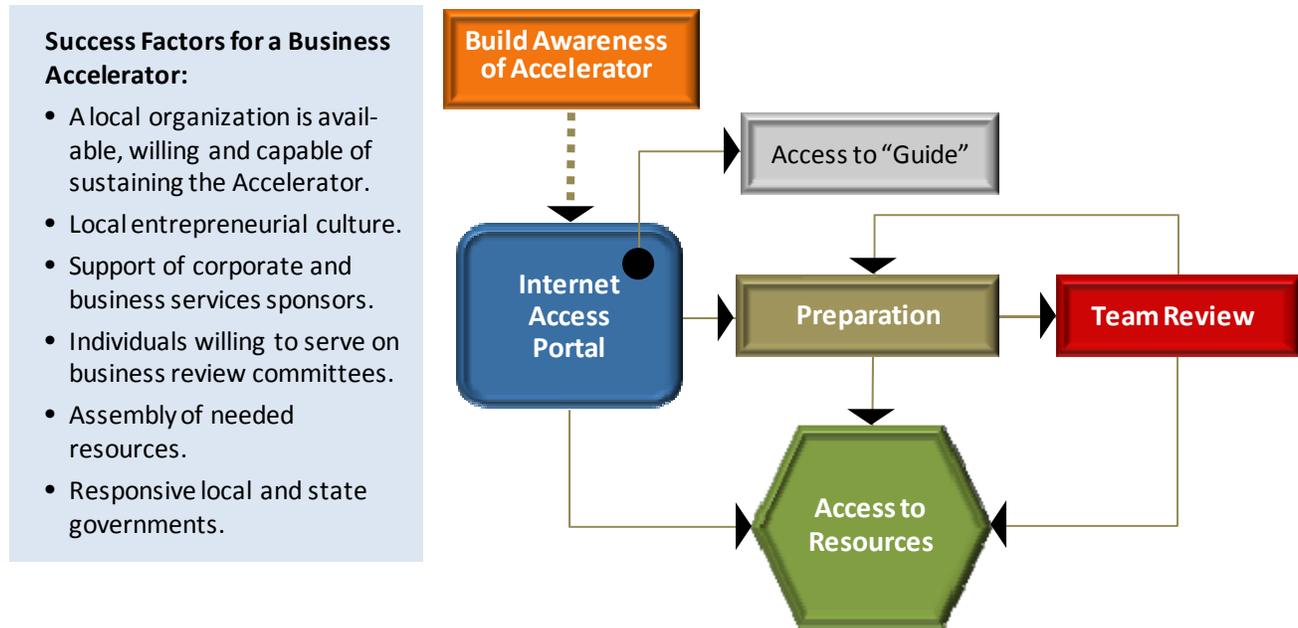
► FIGURE 4: THE PROCESS OF CONVERTING AN IDEA INTO A VIABLE BUSINESS



Framework for a Small Business Accelerator

A framework for a business accelerator is noted in Figure 5 and described in detail below.

► FIGURE 5: FRAMEWORK FOR A SMALL BUSINESS ACCELERATOR



Initial/Ongoing Awareness of Business Accelerator

An initial awareness of program and existence of the web access portal includes ongoing promotion through trade associations as well as an educational campaign orchestrated through media releases and articles in local newspapers, business publications and e-media. Ongoing communication is accomplished through broadcast e-mails (for those that sign-up for the program), word-of-mouth, periodic media releases featuring success stories and invitations to special seminars and networking events.

Web Access Portal: "It's All in One Place" Theme

The web site serves as a centralized information resource that includes:

- **Strategy:** Access one's personalized road map to plan growth strategy for new product and/or market penetration.
- **Convenience:** Seminar registration and networking opportunities.
- **Toolkit:** Business feasibility and plan preparation along with available classes and seminars on the subject.
- **Connect:** Access to technical and business resources (see listing in **Access to Resources** section below)
- **Locate:** Local/state government agency resources and contacts with core competency to identified small business area(s) of need.
- **Interface:** "Social media" intelligence for local businesses to leverage each other's knowledge and seek ways to work together (supply chain economy) on shared issues.



Access to “Guide”

The “guide” is a knowledgeable point of contact, equipped to answer resource and business growth questions (or direct the caller to the right source) as well as to provide the first line of triage in evaluating business needs and direct to the web portal to map a personalized plan for moving forward.

Preparation

The preparation step focuses on developing a feasibility analysis and then preparing a business plan that is used to secure a loan or other sources of funding. It may also include the detailed planning required to develop a new product or process (marketplace intelligence). Small businesses can access the information/technical resources available through the web portal assist in this activity.

Team Review

A review team comprised of business, industry and other technical resources are identified and come together periodically to review business plans and product/process strategies and provide seasoned advice on how to move forward successfully. From the technical perspective, this will require drawing on resources from within and without the State in order to secure the right level of advice and support. The Accelerator would also embrace elements of the DEDO/Kauffman FASTRAC “certified business” program to define the requirements of being properly prepared in order to access funding and loans that are recognized by banks, the SBA and venture capitalists in the region.

Access to Resources

The portal will direct the user to different and unique resources that are available as a general information source or as a follow-up to the preparation and/or review process steps noted above. Specific items that would be of interest to a start-up or emerging business include the following:

- List of available buildings/sites (inventory by size, location, zoning, cost and condition)
- Access to financial resources (details on latest state and federal initiatives, how to get grants, angel/venture capital and loans)
- Tips on successful grant writing, investor backing and loan approvals
- Specialized training (for employees and company leadership)
- Technical information (process technology, IT support, other topics)
- Technical/business mentors/experts (specific contacts on selected topics)
- “How to” access to markets (marketplace intelligence, including government, agriculture, industry, consumer, etc.)
- Organizations and services available by industry
- Incentives available (local, state and federal)
- Pinpointed no-cost and low-cost local, state and federal resources
- Networking and blogging within industries and by topics of interest
- Education and preparation of permitting processes and regulatory requirements, including support resources

Key Steps in Developing a Business Accelerator: The First Year Plan

An outline for developing the Business Accelerator is provided below and will require a grant as well as an organizational champion and significant volunteer support.

| Task | Description | Months | | | | | | | | | | | |
|------|--|--------|---|---|---|---|---|---|---|---|----|----|----|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Select organization to oversee business accelerator | █ | | | | | | | | | | | |
| 2 | Establish a Resource Content Team | █ | █ | | | | | | | | | | |
| 3 | Establish a Board of Directors | █ | █ | | | | | | | | | | |
| 4 | Develop web access portal/support information | █ | █ | █ | █ | █ | █ | █ | █ | █ | | | |
| 5 | Identify individuals to act as business “guides” | | | | █ | █ | | | | | | | |
| 6 | Identify courses, seminars and mentors (on-going) | | | | █ | █ | | | | | | | |
| 7 | Establish financial/technical-based review teams | | | | █ | █ | | | | | | | |
| 8 | On-going promotion of business accelerator offerings | | | | | | | █ | █ | █ | █ | █ | █ |

Notes for Each Task:

- Task 1:** Identify an organization that will oversee construction and support of the web access portal, seek complementary resources and content for the portal and continually expand the *Business Accelerator*.
Recommendation: Delaware State University
- Task 2:** Establish a *Resource Content Team* to map out and continually update processes, develop/maintain lists of available real estate, define options for financial support, prepare “how-to” papers on different subjects, etc.
Recommendation: Seek out interested and able individuals with specific content knowledge as well as the proven track record in small business development.
- Task 3:** Establish a *Board of Directors* to oversee the development and sustained growth of the *Business Accelerator* over the next three years.
Recommendation: Seek out interested individuals who have direct/related experience and a proven track record in supporting small business growth.
- Task 4:** Seek funding (from state and federal sources) and develop web access portal for Business Accelerator.
Recommendation: Submit grant application to EDA. Preparation of web portal should be ~6 months.
- Task 5:** Identify individuals/organizations that can serve as business “guides.”
Recommendation: Staff members of the Delaware Small Business and Technology Center working closely with the Board of Directors.
- Task 6:** Identify available courses/ seminars and mentoring resources for developing a business or product feasibility, defining a business strategy and preparing a formal business plan.
Recommendation: Combine available sources such as SCORE, Delaware Small Business and Technology Center, etc. and for business plan preparation such as classes at area colleges, seminars from the Kauffman Fastrac Program and other sources.

Task 7: Develop financial and technical-based review teams for peer review of business plans and new process development strategies.
Recommendation: Seek out members from the financial, business and academic communities (as well as experts that are now retired) that have the knowledge and passion to support small business growth.
- Task 8:** Once the web portal is up and running, promote through a variety of channels.
Recommendation: Utilize contacts through existing organizations, e-media, TV news, word of mouth and other promotions.

■ SECTION 4 • BENCHMARK SMALL BUSINESS ACCELERATOR PROGRAMS



Over twenty years ago, Eli and Sher Valenzuela relocated from Texas to the Milford, Delaware area to be near family and to ultimately realize a dream of starting a business. While in the Air Force, Eli had taken a mail order course in upholstery to learn a trade that he could use when he returned to civilian life.

That skill would eventually be the basis that would establish the very successful manufacturing business in the City of Milford that currently employs over 50 local residents and is housed in a 70,000 square foot facility; a portion of which was renovated with support from the City of Milford. The growth of First State Manufacturing is a classic case of a small business that leveraged the “low-cost/no-cost” resources available for small businesses in Delaware and propelled them into success.

In 1997, Eli had a civilian job working in the upholstery shop at Dover Air Force Base. Sher was working for the *Delaware State News* as an editor and juggling family responsibilities. Eli would finish his “official work” during the day then work late into the night in his garage to fill local commercial orders for small upholstery projects. At this point, Eli and Sher decided to take the leap of faith required to transition into their own business and secured a lease on 2,000 square feet of space in a local warehouse.

Over the past twenty years the business has evolved to serve both government and non-government product areas that range from refitting seats and interiors in Air Force cargo aircraft; providing seats cushions, covers and flooring for



Eli Valenzuela stands next to the garage where he started the business with a layout table and a well-worn industrial sewing machine he nicknamed “Old Betsy.”



A core product for the business is the replacement of seating for restaurants and other establishments.



Government-related business includes interior refurbishment of aircraft (such as the C5A Galaxy above) as well as seating on passenger rail cars and in other public facilities.

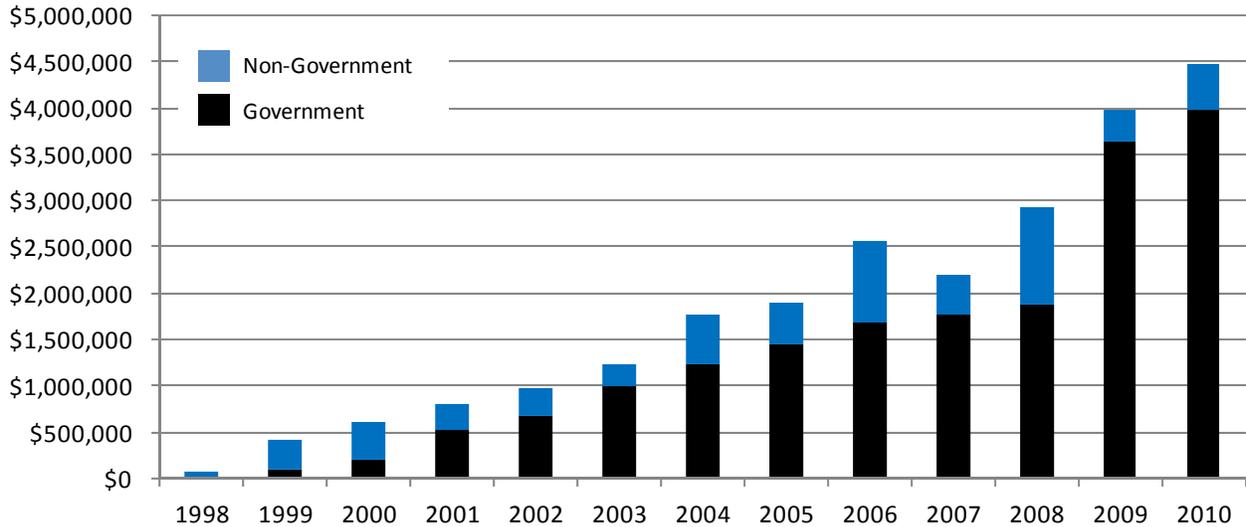


Processes such as cutting are automated and complemented by a team of associates skilled in industrial sewing and upholstery. There is a substantial amount of planning and coordination required to engage in major on-site projects.

passenger rail cars, to replacing or upgrading restaurant seating.

Over the years, the business has invested substantially in technology to increase productivity and quality. They have also acquired a very good reputation of meeting government contract obligations that resulting in numerous awards and citations. Details on company growth in revenue, number of employees and production space is summarized below.

► FIGURE 6: FIRST STATE MANUFACTURING REVENUE: 1998 TO 2010



| | | | | | | | | | | | | | |
|------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| Employees | 4 | 6 | 10 | 12 | 17 | 23 | 25 | 22 | 27 | 30 | 34 | 44 | 44 |
| Space (SF) | 2,000 | 2,000 | 4,000 | 4,750 | 5,750 | 13,000 | 13,000 | 13,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |

A Partial List of Resources That Contributed to the Company’s Success

Although First State Manufacturing certainly applied many long and hard hours to their business, Eli and Sher Valenzuela and their partner, Ashley Wolfe will readily admit that a key contributor to their success was the available resources that they fortunately encountered and intentionally captured along the way. These included but limited to the following:

- Business Strategy and Preparation of a Business Plan:** The very first resource encounter was a meeting with a Service Core of Retired Executives (SCORE) business counselor. He leveraged his long experience and helped them frame-up the business concept and set a course of action. They also met with a representative of the **Small Business Development Center (SBDC)** that established the need to prepare a comprehensive business plan as a tool for gaining access to different types of financing.
- Financial Resources:** The first \$5,000 “seed capital” came from Sher’s mother. Later, they secured an initial \$25,000 SBA loan and other loans later in the process. Their SBDC representative accompanied them to the bank.
- Technical and Market Access Support:** The **Manufacturing Extension Partnership** was utilized for a variety of challenges ranging from the loan of DEMEP’s trade show booth to process optimization through technology.
- Procurement Technical Assistance Program:** Was utilized to help guide the company in contracting with the federal government.

- **Lockheed Martin** (primary government contractor): Helped the company to obtain ISO compliance status through its small business vendor program.
- **Gaining Access to Qualified Labor to Support Business Expansions:** The **Delaware Economic Development Office (DEDO)** funded a workforce training program to prepare new production employees in a time of business expansion.
- **Access to Facilities That Met Their Expansion Needs:** Each time the company expanded, it was able to locate adequate space within the Milford area. As a manufacturing and distribution center over the years, the City of Milford had former industrial space available for small businesses. Some of the space, including their most recent acquisition of a 70,000 sq. ft. former warehouse constructed in 1950, required significant utility upgrade as well as renovation of the overall facility.

The company owners (noted below) had been very active in economic and workforce development and pursued a partnership with the City of Milford to develop the business accelerator initiative. It is their hope to leverage their knowledge of business development, production techniques and successful government contracting to enable and equip other small businesses in the area. They have also set aside 30,000 square feet of space, 13,000 of which will be donated for the development of a downstate Junior Achievement Center for the region, as well as accelerator space for local start-up and emerging businesses.

Lessons Learned

First State Manufacturing is well versed and remains an advocate for the wide variety resources that are available to small/emerging businesses, because many companies remain unaware of them. This is what compelled Sher Valenzuela to author the “how-to” on gaining access to low-cost/no-cost resource and on doing business with state and federal governments. She notes that there needs to be an information portal that businesses can access that has all the information they need to expand their operations. This was one of the drivers for developing a feasibility study for a business accelerator in Delaware.



Running a “solutions-based” business requires a persistent focus on R&D. The company has set aside a 500 square foot room for product development along with a loft (see above) as a place to “think up new ideas”.



Left to right:
Ashley Wolfe, Executive Director
Sher Valenzuela, Vice President
Eli Valenzuela, President



FirstState Manufacturing recently acquired and partially renovated 70,000 square feet of former warehouse space in Milford, DE. The City of Milford issued permits, provided some of the utilities and made infrastructure improvements that met a tight schedule.

■ SECTION 5 • INCORPORATING ENTREPRENEURISM INTO LOCAL SCHOOL SYSTEM EDUCATION

Defining Entrepreneurism and Its Use in Local Education

Entrepreneurism is the process of transforming an idea (innovation) onto economic value that involves a product and/or a service. Success hinges on a unique blend of creativity, reasonable risk-taking and some good business sense. Helping students to become proficient in entrepreneurship is not only a key factor in keeping the U.S. competitive, it can also provide practical life skills to the student in areas such as managing personal finances, problem-solving and critical thinking, effective team dynamics, written/verbal communications, work planning and goal setting as well as career selection. It can also bring a real-life dimension to school subjects that can build student interest and has the potential of addressing issues related to at-risk/disruptive students. The value of entrepreneurship's role in education has captured the attention of educators throughout the world and has driven the desire to improve individual programs. Key elements of this approach to education often cited include:

- Lectures on basic concepts reinforced by practical projects and activities.
- Use of computer simulations, business games, student companies as well as project work for individuals and teams.
- Engagement in company tours, internships (paid and unpaid) and job shadowing for defined periods.
- The identification of a new product or innovation that is incorporated into a business plan along with a competition that offers some level of reward (seed money) is often the capstone to the program.

Case Studies and Other Resource Information

Within Appendix 5, there are a number of case studies and examples of resources that are readily available to school districts, including including programs from the University of Delaware and the Delaware Junior Achievement.

Application of Entrepreneurship to the Milford Area

The Milford area, as well as other locations within Delaware, can greatly enhance their education curriculum through the use of entrepreneurship concepts and programs that include partnerships with local companies for internships and short-term experiences, use of Junieur Achievement Programs, use of University of Delaware Programs, and other initiatives.

APPENDIX

1. BENCHMARKING SMALL BUSINESS ACCELERATOR PROGRAMS
2. EXISTING SMALL BUSINESS IN DELAWARE
3. SURVEY OF EXISTING MANUFACTURING BUSINESSES IN KENT AND SUSSEX COUNTIES
4. EXISTING RESOURCES THAT SUPPORT SMALL BUSINESSES GROWTH IN DELAWARE
5. INCORPORATING ENTREPRENEURSHIP IN LOCAL SCHOOL SYSTEM CURRICULUM

■ APPENDIX A-1 • BENCHMARKING SMALL BUSINESS ACCELERATOR PROGRAMS

Business accelerators throughout North America were evaluated to determine what types of support and resources are being offered to stimulate the growth of small business. A number of common elements that are utilized are described below. The contemporary “business accelerator” is becoming an integration of the traditional “business incubator” that provides low cost space and support services for a finite period of time, along with the more intensive and rigorous “business accelerator” that offers financial and mentoring services to identify and select high potential emerging and start-up businesses.

Common Elements in Business Accelerators

- An accelerator typically includes an oversight organization with a dedicated staff (varying from a few to 10+ staff members) that supports ongoing communications (web site, e-mails and various seminars), responds to inquiries, and administers the overall program.
- Local sponsors provide financial support of networking events, seminars and certain program offerings as well as cost-effective services to emerging companies.
- A web portal is the primary communications tool that provides access to various resources and contacts as well as sources for certain types of technology, business processes, securing permits, the availability of incentives and other grants, and other information. It may also include a schedule of upcoming events, roadmaps for starting or growing a business or initiating a new product, and details on preparing a business plan, etc.
- The tool of choice for defining, planning and communicating an opportunity is the development of a business plan with defined sections, such as:
 - Executive Summary
 - Company Overview
 - Industry Analysis
 - Market/Customer Analysis
 - Marketing Plan and Competitive Analysis
 - Operations Plan
 - Management/Organization Plan
 - Financial Plan
 - Appendix

Classes or seminars are available by the organization or local colleges for preparing a business plan.

- An important activity for emerging businesses and new product develop is coaching and mentoring.
- A critical program component is access to financial resources in the form of support for effective grant writing, securing angel or venture capital, or applying for an SBA loan.
- Businesses are screened by a review committee in order to gain access to incubators or other low-cost space, secure a loan from investors, or gain feedback on their overall business plan.
- Many programs offer low cost space and access to business support services (the traditional “incubator”).
- If the program is focused on “business acceleration”, a specific process to gain access to the program along with a team available to screen, mentor and fund the business for a particular period of time.

Unique Areas of Focus

- Focus on a particular technology or industry (green technology, materials related, food processing, etc.)
- Provide access to international trade (partnership with Mexican, Canadian, EU, Asian, etc. locations)
- Leverage specific technology centers (a local university, federal lab/research center, etc.)

Cases Studies on Selected Community Business Accelerator Programs

➔ Case 1 – Comprehensive Approach for New and Emerging Businesses

| | |
|---------------------------------------|---|
| Location | Asheville, NC |
| Organization | AdvantageWest regional economic development organization established the Blue Ridge Entrepreneurial Council (BREC) in 2002 to serve emerging businesses in a 23 county area in western North Carolina. |
| Staff | Matt Raker (VP of Entrepreneurship and AdvantageGreen) Office: 828.687.7234 Cell: 828.808.2873 |
| Businesses Served | Beginning entrepreneurs and small emerging companies throughout the region. |
| Scope | <p>Education, networking, communications, capital formation through the Blue Ridge Angel Investors Network (BRAIN), and technology commercialization.</p> <ul style="list-style-type: none"> • Communications: ongoing information is sent via e-mail, posted on the web site and announced in the media. • Education: boot camps on business start-up for new entrepreneurs, seminars on sales growth and marketing techniques, securing grants (Small Business Innovation Grants), and identifying opportunities with nearby Oak Ridge National Laboratory. • Networking: monthly networking events that also have speakers from prominent businesses that present information on business growth. • Capital Formation: the organization holds an annual investors conference that attracts ~250 participants that represent ~\$1 billion in investment capital. Each quarter the BRAIN organization meets with 12-15 emerging companies and selects 4-5 companies for investments. The organization is currently raising \$5 million for the BRAIN Fund I as a resource for investing in local companies. They also help companies get introductions to investors that are outside the area. • Technology Commercialization: the WNC Center for Technology Commercialization seeks to support business growth by connecting intellectual property and ideas from individuals, institutions and companies to those that can help get them commercialized. |
| Partners/Sponsors | Include financial services (RBC Centura), accounting (Grant Thornton), software/IT (Red Hat) and legal (Womble Carlyle) as well as other firms. |
| Web Sites | www.brecnc.com |
| Other Support Services in Area | <ul style="list-style-type: none"> • Asheville-Buncombe Technical Community College: Small Business Center provides a variety of services/support for small businesses and new entrepreneurs that includes workshops, seminars, expos and camps. Individuals can get input on preparing a business plan, access to information resources, free counseling, formal classes, business incubator program and other support. Web site: www.abtech.edu/sbc • Smokey Mountain Development Corporation: their Small Business and Industry Center (SBIC) operates a 17,000 SF incubator facility that rents space (from 600 to 1,800 SF) at \$3-4/SF for start-up businesses for up to two years. They also have a revolving loan program initially funded by grants from North Carolina, Haywood County and the EDA. Loans have defined terms and last up to three years. Web Site: www.smdcnc.org/smdc |
| Successful Outcomes | 17.5% of the local economy's employment is involved in entrepreneurial activities compared to a national average of 15.5%. They are also raising \$5 million in angel capital investment for the next general companies. |

➔ Case 2 – Strong Focus on Technology Segments and Leveraging NASA Derivatives

| | |
|---------------------------------------|--|
| Location | Houston, TX |
| Organization | Houston Technology Center (HTC) |
| Staff | 10+ staff along with resident experts |
| Businesses Served | Technology companies (energy, IT, life sciences, nanotechnology and aerospace) |
| Scope | 50,000 SF space, Emerging Tech Fund, educational seminars, conferences of key topics, networking, service provider network, Goradia Innovation Prize (\$5,000 to \$50,000), coaching/mentoring, space-related technology transfer program. |
| Partners/Sponsors | <p>100+ sponsors paying \$10,000 to \$100,000 in cash and in-kind services</p> <p>The following are partners with the HTC:</p> <ul style="list-style-type: none"> • BioHouston (integrating area resources to promote life science and biotechnology) • University of Houston, Center for Entrepreneurship and Innovation at the Bauer College of Business • Consumer Energy Alliance (use and security of energy and price stability) • Gulf Coast Medical Device Manufacturers • Houston Angel Network (early stage investor network) • Houston Hispanic Chamber of Commerce • Houston Technology Executive Council • MIT Enterprise Forum of Texas • Rice Alliance for Technology and Entrepreneurship • Space Alliance Technology Outreach Program <p>TiE-Houston (not-for-profit focused on fostering entrepreneurship through networking, mentoring and participation)</p> |
| Web Site | www.houstontech.org |
| Other Support Services in Area | Houston Community College / Center for Entrepreneurship (training and building of relationships) |
| Successful Outcomes | Since 1999, HTC has provided feedback to well over 1,000 companies and coached more than 240 companies, helping them raise \$750 million in capital and creating thousands of jobs. |

➡ Case 3 – Focus on One Aspect of Materials (Composites)

| | |
|----------------------------|---|
| Location | Dayton, OH |
| Organization | National Composite Center |
| Staff | ~6 staff members including several technical specialists |
| Businesses Served | Companies that utilize composite materials, both in the greater Dayton area and in other locations. |
| Scope | Support the development of innovative composite materials and their related manufacturing processes. Specific services include engineering, product development and testing. They also host classes, symposia, meetings, and conferences related to composite applications and technology. There is a pilot plant facility available to support companies in production scale-ups and process optimization. |
| Partners/Sponsors | The organization is supported through memberships by 40+ companies including major firms such as GE, Boeing, Honeywell, multiple universities, and industry associations. |
| Web Site | www.compositecenter.org |
| Successful Outcomes | The organization works with over 50 member companies to develop new products and process improvements related to composite technology |

➡ Case 4 – Focus on Trade Relations With Mexico

| | |
|----------------------------|--|
| Location | Santa Teresa, NM |
| Organization | International Business Accelerator |
| Staff | ~4 staff members |
| Businesses Served | Any company in New Mexico seeking to engage in international business. |
| Scope | <p>Services are free of charge through the NMSBDC's International Business Accelerator (IBA), located in Santa Teresa, and the 20 Small Business Development Centers located throughout the state. The international trade experts participating in the program will assist companies in:</p> <ul style="list-style-type: none"> • Becoming export ready • Accessing international trade resources • Promoting their products to selected target markets • Identifying buyers for their product/service • Facilitating meetings with potential buyers • Conducting follow-up with prospects <p>Seminars and webinar training in the areas of international business planning, finance, logistics, marketing identification, and secure commerce will also be offered to participating companies. An electronic product and service bulletin board will be available for small businesses who sign up for the services.</p> |
| Partners/Sponsors | <ul style="list-style-type: none"> • New Mexico Small Business Development Centers • Western New Mexico University • Multiple destinations within Mexico |
| Web Site | www.nmiba.com |
| Successful Outcomes | The effort is in its infancy but has attracted several businesses and the Union Pacific Railroad has invested \$400 million in a terminal for the area. |

➔ Case 5 – Large Facility (200,000 SF) With Comprehensive Support

| | |
|----------------------------|---|
| Location | Akron, OH |
| Organization | Akron Global Business Accelerator (started in 1983) |
| Staff | 5 (CEO, director of operations, technical directors, facilities manager) |
| Businesses Served | Technology-driven companies |
| Scope | <p>Services offered (besides residence within their 200,000 SF facility):</p> <ul style="list-style-type: none"> • Business development assistance • Consultation on business operations • Marketing & sales assistance • Access to government grants & loans • Help procuring investment capital • Networking activities <p>Potential tenants must complete application and prepare a comprehensive business plan that is approved by the tenant committee. The plan must address: company organization, use of technology, description of products and services, marketing and sales strategy, manufacturing methods, management capability, sources of capital and financial plan with three year forecast</p> |
| Partners/Sponsors | Primarily the City of Akron and grants from the State of Ohio |
| Web Site | www.akronaccelerator.com |
| Successful Outcomes | The accelerator currently houses 48 emerging companies and has a long history of small business start-up and acceleration since its inception in 1983. The facility has also been expanded several times over its life time. |

➔ Case 6 – Business Accelerator Without Facilities

| | |
|--------------------------|--|
| Location | Roswell (Atlanta), GA |
| Organization | Stage2 Accelerator which is a 501(c)6 corporation |
| Staff | 2 professionals |
| Businesses Served | Emerging high growth Georgia companies |
| Scope | <p>Backed by a public/private partnership, they provide the following services in three steps:</p> <ol style="list-style-type: none"> 1. Practical and methodical education to help entrepreneurs learn the skills necessary to succeed. 2. An upfront agreed upon "Business Roadmap" of tasks to be learned and completed. 3. An outside (customized) Advisory Board in appropriate functional areas to support the organization. The Board may focus on any and all of the following: <ul style="list-style-type: none"> • Business development (sales/marketing) • Compensation • Finances and funding • Governance • HR • Legal • Operations • Product/service development |
| Partners/Sponsors | Advisory Board members are at the senior level of existing companies. |
| Web Site | www.stage2ba.com |

➤ Case 7 – University/Community Partnerships for Accelerator

| | |
|----------------------------|---|
| Location | Central Florida (9 locations) |
| Organization | University of Central Florida and local community partners |
| Staff | Incubator facilities of various sizes with a small staff in each |
| Businesses Served | Any small emerging business that passes the screen (see below) |
| Scope | <p>The accelerator program has a structured process as outlined below:</p> <p>Evaluation</p> <ul style="list-style-type: none"> • Submit Application • Complete Excellence in Entrepreneurship • Present to Selection Committee • Admission <p>Orientation (Month 1-2)</p> <ul style="list-style-type: none"> • Incubator Orientation • Business Development Orientation <p>Growth (Month 2-12)</p> <ul style="list-style-type: none"> • Strategy Series Work Sessions <ol style="list-style-type: none"> 1. Company Growth Strategy <ul style="list-style-type: none"> ▪ Elevator Speech ▪ Value Proposition ▪ Define Problem Being Solved ▪ Build Revenue Projections 2. Market Growth Strategy <ul style="list-style-type: none"> ▪ Target Customer ▪ Market Segmentation ▪ Sustainable Competitive Advantage 3. Investment/Funding Strategy <ul style="list-style-type: none"> ▪ Government Funding ▪ Elevator Speech ▪ Term Sheet ▪ PowerPoint Presentation for Investors • Participate in Day-to-Day Tactical Meetings <p>Maturation (Month 13-18)</p> <ul style="list-style-type: none"> • Present Initial Business Plan • Present Final Business Plan • Revisit Strategic Plan <p>Graduation (Month 18 - 36)</p> |
| Partners/Sponsors | The program has a long list of business service companies that are initially screened and are willing to sponsor seminars and offer low-cost up-front services. |
| Web Site | www.incubator.ucf.edu/Incubationprogram |
| Successful Outcomes | Since its founding in Oct. 1999, the UCF Business Incubation Program (UCFBIP) has helped more than 200 emerging companies (including over 110 current clients) create over \$500 million in annual revenue and more than 1600 new jobs with an average salary of \$59,000. |

➔ Case 8 – Large Scale Food-Related Retail and Farmers’ Market

| | |
|----------------------------|--|
| Location | Columbus, OH |
| Organization | North Market (Farmer’s Market + 35 Retailers) |
| Staff | Overall director and director of operations and marketing |
| Businesses Served | 35 food-related small retailers in a former farm implement manufacturing building plus 22 farmers in an outdoor covered market near the building. The farmers hold the market Saturdays in the growing season and the North Market is open year round. |
| Scope | Agriculture and food-related businesses that are screened prior to participation. Low cost rent is offered along with substantial marketing support and access to a demonstration kitchen utilized for cooking classes |
| Partners/Sponsors | None identified |
| Web Site | http://www.northmarket.com |
| Successful Outcomes | The 35 small retailers are sustained in the North Market that has been in existence since the 1880’s although relocated several times over its history |

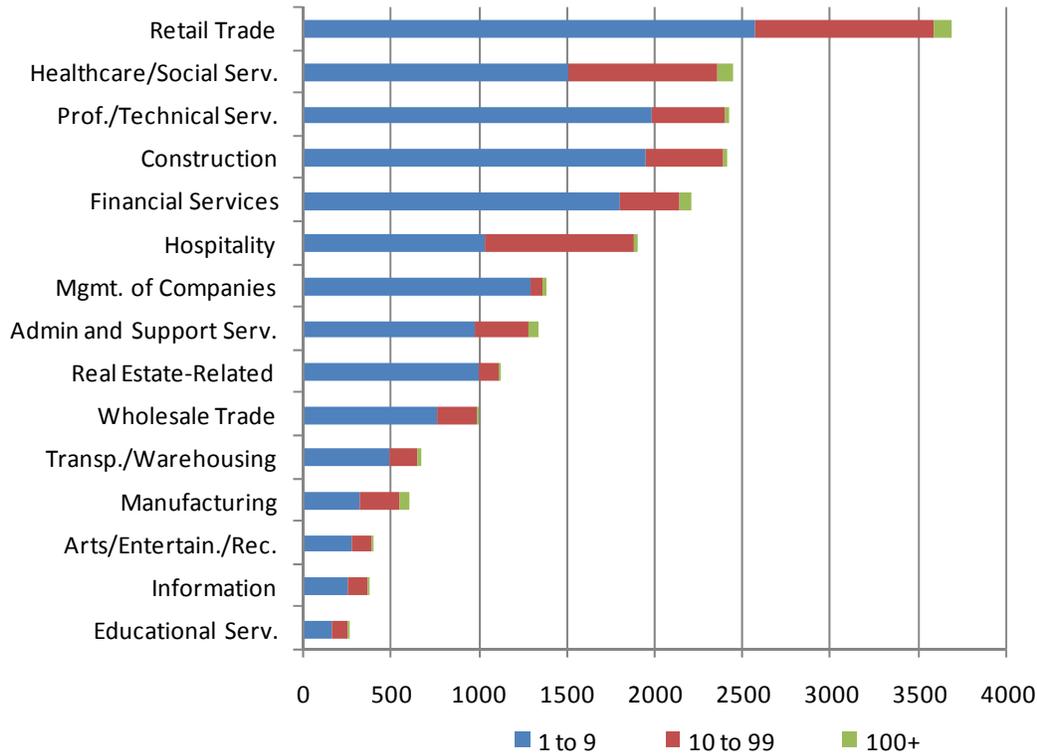
➔ Case 9 – Food Innovation Center That Serves a Region and a State

| | |
|----------------------------|--|
| Location | Bridgeton, NJ (Cumberland County in southern New Jersey) |
| Organization | Rutgers/NJ Food Innovation Center |
| Staff | Director with business and technical staff and admin support (16 people total) |
| Businesses Served | <p>Agricultural and food-related businesses that include:</p> <ul style="list-style-type: none"> • Individual farmers and agricultural cooperatives seeking new businesses for value-added agricultural products or new markets for existing commodities • Startup food processing companies facing the challenges of financing, technology, regulations, new market development and facility requirements • Existing small and mid-size food companies seeking access to new technologies, upgrade quality capabilities, enter new markets, train their workforce, and expand/improve their operations • Retail and foodservice establishments seeking to improve operations or purchase locally-grown agricultural products. |
| Scope | <ul style="list-style-type: none"> • Incubator includes a 23,000 sq ft facility in 2008 that houses staff, office/lab space and training rooms. • Technical and Business Services <ul style="list-style-type: none"> ▸ Business Mentoring Services: management plans and strategy ▸ Manufacturing and Operations Support: hot, dry and cold processing as well as cold assembly labs and development support as well as information on production, sourcing raw materials, quality assurance, food safety, etc. ▸ Product Development Services: new product development, process and packaging development, commercial samples for market research, label design, etc. • Food Entrepreneurs Network |
| Partners/Sponsors | The Center has received substantial grants and support from federal and state sources as well as ongoing support from Rutgers University, USDA, and others. |
| Web Site | www.foodinnovation.rutgers.edu/ |
| Successful Outcomes | The Center has helped over 1,200 companies and entrepreneurs since it opened in 2000. It is estimated that the Center has stimulated 1,000 net new jobs and over a total of \$200 million in new revenue. |

■ APPENDIX 2 ● EXISTING SMALL BUSINESS IN DELAWARE

The charts below demonstrate the portion of the Delaware economy that is derived from small business (<100 employees). A substantial opportunity exists for enabling a selected portion of these firms to reach their full potential.

► FIGURE A-1: NUMBER OF BUSINESSES IN DELAWARE BY ECONOMIC SEGMENT AND LEVEL OF EMPLOYMENT



Source: County Business Patterns (2009)

► TABLE A-1: NUMBER OF COMPANIES BY ECONOMIC SEGMENT, COUNTY AND EMPLOYMENT LEVEL

| Description | Sussex County | | | Kent County | | | New Castle County | | |
|----------------------------|---------------|-------|------|-------------|-------|------|-------------------|-------|------|
| | 0-9 | 10-99 | 100+ | 0-9 | 10-99 | 100+ | 0-9 | 10-99 | 100+ |
| Construction | 651 | 100 | 0 | 324 | 53 | 3 | 969 | 291 | 25 |
| Manufacturing | 70 | 60 | 11 | 47 | 25 | 14 | 211 | 143 | 31 |
| Wholesale Trade | 124 | 44 | 0 | 92 | 24 | 1 | 541 | 150 | 14 |
| Retail Trade | 811 | 292 | 12 | 382 | 178 | 18 | 1377 | 544 | 67 |
| Transp. & Warehousing | 173 | 34 | 1 | 95 | 24 | 8 | 230 | 95 | 11 |
| Information | 48 | 20 | 1 | 35 | 11 | 4 | 170 | 76 | 10 |
| Financial Services | 222 | 38 | 1 | 152 | 37 | 1 | 1400 | 220 | 67 |
| Real Estate Related | 253 | 25 | 2 | 114 | 8 | 2 | 637 | 76 | 1 |
| Prof./Technical Services | 322 | 45 | 0 | 204 | 40 | 2 | 1457 | 320 | 29 |
| Mgmt. of Companies | 15 | 9 | 0 | 17 | 5 | 1 | 1264 | 55 | 19 |
| Admin. & Support Services | 216 | 42 | 3 | 129 | 34 | 6 | 626 | 230 | 50 |
| Educational Services | 23 | 12 | 0 | 25 | 11 | 1 | 116 | 70 | 17 |
| Health Care & Social Serv. | 403 | 147 | 17 | 235 | 131 | 11 | 912 | 570 | 55 |
| Arts/Entertain./Recreation | 75 | 22 | 0 | 42 | 16 | 2 | 168 | 67 | 11 |
| Hospitality | 357 | 222 | 2 | 112 | 129 | 5 | 564 | 495 | 17 |

Source: County Business Patterns (2009)

Within manufacturing firms with employment of 10-99, the strongest segments are food processing, printing, chemical-related, plastic products, and fabricated metal products.

► TABLE A-2: **MANUFACTURING COMPANIES BY INDUSTRY AND EMPLOYMENT IN DELAWARE**

| Industry | County | <10 | 10-99 | 100+ |
|---|------------|-----|-------|------|
| Food Processing | New Castle | 11 | 7 | |
| | Kent | 5 | 2 | 3 |
| | Sussex | 12 | 14 | 6 |
| Beverage (wine*, soda, brewery, other) | New Castle | 1 | | |
| | Kent | 1* | | |
| | Sussex | 1 | 1 | |
| Textile Products | New Castle | 11 | 1 | |
| | Kent | | 1 | 1 |
| | Sussex | 5 | 1 | |
| Printing | New Castle | 39 | 13 | 1 |
| | Kent | 4 | 1 | |
| | Sussex | 9 | 1 | |
| Chemicals, Pharma, Biomaterials, etc. | New Castle | 13 | 16 | 10 |
| | Kent | 4 | 3 | |
| | Sussex | 1 | 6 | 2 |
| Plastic & Rubber Products | New Castle | 7 | 15 | 6 |
| | Kent | | 1 | |
| | Sussex | 1 | 6 | 2 |
| Non-Metallic Products (clay, porcelain, glass, abrasives, etc.) | New Castle | 14 | 12 | |
| | Kent | 2 | 3 | |
| | Sussex | 6 | 7 | |
| Fabricated Metal Products | New Castle | 37 | 21 | 5 |
| | Kent | 12 | 2 | 1 |
| | Sussex | 10 | 9 | |
| Machinery | New Castle | 11 | 6 | |
| | Kent | 1 | | 2 |
| | Sussex | 3 | | |
| Computers and Electronics | New Castle | 18 | 11 | 2 |
| | Kent | 3 | | |
| | Sussex | | 2 | |
| Electrical Equipment, Appliances and Components | New Castle | 2 | 7 | 2 |
| | Kent | | 1 | |
| | Sussex | 1 | 1 | |
| Transportation Equipment | New Castle | 3 | 3 | |
| | Kent | 1 | | |
| | Sussex | 3 | 2 | 1 |
| Furniture and Related | New Castle | 15 | 9 | 1 |
| | Kent | 2 | | 1 |
| | Sussex | 6 | | |
| Medical Devices | New Castle | 9 | 5 | |
| | Kent | 3 | | 1 |
| | Sussex | 1 | | 2 |

Source: County Business Patterns (2009)

► **TABLE A-3: PROFESSIONAL/TECHNICAL SERVICES PRESENCE IN DELAWARE (COMPANIES BY EMPLOYMENT)**

| Industry | County | <10 | 10-99 | 100+ |
|---|---------------|---------------|--------------|-------------|
| Architectural and Engineering Services | New Castle | 155 | 50 | 3 |
| | Kent | 31 | 6 | |
| | Sussex | 59 | 7 | |
| Specialized Design (Interior, industrial, graphic, other) | New Castle | 51 | 4 | |
| | Kent | 4 | | |
| | Sussex | 13 | 1 | |
| Computer System Design | New Castle | 360 | 55 | 9 |
| | Kent | 49 | 3 | |
| | Sussex | 40 | 1 | |
| Management Consulting Services | New Castle | 232 | 19 | 1 |
| | Kent | 22 | 3 | |
| | Sussex | 53 | 4 | |
| Scientific/R&D Services | New Castle | 30 | 19 | 5 |
| | Kent | 4 | | |
| | Sussex | 3 | 1 | |
| Advertising/PR Services | New Castle | 61 | 12 | 1 |
| | Kent | 9 | | |
| | Sussex | 15 | 2 | |
| Photography | New Castle | 29 | 6 | |
| | Kent | 3 | 2 | 1 |
| | Sussex | 8 | | |
| Veterinary Services | New Castle | 8 | 24 | |
| | Kent | 4 | 8 | |
| | Sussex | 10 | 4 | |

Source: County Business Patterns (2009)

■ APPENDIX A-3 • SURVEY OF EXISTING MANUFACTURING BUSINESSES IN KENT AND SUSSEX COUNTIES

A survey was distributed to about 125 manufacturing firms in Kent and Sussex County

The key opportunities and issues that were derived from the survey responses included:

Size of Businesses

Range: 10 to 190 employees

Types of Businesses Responding

- Significant number of metal fabricators
- Industrial textile-related products
- Non-metallic products (multiple processes)

Current Markets Served

- Industrial (energy, equipment OEM's, aircraft/aerospace OEM's, etc.)
- Military and civilian government (federal, state and local)
- Construction
- Commercial/retail

Interest in Potential Markets

- Further penetration of existing markets.
- Leverage core competencies into additional industrial (equipment) and military (aircraft) markets.
- Have state/federal government communicate as to the types of products and services they purchase from vendors so local firms can bid on them.

Issues That Need to Be Addressed in Order to Expand Business

- Complexity of government regulations and the time/cost required for compliance.
- Having access to qualified technical talent at the engineer, technician and laborer level.
- Having access to available, low cost capital for expansion.
- Local high cost of energy is an issue . . . makes some energy users less competitive.
- Need support to reach specific markets and assistance in defining market opportunities.

General Comments

- There is a critical issue in the area related to access to qualified technical talent. There needs to be an expansion in the supply or businesses cannot grow.
- Government, from an economic development perspective is fine, but when it's time to work with other agencies to seek approvals it is not productive or supportive. The process needs to be streamlined.
- Although the definition of "accelerator" was only briefly described in the survey, the majority of responders were interested in the concept. Several of the larger/more established companies offered to support emerging businesses either through third-party production services (metal fabrication), identification of purchased products or in reaching a specific market.

■ APPENDIX 4 ● EXISTING RESOURCES THAT SUPPORT SMALL BUSINESSES GROWTH IN DELAWARE

Listed below are organizations that contribute in some manner to supporting the development of new and small/emerging business in Delaware. These organizations serve as a sampling for determining the current resources available as part of the business accelerator “network”.

► TABLE A-5: SUMMARY OF DELAWARE RESOURCES THAT SUPPORT SMALL BUSINESS DEVELOPMENT

| Organization | Description of Services Provided |
|---|---|
| New/Small Business Development Organizations | |
| DELAWARE SMALL BUSINESS AND TECHNOLOGY DEVELOPMENT CENTER www.dsbtcd.org | Operates in affiliation with the University of Delaware and Delaware State University and is funded in part by the U.S. Small Business Administration. The organization offers companies at all life stages access to experienced staff members as well as university faculty and students. |
| SERVICE CORE OF RETIRED EXECUTIVES (SCORE) www.score.org | Access to a variety of seasoned executive talent that is available both on-line and one-on-one as requested. SCORE matches talent within the organization with specific needs of the business. |
| VISTAGE www.vistage.com | A service focused on executives of different size organizations to provide coaching and mentoring, peer advisory groups, expert speaker workshops and internet-based sessions, access to knowledge and other services. The Vistage Small Business Coaching program is designed especially for small business leaders who are ready to take their businesses to the next level. |
| DELAWARE MANUFACTURING EXTENSION PARTNERSHIP www.demep.org | Affiliated with the Delaware State Chamber of Commerce and provides a variety of services to support the growth of manufacturing and other types of businesses through developing strategic business plans, locating vital resources, reducing lead time, applying lean and quality techniques, meeting environmental standards, achieving ISO certification, training and retaining employees, and increasing sales. |
| DELAWARE EMERGING TECHNOLOGY CENTER www.delawareetc.org | Virtual business incubator with an advisory board that assists emerging businesses. |
| FIRST STATE INNOVATION www.firststateinnovation.org | Launched in 2006, First State Innovation (FSI) helps technology-based and early stage businesses find traditional seed capital, alternative funding, skilled human capital, commercialization assistance, intellectual capital, and other entrepreneurial resources |
| U.S. SMALL BUSINESS ADMINISTRATION www.sba.gov | Access to loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses. |
| DEDO/KAUFFMAN FASTRAC PROGRAM FOR ENTREPRENEURS http://deetc.affiliate.fasttrac.org/ | DEDO has partnered with the Kauffman Foundation to provide training for entrepreneurial businesses. |

| Education and Training Resources | |
|---|---|
| DELAWARE TECHNICAL AND COMMUNITY COLLEGE www.dtcc.edu/success/ | The Entrepreneurship Program offers an associate degree or non-degree certificate options. The program includes course research, personal assessments, job shadowing or student run businesses. Additionally, students have the opportunity to attend professional business conferences to expand their experiences. |
| DELAWARE STATE UNIVERSITY www.desu.edu/dced | The Center for Enterprise Development offers a number of programs to support small businesses that includes the Food Business Incubator Center, small business consulting, and applied business research. |
| UNIVERSITY OF DELAWARE www.udel.edu/oeip | Entrepreneurial Studies Program includes an undergraduate minor in E-Studies, host the Venture Development Center (meeting space and applied learning lab), Venture Funding Competitions (award funding to students based on business plan competition and E-Internships). The Office of Economic Innovation and Partnerships , through its Technology Transfer Center and Small Business and Technology Development Center, will provide business development guidance to technology-based businesses within and beyond the UD community, ranging from advice on patents to Small Business Innovation Research contracts, services and funding. |
| JUNIOR ACHIEVEMENT www.jadelaware.org | JA programs are delivered by corporate and community volunteers that provide relevant, hands-on experiences that give K-12 students knowledge and skills in financial literacy, work readiness and entrepreneurship. |
| Industry/Trade Organizations | |
| DELAWARE STATE CHAMBER OF COMMERCE www.dscc.com | Provides member services and advocacy for small business as well as networking opportunities for business-to-business services. |
| DELAWARE MANUFACTURING ASSOCIATION www.dscc.com/chamber/Delaware_Manufacturing_Association.aspx | Affiliated with the Delaware Chamber of Commerce, this organization's mission is to enhance the competitiveness of Delaware manufacturers; serve as manufacturing's advocate at the state and local government level; advise the State Chamber on topics that specifically impact manufacturers such as government regulation, trade and tax policy; and sponsor networking events focused on the needs of manufacturers. |
| | |
| Other Government Agencies That Support Small/Emerging Businesses | |
| PROCUREMENT TECHNICAL ASSISTANCE CENTER (PTAC) www.ptac-us.org | Help businesses seeking to compete successfully in federal, state and local government contracting. Funded through Cooperative agreements between the Department of Defense and state/local entities. |
| OFFICE OF MINORITY AND WOMEN BUSINESS ENTERPRISE (OMWBE) http://gss.omb.delaware.gov/omwbe/ | Assists minority and/or business enterprises to compete for state contracts. |
| THE MINORITY BUSINESS DEVELOPMENT AGENCY (MBDA) www.mbda.gov/ | Resides under the Department of Commerce and promotes growth and competitiveness of minority-owned businesses. |
| DEPARTMENT OF STATE/ INTERNATIONAL TRADE & DEVELOPMENT | Assists Delaware companies in increasing exports by positioning Delaware products in foreign markets, providing in-house and on-site counseling to small and medium sized businesses wishing to export for the first time or expand their current export sales. |

■ APPENDIX A-5 • INCORPORATING ENTREPRENEURSHIP INTO LOCAL SCHOOL SYSTEMS CURRICULUM

Case Studies in Utilizing Entrepreneurship in Education

➞ Case 1 – Rural High School in the Southeast

| | |
|----------------------------|---|
| Location | Walhalla, SC |
| School | Walhalla High School |
| Elements of Program | The objective of the class is to develop and implement high school-level entrepreneurship education initiatives in a setting that includes school-based learning, field-based entrepreneurship learning experiences, and activities that connect the school and the business community. One component of the class is an Entreboard, a community-based panel that will interview each student, examine his or her portfolio or plan, and determine whether Entreboard resources back the plan. The process is equivalent to applying for a loan. In addition to Entrepreneurship I and II classes, components of the program are offered in various parts of the curriculum, including the Strategies for Success and SPECTRUM courses required of all students in grades 9 and 10. Entrepreneurship components are also offered in Consumer Science, Agriculture, Industrial Technology and Desktop Publishing tracts. |

➞ Case 2 – Charter School in Large City Setting

| | |
|----------------------------|--|
| Location | Portland, OR |
| School | Portland’s Leadership and Entrepreneurship Public Charter School (LEP) |
| Elements of Program | This is a charter school that incorporates entrepreneurship in the curriculum and also utilizes the community at large (businesses) for internships and tours to provide practical experiences for the students and gathering feedback on skill requirements from the employers. |

➞ Case 3 – Rural Public School District With Several Partners

| | |
|----------------------------|--|
| Location | Carroll County, Virginia |
| School | Carroll County School System |
| Elements of Program | <p>With the help of several grants as well as Virginia Cooperative Extension and the Department of Agriculture and Applied Economics at Virginia Tech, several entrepreneurship programs were established in the school district that included the Entrepreg program (initiated by the Ewing Marion Kauffman Foundation and marketed by Economic Ventures in New York) that involves an initial week-long training session along with quarterly meetings and doing 150 hours of work with a mentor. Students who complete all the requirements receive a \$1,000 scholarship for the college of their choice. Students gain insight into vocational options and select their own mentors.</p> <p>They also utilize the 4-H Youth Entrepreneurship Program with a curriculum that includes the following modules: How to Prepare a Business Plan, Understanding the Business Operations, Pricing Your Product or Service, Advertise That Business, Managing Business Affairs, Developing a Professional Image, Interviewing Employees, Resources and References for Further Research.</p> |

Other Resources

- **Network for Teaching Entrepreneurship** (www.nfteconnect.org/): provides lesson plans, activities, structuring a business plan, business plan competition and other resources.

- **Junior Achievement Program for High Schools** (www.ja.org/programs/programs_high_be_entre.shtml): JA has a complete entrepreneurship curriculum for high school (and other grade levels) that essentially steps through the process of selecting an idea and converting it into a business plan.
- **National Federation of Independent Business** (www.nfib.com/yef/yef-programs/young-entrepreneur-awards): Provide over \$2.3 million in scholarships to students operating their own businesses.
- U.S. Department of Labor on Entrepreneurship (www.dol.gov/odep/pubs/fact/entrepreneurship.htm) The site discusses the value of entrepreneurial education and lists many references.

Entrepreneurship Education Offerings from the University of Delaware

The **University of Delaware Center for Economic Education and Entrepreneurship** was formed in 1971 to address the need to incorporate economics and entrepreneurship in the K-12 curriculum as an important complement to the reading, writing and math curriculum. The ultimate goal of the Center for Economic Education and Entrepreneurship at the University of Delaware is to continue to provide educators with high quality programs and workshops that increase the knowledge and understanding of economics and entrepreneurship in all curriculums for grades K - 12.

➔ Programs for Primary Grades

Mini-Society

A mini-economic system is established by students in grades 3-6 in which they create and manage currency and run businesses which provide goods and essential services for their society. Students experience roles as employee, producer, consumer and voting citizen, and learn economic and entrepreneurial concepts.

Bank at School

The Delaware Bank At School program creates partnerships between banks and schools. It is designed to teach children the importance of financial management and to give them a chance to open a savings account at no cost. This weekly banking program nurtures the often neglected ethic of saving.

Meaningful Economics Competition (ME)

Teams of students in grades 3-6 participate in a competition highlighting economics, entrepreneurship, and personal finance. Teams participate in a written test; a production activity in which teams organize their members efficiently to make as many products as possible; and a problem-solving activity in which the participants are tested on creating a good or service to address a problem. Finally, the teams prepare a marketing strategy that is presented to a panel of judges from business and education professions.

Teach Children to Save Day

Teach Children to Save Day is designed to teach the importance of saving. Bank volunteers are recruited to go into 3rd and 4th grade classrooms to present a personal finance lesson focusing on spending, saving and interest.

Stock Market Game

The Stock Market Game (SMG) is a 10-week program designed to introduce students to the global economy and the world of finance and investing. Teams of 1-6 students maintain a portfolio of \$100,000 on the Internet and vie for divisional awards. The SMG has 3 levels of competition, the first of which is open to students in grades 4-6. In Delaware, the SMG is offered exclusively by the Center for Economic Education & Entrepreneurship at the University of Delaware. This high-interest game provides an exciting way to learn

about economics and the stock market. Teachers report that the program has tremendous motivational value and is a unique way to introduce young people to free market economic systems.

➔ **Programs for Secondary Grades**

EntrePrep Summer Institute

Students who participated in the 2011 EntrePrep Summer Institute at the University of Delaware applied what they learned by operating their own Business-for-a-Day. Their creative entrepreneurial ventures were set-up in various locations throughout Newark.

Personal Finance Challenge

The Personal Finance Challenge is an exciting contest for high school students taking the Keys or Economics and Finance course that tests their knowledge of personal finance topics. Students compete in teams of four. Eight teams of high school students participated in the 2011 Personal Finance Challenge with the Cab Calloway team winning the Delaware title and representing the State at the National Personal Finance Challenge.

Stock Market Game

The Stock Market Game (SMG) is a 10-week program designed to introduce students to the global economy and the world of finance and investing. Teams of 1-6 students maintain a portfolio of \$100,000 on the Internet and vie for divisional awards. The SMG has 3 levels of competition including one for grades 7 and 8 and another for grades 9 through 12. In Delaware, the SMG is offered exclusively by the Center for Economic Education & Entrepreneurship at the University of Delaware. This high-interest game provides an exciting way to learn about economics and the stock market. Teachers report that the program has tremendous motivational value and is a unique way to introduce young people to free market economic systems.

Money Rules Summit

This year's Money Rules Summit was attended by 176 high school juniors and seniors from 19 high schools. Students worked with volunteers from Discover Bank, State Farm, and the State Treasurer's Office to learn about spending, saving, setting goals, budgeting and credit. This program was offered in partnership with the Delaware Financial Literacy Institute.

NOTICE OF CITY OF MILFORD ORDINANCE REVIEW
Ordinance 2011-30
Chapter 119/Electric Tariff

The following ordinance is under review by Milford City Council:

Ordinance 2011-30

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF MILFORD, ELECTRIC TARIFF, CHAPTER 119, that establishes electric standards and rates for the City of Milford.

Section 1. The City of Milford Hereby Ordains that Electric Rates and Associated Matters are hereby amended to read as follows.

Section 2. The Service Classification Section is hereby amended by repealing the current rate schedules and replacing each class as noted:

Residential Service Schedule RES

C. Monthly Rates

CURRENT:

| | Summer Billing Months <u>June through September</u> | Winter Billing Months <u>October through May</u> |
|------------------------|---|--|
| <u>Energy Charge</u> | | |
| First 5 kWh or less | \$4.00 flat charge | \$4.00 flat charge |
| Next 495 kWh | 14.18 cents/kWh | 13.00 cents/kWh |
| Excess kWh over 500 | 14.18 cents/kWh | 13.00 cents/kWh |

PROPOSED:

| | <i>Summer Billing Months <u>June through September</u></i> | <i>Winter Billing Months <u>October through May</u></i> |
|--------------------------------|--|---|
| <u>Energy Charge</u> | | |
| <i>First 5 kWh or less</i> | <i>\$4.00 flat charge</i> | <i>\$4.00 flat charge</i> |
| <i>Next 495 kWh</i> | <i>13.80 cents/kWh</i> | <i>12.80 cents/kWh</i> |
| <i>Excess kWh over 500</i> | <i>13.80 cents/kWh</i> | <i>12.80 cents/kWh</i> |

Small General Service Schedule SGS

C. Monthly Rates

CURRENT:

| | Summer Billing Months <u>June through September</u> | Winter Billing Months <u>October through May</u> |
|-----------------|---|--|
| Customer Charge | \$6.00/month | \$6.00/month |

| | | |
|---------------|-----------------|-----------------|
| Energy Charge | 15.30 cents/kWh | 14.27 cents/kWh |
|---------------|-----------------|-----------------|

PROPOSED:

| | |
|--|---|
| <i>Summer Billing Months <u>June through September</u></i> | <i>Winter Billing Months <u>October through May</u></i> |
|--|---|

| | | |
|------------------------|---------------------|---------------------|
| <i>Customer Charge</i> | <i>\$6.00/month</i> | <i>\$6.00/month</i> |
|------------------------|---------------------|---------------------|

| | | |
|----------------------|------------------------|------------------------|
| <i>Energy Charge</i> | <i>15.00 cents/kWh</i> | <i>14.00 cents/kWh</i> |
|----------------------|------------------------|------------------------|

Medium General Service Schedule MGS

C. Monthly Rates

CURRENT:

| | |
|--|---|
| <i>Summer Billing Months <u>June through September</u></i> | <i>Winter Billing Months <u>October through May</u></i> |
|--|---|

| | | |
|-----------------|--------------|--------------|
| Customer Charge | \$7.00/month | \$7.00/month |
|-----------------|--------------|--------------|

| | | |
|---------------|------------|------------|
| Demand Charge | \$18.00/kW | \$10.50/kW |
|---------------|------------|------------|

| | | |
|---------------|----------------|----------------|
| Energy Charge | 9.00 cents/kWh | 8.00 cents/kWh |
|---------------|----------------|----------------|

PROPOSED:

| | |
|--|---|
| <i>Summer Billing Months <u>June through September</u></i> | <i>Winter Billing Months <u>October through May</u></i> |
|--|---|

| | | |
|------------------------|---------------------|---------------------|
| <i>Customer Charge</i> | <i>\$7.00/month</i> | <i>\$7.00/month</i> |
|------------------------|---------------------|---------------------|

| | | |
|----------------------|-------------------|-------------------|
| <i>Demand Charge</i> | <i>\$13.95/kW</i> | <i>\$10.50/kW</i> |
|----------------------|-------------------|-------------------|

| | | |
|----------------------|-----------------------|-----------------------|
| <i>Energy Charge</i> | <i>8.00 cents/kWh</i> | <i>7.00 cents/kWh</i> |
|----------------------|-----------------------|-----------------------|

Large General Service Schedule LGS

C. Monthly Rates

CURRENT:

| | |
|--|---|
| <i>Summer Billing Months <u>June through September</u></i> | <i>Winter Billing Months <u>October through May</u></i> |
|--|---|

| | | |
|-----------------|---------------|---------------|
| Customer Charge | \$18.00/month | \$18.00/month |
|-----------------|---------------|---------------|

| | | |
|---------------|------------|------------|
| Demand Charge | \$14.40/kW | \$10.70/kW |
|---------------|------------|------------|

Energy:

| | | |
|----------|-----------------|----------------|
| On-Peak | 10.00 cents/kWh | 9.00 cents/kWh |
| Off-Peak | 9.00 cents/kWh | 8.10 cents/kWh |

PROPOSED:

| | |
|---------------|---------------|
| <i>Summer</i> | <i>Winter</i> |
|---------------|---------------|

| | <i>Billing Months June through September</i> | <i>Billing Months October through May</i> |
|------------------------|--|---|
| <i>Customer Charge</i> | <i>\$18.00/month</i> | <i>\$18.00/month</i> |
| <i>Demand Charge</i> | <i>\$13.00/kW</i> | <i>\$10.50/kW</i> |
| <i>Energy:</i> | | |
| <i>On-Peak</i> | <i>8.00 cents/kWh</i> | <i>8.00 cents/kWh</i> |
| <i>Off-Peak</i> | <i>7.00 cents/kWh</i> | <i>7.00 cents/kWh</i> |

General Service Primary Voltage-GSP

C. Monthly Rates

CURRENT:

| | <i>Summer Billing Months June through September</i> | <i>Winter Billing Months October through May</i> |
|------------------------|---|--|
| <i>Customer Charge</i> | <i>\$21.00/month</i> | <i>\$21.00/month</i> |
| <i>Demand Charge</i> | <i>\$12.20/kW</i> | <i>\$9.00/kW</i> |
| <i>Energy:</i> | | |
| <i>On-Peak</i> | <i>9.00 cents/kWh</i> | <i>9.00 cents/kWh</i> |
| <i>Off-Peak</i> | <i>8.00 cents/kWh</i> | <i>8.00 cents/kWh</i> |

PROPOSED:

| | <i>Summer Billing Months June through September</i> | <i>Winter Billing Months October through May</i> |
|------------------------|---|--|
| <i>Customer Charge</i> | <i>\$21.00/month</i> | <i>\$21.00/month</i> |
| <i>Demand Charge</i> | <i>\$12.00/kW</i> | <i>\$10.55/kW</i> |
| <i>Energy:</i> | | |
| <i>On-Peak</i> | <i>8.00 cents/kWh</i> | <i>8.00 cents/kWh</i> |
| <i>Off-Peak</i> | <i>7.00 cents/kWh</i> | <i>7.00 cents/kWh</i> |

Special Contract Services-SCS.

C. Monthly Rates

CURRENT:

| | <i>Summer Billing Months June through September</i> | <i>Winter Billing Months October through May</i> |
|----------------------|---|--|
| <i>Demand Charge</i> | <i>\$11.50/kW</i> | <i>\$9.20/kW</i> |
| <i>Energy:</i> | | |
| <i>On-Peak</i> | <i>8.50 cents/kWh</i> | <i>8.50 cents/kWh</i> |
| <i>Off-Peak</i> | <i>7.50 cents/kWh</i> | <i>7.50 cents/kWh</i> |

PROPOSED:

| | <i>Summer Billing Months <u>June through September</u></i> | <i>Winter Billing Months <u>October through May</u></i> |
|----------------------|--|---|
| <i>Demand Charge</i> | \$8.00/kW | \$7.00/kW |
| <i>Energy:</i> | | |
| <i>On-Peak</i> | 8.00 cents/kWh | 7.00 cents/kWh |
| <i>Off-Peak</i> | 7.00 cents/kWh | 7.00 cents/kWh |

Section 3. Dates.

Introduction: December 12, 2011

Adoption: December 27, 2011

The new rates will be effective with the December 2011 consumption and the January 2012 billing.

A complete copy of the City of Milford Code is available at Milford City Hall, 201 South Walnut Street, Milford, Delaware or on the city website cityofmilford.com.

**CITY OF MILFORD
FUND BALANCES REPORT**

October 2011

| | |
|---|-------------|
| Cash Balance - General Fund Bank Balance | \$3,189,998 |
| Cash Balance - Electric Fund Bank Balance | \$4,703,181 |
| Cash Balance - Water Fund Bank Balance | \$1,374,892 |
| Cash Balance - Sewer Fund Bank Balance | \$393,827 |
| Cash Balance - Trash Fund Bank Balance | \$551,649 |

| | General <u>Improvement</u> | Municipal <u>Street Aid</u> | Real Estate <u>Transfer Tax</u> | Water Bond <u>Escrow</u> |
|----------------------------|-------------------------------|--------------------------------|------------------------------------|-----------------------------|
| Beginning Cash Balance | 312,223 | 814,263 | 456,598 | 412,457 |
| Deposits | | | 22,884 | |
| Interest Earned this Month | 19 | 59 | 32 | 4 |
| Disbursements this Month | (45,762) | | (43,662) | |
| Investments | | | 1,600,000 | |
| Ending Cash Balance | \$266,480 | \$814,322 | \$2,035,852 | \$412,461 |

| | GF Capital <u>Reserves</u> | Water Capital <u>Reserves</u> | Sewer Capital <u>Reserves</u> | Electric <u>Reserves</u> |
|----------------------------|-------------------------------|----------------------------------|----------------------------------|-----------------------------|
| Beginning Cash Balance | 650,481 | 1,179,755 | 1,191,442 | 2,922,615 |
| Deposits | | | | |
| Interest Earned this Month | 5,844 | 16 | 1,607 | 32 |
| Disbursements this Month | | | | (44,666) |
| Investments | 1,000,000 | 2,960,000 | 2,245,000 | 7,484,000 |
| Ending Cash Balance | \$1,656,325 | \$4,139,771 | \$3,438,049 | \$10,361,981 |

| | Water <u>Impact Fee</u> | Sewer <u>Impact Fee</u> | Electric <u>Impact Fee</u> |
|----------------------------|----------------------------|----------------------------|-------------------------------|
| Beginning Cash Balance | 77,206 | \$43,729 | \$10,953 |
| Deposits | | | |
| Interest Earned this Month | | | |
| Disbursements this Month | | | |
| Investments | 850,000 | \$625,000 | \$250,000 |
| Ending Cash Balance | \$927,206 | \$668,729 | \$260,953 |

INTEREST THROUGH THE FOURTH MONTH OF THE FISCAL YEAR:

| | | | |
|--------------------------|--------|------------------------|--------|
| General Fund | 372 | Water Fund | 390 |
| GF Capital Reserves | 12,452 | Water Bond Escrow | 4 |
| General Improvement Fund | 103 | Water Capital Reserves | 23,955 |
| Municipal Street Aid | 269 | Water Impact Fees | 4,250 |
| Real Estate Transfer Tax | 5,993 | Sewer Fund | 99 |
| Electric Fund | 1,311 | Sewer Capital Reserves | 19,621 |
| Electric Reserves | 45,783 | Sewer Impact Fees | 0 |
| Electric Impact Fees | 1,250 | Trash Fund | 185 |

TOTAL INTEREST EARNED TO DATE \$116,037

REVENUE REPORT

Page Two

33% of Year Expended

| October 2011 ACCOUNT | AMOUNT BUDGETED | MTD | YTD | YTD% |
|--|---------------------|--------------------|---------------------|---------------|
| Budgeted Fund Balance | 421,235 | 238,733 | 263,632 | 62.59% |
| General Fund Capital Reserves | 255,500 | 1,518 | 136,079 | 53.26% |
| Municipal Street Aid | 195,000 | 0 | 0 | 0.00% |
| Property Transfer Tax-Police | 500,000 | 41,667 | 166,667 | 33.33% |
| Real Estate Tax | 3,004,155 | 5,320 | 2,983,858 | 99.32% |
| Business License | 35,000 | 450 | 3,150 | 9.00% |
| Rental License | 85,000 | 250 | 1,050 | 1.24% |
| Building Permits | 50,000 | 2,951 | 27,483 | 54.97% |
| Planning & Zoning | 20,000 | 5,880 | 11,048 | 55.24% |
| Misc. Revenues | 262,035 | 27,637 | 74,571 | 28.46% |
| Transfers From | 3,215,480 | 267,956 | 1,071,826 | 33.33% |
| Police Revenues | 287,000 | 17,581 | 72,662 | 25.32% |
| Total General Fund Revenues | \$8,330,405 | \$609,943 | \$4,812,026 | 57.76% |
| Water Revenues | 2,187,255 | 185,565 | 868,294 | 39.70% |
| Sewer Revenues | 1,907,725 | 115,555 | 665,874 | 34.90% |
| Kent County Sewer | 1,350,000 | 72,106 | 465,315 | 34.47% |
| Solid Waste Revenues | 1,126,000 | 91,868 | 361,788 | 32.13% |
| Electric Revenues | 27,885,500 | 1,932,612 | 10,455,840 | 37.50% |
| TOTAL REVENUES | \$42,786,885 | \$3,007,649 | \$17,629,137 | 41.20% |
| YTD Enterprise Expense | | 27,681 | | |
| YTD Enterprise Revenue | | 22,875 | | |
| LTD Carlisle Fire Company Building Permit Fund | | 43,179 | | |

EXPENDITURE REPORT

Page Three

October 2011

33% of Year Expended

| ACCOUNT | AMOUNT BUDGETED | MTD | YTD | YTD% | UNEXPENDED BALANCE |
|---|--------------------|------------------|------------------|---------------|-----------------------|
| City Manager | | | | | |
| Personnel | 420,655 | \$28,510 | 115,082 | 27.36% | 305,573 |
| O&M | 107,850 | \$8,070 | 29,240 | 27.11% | 78,610 |
| Capital | 0 | \$0 | 0 | | 0 |
| Total City Manager | \$528,505 | \$36,580 | \$144,322 | 27.31% | 384,183 |
| Planning & Zoning | | | | | |
| Personnel | 123,335 | \$9,230 | 38,061 | 30.86% | 85,274 |
| O&M | 34,935 | \$2,375 | 9,130 | 26.13% | 25,805 |
| Capital | 0 | \$0 | 0 | | 0 |
| Total P, C & I | \$158,270 | \$11,605 | \$47,191 | 29.82% | 111,079 |
| Code Enforcement & Inspections | | | | | |
| Personnel | 130,715 | \$9,929 | 39,735 | 30.40% | 90,980 |
| O&M | 37,100 | \$7,401 | 15,534 | 41.87% | 21,566 |
| Capital | 0 | \$0 | 0 | | 0 |
| Total P, C & I | \$167,815 | \$17,330 | \$55,269 | 32.93% | 112,546 |
| Tax Department | | | | | |
| Personnel | 74,155 | \$0 | \$44,008 | 59.35% | 30,147 |
| O&M | 15,265 | \$1,322 | \$9,167 | 60.05% | 6,098 |
| Capital | 0 | \$0 | \$0 | | 0 |
| Total Tax Department | \$89,420 | \$1,322 | \$53,175 | 59.47% | 36,245 |
| Council | | | | | |
| Personnel | 31,225 | \$2,833 | 9,011 | 28.86% | 22,214 |
| O&M | 27,600 | \$4,194 | 10,056 | 36.43% | 17,544 |
| Council Expense | 17,000 | \$247 | 8,454 | 49.73% | 8,546 |
| Contributions | 447,735 | \$243,733 | 307,733 | 68.73% | 140,002 |
| Codification | 4,000 | \$0 | 0 | 0.00% | 4,000 |
| Employee Recognition | 8,000 | \$0 | 0 | 0.00% | 8,000 |
| Insurance | 16,000 | \$3,903 | 7,807 | 48.79% | 8,193 |
| DMI-Tree and Grate Project | 175,000 | \$0 | 17,399 | 9.94% | 157,601 |
| Wawa-Sale Expenses | 15,000 | \$643 | 1,518 | 10.12% | 13,482 |
| Total Council | \$741,560 | \$255,553 | \$361,978 | 48.81% | \$379,582 |
| Finance | | | | | |
| Personnel | 321,855 | \$24,361 | 98,533 | 30.61% | 223,322 |
| O&M | 54,600 | \$4,727 | 11,800 | 21.61% | 42,800 |
| Capital | 0 | \$0 | 0 | | 0 |
| Total Finance | \$376,455 | \$29,088 | \$110,333 | 29.31% | 266,122 |
| Information Technology | | | | | |
| Personnel | 165,870 | \$12,732 | 51,437 | 31.01% | 114,433 |
| O&M | 173,250 | \$28,897 | 37,893 | 21.87% | 135,357 |
| Capital | 13,000 | \$0 | 12,990 | 99.92% | 10 |
| Total Information Technology | \$352,120 | \$41,629 | \$102,320 | 29.06% | 249,800 |

EXPENDITURE REPORT

Page Four

October 2011

33% of Year Expended

| ACCOUNT | AMOUNT BUDGETED | MTD | YTD | YTD% | UNEXPENDED BALANCE |
|---------------------------------------|--------------------|------------------|--------------------|---------------|-----------------------|
| Police Department | | | | | |
| Personnel | 3,526,670 | \$260,038 | 1,073,270 | 30.43% | 2,453,400 |
| O&M | 440,120 | \$62,513 | 201,564 | 45.80% | 238,556 |
| Capital | 71,500 | \$0 | 64,134 | 89.70% | 7,366 |
| Total Police | \$4,038,290 | \$322,551 | \$1,338,968 | 33.16% | 2,699,322 |
| | | | | | |
| Streets & Grounds Division | | | | | |
| Personnel | 407,665 | \$31,012 | 125,854 | 30.87% | 281,811 |
| O&M | 447,400 | \$34,928 | 130,425 | 29.15% | 316,975 |
| Capital | 225,000 | \$0 | 0 | 0.00% | 225,000 |
| Debt Service | 46,115 | \$0 | 0 | 0.00% | 46,115 |
| Total Streets & Grounds | \$1,126,180 | \$65,938 | \$256,279 | 22.76% | 869,901 |
| | | | | | |
| Parks & Recreation | | | | | |
| Personnel | 474,915 | \$37,061 | 160,718 | 33.84% | 314,197 |
| O&M | 236,875 | \$23,587 | 99,103 | 41.84% | 137,772 |
| Capital | 55,000 | \$0 | 28,769 | 52.31% | 26,231 |
| Total Parks & Recreation | \$766,790 | \$60,648 | \$288,590 | 37.64% | 478,200 |
| | | | | | |
| Total General Fund | | | | | |
| Operating Budget | \$8,345,405 | \$842,244 | \$2,758,425 | 33.05% | 5,586,980 |

EXPENDITURE REPORT

Page Five

October 2011

33 % of Year Expended

| ACCOUNT | AMOUNT BUDGETED | MTD | YTD | YTD% | UNEXPENDED BALANCE |
|---|---------------------|--------------------|---------------------|---------------|-----------------------|
| Water Division | | | | | |
| Personnel | 217,500 | \$16,018 | 67,004 | 30.81% | 150,496 |
| O&M | 1,141,565 | \$88,163 | 402,000 | 35.21% | 739,565 |
| Capital | 25,000 | \$0 | 0 | 0.00% | 25,000 |
| Debt Service | 803,190 | \$0 | 0 | 0.00% | 803,190 |
| Total Water | \$2,187,255 | \$104,181 | \$469,004 | 21.44% | 1,718,251 |
| Sewer Division | | | | | |
| Personnel | 217,500 | \$16,018 | 67,001 | 30.81% | 150,499 |
| O&M | 1,033,500 | \$105,956 | 371,419 | 35.94% | 662,081 |
| Capital | 0 | \$0 | 0 | | 0 |
| Debt Service | 656,725 | \$0 | 0 | 0.00% | 656,725 |
| Sewer Sub Total | \$1,907,725 | \$121,974 | \$438,420 | 22.98% | 1,469,305 |
| Kent County Sewer | 1,350,000 | \$111,888 | 505,931 | 37.48% | 844,069 |
| Total Sewer | \$3,257,725 | \$233,662 | \$944,351 | 28.99% | 2,313,374 |
| Solid Waste Division | | | | | |
| Personnel | 335,485 | \$25,768 | 100,333 | 29.91% | 235,152 |
| O&M | 722,320 | \$99,601 | 273,441 | 37.86% | 448,879 |
| Capital | 68,195 | \$0 | 0 | 0.00% | 68,195 |
| Total Solid Waste | \$1,126,000 | \$125,369 | \$373,774 | 33.19% | 752,226 |
| Total Water, Sewer Solid Waste | | | | | |
| | \$6,570,980 | \$463,212 | \$1,787,129 | 27.20% | 4,783,851 |
| Electric Division | | | | | |
| Personnel | 947,130 | \$71,646 | 301,621 | 31.85% | 645,509 |
| O&M | 1,784,105 | \$156,482 | 599,148 | 33.58% | 1,184,957 |
| Transfer to General Fund | 2,500,000 | \$208,333 | 833,333 | 33.33% | 1,666,667 |
| Capital | 986,710 | \$3,236 | 105,541 | 10.70% | 881,169 |
| Debt Service | 667,555 | \$0 | 61,278 | 9.18% | 606,277 |
| Electric Sub Total | \$6,885,500 | \$439,697 | \$1,900,921 | 27.61% | 4,984,579 |
| Power Purchased | 21,000,000 | \$1,185,300 | 6,870,067 | 32.71% | 14,129,933 |
| Total Electric | \$27,885,500 | \$1,624,997 | \$8,770,988 | 31.45% | 19,114,512 |
| TOTAL OPERATING BUDGET | | | | | |
| | \$42,801,885 | \$2,930,453 | \$13,316,542 | 31.11% | 29,485,343 |

INTERSERVICE DEPARTMENTS REPORT

Page Six

October 2011

| ACCOUNT | AMOUNT BUDGETED | MTD | 33% of Year Expended | | UNEXPENDED BALANCE |
|--|--------------------|---------------|----------------------|---------------|-----------------------|
| | | | YTD | YTD% | |
| Garage | | | | | |
| Personnel | 91,865 | 5,204 | 20,947 | 22.80% | 70,918 |
| O&M | 61,940 | 6,593 | 22,595 | 36.48% | 39,345 |
| Capital | 0 | 0 | 0 | | 0 |
| Total Garage Expense | \$153,805 | 11,797 | \$43,542 | 28.31% | 110,263 |
| Public Works | | | | | |
| Personnel | 338,940 | 25,470 | 104,025 | 30.69% | 234,915 |
| O&M | 187,370 | 12,023 | 49,706 | 26.53% | 137,664 |
| Capital | 0 | 0 | 0 | | 0 |
| Total Public Works Expense | \$526,310 | 37,493 | \$153,731 | 29.21% | 372,579 |
| Meter Department-Water | | | | | |
| Personnel | 120,315 | 9,786 | 38,457 | 31.96% | 81,858 |
| O&M | 68,950 | 6,353 | 13,686 | 19.85% | 55,264 |
| Capital | 60,000 | 0 | 3,806 | 6.34% | 56,194 |
| Total Water Meter Expense | \$249,265 | 16,139 | \$55,949 | 22.45% | 193,316 |
| Meter Department-Electric | | | | | |
| Personnel | 229,635 | 19,661 | 72,777 | 31.69% | 156,858 |
| O&M | 99,550 | 10,600 | 22,102 | 22.20% | 77,448 |
| Capital | 0 | 0 | 0 | | 0 |
| Total Electric Meter Expense | \$329,185 | 30,261 | \$94,879 | 28.82% | 234,306 |
| Billing & Collections | | | | | |
| Personnel | 435,195 | 33,867 | 134,778 | 30.97% | 300,417 |
| O&M | 210,790 | 15,827 | 66,731 | 31.66% | 144,059 |
| Capital | 0 | 0 | 0 | | 0 |
| Total Billing & Collections | \$645,985 | 49,694 | \$201,509 | 31.19% | 444,476 |
| City Hall Cost Allocation | | | | | |
| Personnel | 0 | 0 | 0 | | 0 |
| O&M | 58,000 | 4,865 | 21,900 | 37.76% | 36,100 |
| Capital | 0 | 0 | 0 | | 0 |
| Total City Hall Cost Allocation | \$58,000 | 4,865 | \$21,900 | 37.76% | 36,100 |

ALL COSTS SHOWN ON PAGE 6 ARE ALSO INCLUDED IN THE VARIOUS DEPARTMENTS LISTED ON PAGES 3-5 OF THE EXPENDITURE REPORT WHO UTILIZE THE SERVICES OF THE DEPARTMENTS LISTED ABOVE. INTERSERVICE FUNDS ARE ENTIRELY FUNDED BY OTHER CITY DEPARTMENTS.

MILFORD CITY COUNCIL
MINUTES OF MEETING
October 24, 2011

The Milford City Council held a Public Hearing on Monday, October 24, 2011 in the Joseph Ronnie Rogers Council Chambers at Milford City Hall, 201 South Walnut Street, Milford, Delaware to hear the application of:

Morris and Ritchie Associates, Incorporated on behalf of Griffin Realty, LLC
Modification of a Conditional Use to Allow a Planned Unit Development (Milford Ponds Subdivision)
East of US Route 113 at intersection of West Heirloom Way, South of Seabury Avenue, Milford, Delaware
Area of Petition is 107.50 +/- Acres; Current Zoning is R-1, R-2 and R-3.
Tax Map No(s): 1-30-6.00-108.00, 1-30-3.00-6.00-167.00 thru 1-30-3.00-6.00-550.00;
1-30-3.00-6.00-557.00; 1-30-3.00-6.00-558.00

PRESIDING: Honorable Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier III, S. Allen Pikus, Dirk Gleysteen,
Owen Brooks, Jr., James Starling, Sr. and Katrina Wilson

City Manager David Baird, Police Lieutenant Kenneth Brown and Recording Secretary
Christine Crouch

City Solicitor David Rutt, Esquire

Mayor Rogers called the Public Hearing to order at 7:02 p.m.

Adoption of Ordinance 2011-12

City Planner Gary Norris advised that this proposal is for a modification to the approved conditional use for a PUD. Several meetings/hearings have been held. The planning commission recommended approval of the modification of the conditional use for this applicant in August.

Richard Forsten of Saul Ewing presented the application on behalf of the property owner Griffin Realty along with Kenneth Usab of Morris & Ritchie Associates.

Mr. Forsten presented a map of the entire project showing its proximity to Route 113 on the south side of the city. He reported that some sewer connections/laterals are visible but no construction on houses or structures has begun.

He explained the original developer, Slenker Land Corporation, abandoned the project at which time it reverted back to the lender. Mr. Forsten pointed out that what makes the 177-acre project unique is that when it was financed, 107 acres were mortgaged in his client's name and the other 70 acres were mortgaged in EB Land Corporation's name. Unfortunately, that action is what has created some problems with the site. He noted the sewer pump station was placed on the EB Lands property though it is designed to serve the entire project; they are not allowing them to use it without concessions.

Mr. Forsten reported that talks with EB Lands began in 2009 though no progress was made. As a result, Griffin Realty chose to proceed with a modification to the PUD which will allow them to do what they need on their 107 acres. They are asking for a modification that will separate Griffin Realty from EB Land.

He referenced the area designated on the map as Phase I which was previously approved by city council. He also noted the actual property line and associated lands with split ownership. He further explained that the pump station on the EB Land side will not work for his client if they do not honor the easements and other issues in the original plan.

He then presented a map exclusively showing the property owned by Griffin Realty. Mr. Forsten said it takes the original approved PUD with the existing boundary lines and creates a plan with complete stormwater management, sewer and other utilities solely on the Griffin property. The modification allows them to proceed with the development of the property.

Changes associated with the revision include the relocation of the clubhouse, which is slightly smaller than originally planned though the pool remains.

He noted on the original plan, there were seven points of interconnection between the two properties. One of the points has to be eliminated to provide a stormwater pond.

Mr. Forsten said the plan on their property originally showed 390 lots; as a result of the reconfiguration, ten more lots will be added.

He emphasized they are addressing the PUD modification tonight adding that they will need to come back with their subdivision plan at which times additional questions and issues can be addressed.

He then explained that the property owner of the parcel along Route 113 requested an interconnection into their entrance. In 2002-2003, DelDOT originally agreed the interconnection would be a good idea though they have since changed that opinion. He said if traffic is southbound on Route 113, vehicles can turn left into the site. They fear that southbound traffic will use the entrance to access the Cypress Hall Commercial site.

He then referenced another crossover where vehicles can make a u-turn to get to the Cypress Hall property.

He said the same applies to exiting traffic heading northbound; it will become a defacto entrance and exit for the Cypress Hall property. As a result, DelDOT does not require it nor does Griffin Realty want it.

Mr. Pikus clarified that Griffin Realty does not want an interconnection between their property and the Cypress Hall property. Mr. Forsten agreed stating he believes it will end up increasing traffic at the intersection and within their community.

Mr. Forsten referenced the location of the current pumping station adding it should be moved north fifty feet. It was confirmed the pumping station is tied into the city system.

Mayor Rogers then opened the floor for comments. He asked that anyone in favor of the application to speak.

Esquire Robert Gibbs of Wilson, Halbrook and Bayard stated he is present on behalf of Bruce and Susan Geyer and Joan Palmer whom own the Cypress Hall Commercial property located immediately south of the proposed entrance to the Griffin Realty property. He referenced a letter he sent to the Mayor and City Council stating the reasons the owners feel DelDOT's original preliminary approval should be considered. They stated that if the residential community is developed behind the commercial property, they would have direct access onto Route 113 and a cross access easement to the abutting property would be required. This would allow a left in/right into the commercial and a right in/left out already associated with the commercial parcel.

Mr. Gibbs stated that DelDOT's opinion on their preliminary approval changed during the time this property sat idle. Their original 2004 letter stated 'Mr. Geyer is permitted one right in and one right out' as is shown south from the proposed entrance. The letter also states 'the residential developers would be required to provide the necessary reciprocal cross access easement'. The actual location of the cross vehicular access should be as close as possible to the rear of the Geyer property. He noted on the diagram it would be the furthest east.

He feels there may be a number of ways to design it to allay the fears of the developer; but without some interconnection, there are various traffic patterns created. People who go into the residential development will typically go into the commercial area. Mr. Gibbs noted that in most planning scenarios, those items are viewed as important and integral to the planning.

He stated that the developer implied that vehicles coming southbound will come into the entrance and turn directly into the commercial site. He agrees that makes sense; otherwise, vehicles have to go further south and make a u-turn to come back into the development which has only one entrance/exit on Route 113.

Mr. Gibbs does not understand the logic behind their more recent decision that states 'the approved entrance plans for the residential project and recent conceptual meetings regarding potential redesign for the market rate residential units collectively

invalidate the 2004 letter requiring a cross-access on the basis of conflicting movements within the boulevard style entrance.'

Mr. Gibbs understands that if it is not designed right, it could result in minor traffic problems when people try to exit the commercial site into the boulevard access. He said that was partially addressed in the drawing submitted though there may be a better plan to warrant council to require it be worked out because inter-connectivity makes good sense. With interconnection, persons entering the commercial property will exit back onto Route 113 to enter the other entrance.

He said four examples were then given with references to the drawing.

Mr. Gibbs questioned DeIDOT's position though they may have forgotten about the previous recommendation. He explained the intent of the conditional is to maintain a measure of control over uses that have an impact on the community. General conditional uses may be desirable in certain locations for the convenience and welfare but they must use the property in a manner that assures neither an adverse impact upon adjoining properties nor the creation of a public nuisance. He thinks this will be supported with traffic numbers with the additional trips that will be created by having the limitation DeIDOT previously recognized as almost common sense and will have a negative impact and create a public nuisance.

They feel there is some substance to this request and they hope it can be worked out with a common entrance. His clients are willing to share responsibility for participation in a cross access and the cost of an entrance redesign or modification.

Mr. Johnson asked if DeIDOT has the final say; City Solicitor Rutt confirmed that entrances and related traffic patterns fall under DeIDOT's jurisdiction.

Mr. Gibbs then clarified that his comments are in relation to the application. He emphasized that council should consider the entrance issue when weighing the factors for the conditional use.

Mr. Rutt asked if there was an inter-connective street when the first approval was made in 2006; Mr. Gibbs stated no.

The solicitor then confirmed that Mr. Gibbs is requesting a new condition be added to the PUD for a cross access agreement. Mr. Gibbs stated that DeIDOT previously stated that with the main entrance onto Route 113, there should be consideration given to a cross access to an immediately adjacent commercial property which will minimize multiple trips out into the corridor. He reiterated that he does not understand why DeIDOT would reverse their position at this late date unless they did not realize it was on record previously. Thereby, he believes that thrusts it into the council's jurisdiction because they will become streets in Milford.

It was confirmed that DeIDOT approved it in December 2004; Mr. Rutt noted it was not part of the city's initial approval. Mr. Gibbs added that his client brought the issue before the planning commission and other meetings over the past several years.

Mr. Gleysteen stated that at some point the previous plans for the Cypress Hall commercial property contained a proposed connection between Cypress Hall and the rear of this project. He asked if that was something the original PUD was making accommodating; he noted the row of homes now planned that would not allow that to occur.

Mr. Gibbs then introduced Tim Metzner of Davis, Bowen and Friedel (DBF) who was responsible for the original Milford Ponds design. He verified the plan was included in the original PUD and something that Mr. Geyer and the owners of Milford Ponds were working on to create more interconnection. He advised there were also some agreements being discussed for shared stormwater and sewer.

He noted that DeIDOT's jurisdiction is off Route 113 only. Any interconnection within the plan is solely between the city and the property owners.

On the entrance, Mr. Baird asked if the cross access easement is an issue with DeIDOT or the city; Mr. Metzner said originally DeIDOT has jurisdiction. However, they have gone on record as saying they have approved the entrance (Route 113) and will not make any changes or alterations. Anything off Route 113 is an inner street and city council has the ability to call for conditions under the planning approval process.

Mr. Rutt asked if DeIDOT does not have jurisdiction, why were they involved; Mr. Gibbs explained they went to DeIDOT originally to ask their position on their requirements in the event of a residential development and a commercial development. He said the first 2004 DeIDOT letter addresses the two possibilities. It states the residential development does not obtain US Route 113 access. Under those conditions, they stated the Geyer property may have a single right in/right out. In this case, construction to implement the cross access agreement between the two properties would not be desirable. However, in the case where the residential development is granted US 113 access, a cross access easement should be entered into for all the reasons previously stated.

He emphasized the residential people will use the commercial and the commercial traffic will go through the residential area. If they could get into the residential without going back out on Route 113, that would be done.

Councilwoman Wilson then stated that tonight this is a decision on the modification of a PUD. She stated the development plans will still have to come back before council. She asked if this is something that needs to be worked out before council acts on the modification. She asked Mr. Gibbs if that would be more difficult for his clients.

Mr. Gibbs explained that the process for an amendment to a conditional use allows for public comment. As an adjacent property, they feel this is the appropriate time for the shared entrance to be considered.

It was confirmed by City Planner Gary Norris that the planning commission recommended approval of the proposed amendment. As stated, it will come back before the planning commission when the subdivision preliminary and final plans are submitted.

Attorney Stephanie Hansen of Young, Conaway, Stargatt & Taylor then addressed council after introducing Brian McGregor who represents EB Land. She then provided the background on how this issue has gotten to this point.

Ms. Hansen explained that in 2003, East Bay Homes (now EB Land) had a contract to purchase four parcels of land from two property owners. She noted the four parcels on the map that make up the Milford Ponds PUD.

She explained that East Bay assigned the contract for four parcels to Slenker Land Corporation; Slenker then proceeded with the land planning and engineering. They received city and agency approvals and received PUD approval in September of 2004. Slenker became WS Milford Properties that was purchased in 2005. WS Milford secured a loan from Acacia Federal Savings Bank which became Griffin. Slenker also secured a loan from East Bay which became EB Land. A minor subdivision, based on the approved PUD, was prepared by WS Milford to define the boundaries of the land that were encumbered by both mortgages. She then presented the minor subdivision.

Ms. Hansen advised that EB Land has a mortgage on two of parcels (A & C); Acacia/Griffin had a mortgage on the other parcel. WS Milford then processed a final plan for Phase I which was approved and recorded in June 2006. When the final plan for Phase I was recorded, the boundaries had changed from those shown on the minor subdivision plan as Parcel B.

She then referenced an overlay outlining the boundaries on the minor subdivision and the parcel lines upon which the mortgage documents are based. Noted was the portion recorded as Phase I; parts of Phase I are on land that was later foreclosed on by Acacia and land that was later foreclosed on by EB Land.

The Phase I plan is located primarily but not exclusively on Parcel B (Acacia). Portions of lots, open space, sewer pump station, stormwater pond #4 and some utilities and roads are located on Parcels A & C.

Ms. Hansen reported that Phase II received final plan approval from city council on April 2008. The plan was recorded in July 2008. Phase III has received preliminary plan approval at the time the PUD was approved in 2004.

She reiterated that Phase I has final plan approval and substantial construction; Phase II has final plan approval and some construction because of the infrastructure going into the stormwater pond; Phase III has preliminary plan approval which was granted at the time of the PUD approval in 2004.

Mr. Brooks confirmed that Phase I is owned by two different entities; Ms. Hansen stated that is the problem. She said the Phase I approved and recorded is actually on two lands owned by two different entities.

Ms. Hansen then addressed the portions of Phase I on the EB Land property and the block of 12 lots. She said if you approve the PUD modification that Griffin is requesting, some of the lots become illegal. They become smaller than the minimum 5,000 square foot lot size. Another two lots are actually split between the two owners. She said Griffin combined the lots but leaves EB Land with two slivers of land.

She reinforced the fact the stormwater management pond is on EB Land property which was part of Phase I as well as the open space and pump station. She also pointed out that Griffin stated they are still maintaining 6 points of ingress and egress/interconnection into the development and emphasized that the one not being maintained is an important one (referenced on map). The phase that is part of EB Land deadends into open space.

Ms. Hansen emphasized that they indicate this modification will have no impact on the EB Land property. However, it will have a significant impact on the property owner. It creates illegal lots and a road which goes nowhere. It forces EB Land to redesign its property and seek new approvals even with respect to the property with the Phase II approval.

Mr. Pikus said that two of the lots in Phase I become illegal lots; the balance of the lots (to the left) belong to EB Land and are part of Phase I. He confirmed those lots are planned to be developed in Phase I with the exception of the two that become nonconforming. He asked what pumping stations serve those lots adding those lots belong to EB Land. She said it would be the same pumping station that is part of the development plan.

She reiterated the pumping station is on the EB Land; they are asking council to approve it so they can move the pump station. There is an existing pump station with piping that is ready to be turned on. But Griffin wants the re-approval so they can create a new pump station on their property and abandon the current pump station.

Mr. Pikus asked if EB Land given permission to develop the remaining lots; Ms. Hansen stated no.

Ms. Wilson said it sounds like council is being put in the middle of these issues. She asked if EB Land had submitted their application first, how would that have affected the Griffin property. She noted that Griffin came through with the first request but if EB Land submitted first, it would have impacted the Griffin side. Ms. Hansen stated Ms. Wilson is correct. She added there is a note on the plan for the larger PUD that states the plan cannot be changed without the consent of the other land owner.

Ms. Hansen then advised the application is coming before council, with a 7-1 recommendation from the Planning Commission though they feel the recommendation should be set aside. She added that a letter was sent to city council federal express. They felt that was needed because at the second meeting of the planning commission they were unable to speak and include some items in the record. She feels the biggest issue is that Phase II has final plan approval. It was presented at the Planning Commission hearing and is the only final plan approval. Not knowing there was also final plan approval on Phase II at the time of the vote, was a very important fact they were unaware of and EB Land did not have the ability to tell them. The letter was sent to the city solicitor and Mayor and City Council so everyone had the information.

She recalled the meeting in which the solicitor was going to update council on this matter and they wanted to make sure they had this information before this hearing.

Ms. Hansen confirmed they were unable to speak at the second Planning Commission meeting. City Solicitor Rutt explained that at the first Planning Commission hearing, Ms. Hansen gave a long, detailed presentation similar to what she is presenting tonight. Mr. Rutt asked that it be put into writing and that the applicant be given the opportunity to respond to a number of issues presented the first time. At the second hearing, the applicant responded. The intent was to prevent it from becoming a back and forth commentary; Ms. Hansen had given her opinion and the applicant was asked to give their opinion. At that point, the comment session was closed.

Mr. Rutt said the comment about the Phase I was stated at the original planning hearing with the understanding that only Phase I had been approved which is something that could have been discussed in the letter that was subsequently sent.

Mr. Rutt confirmed that Phase II was approved.

Ms. Hansen said she would like for the record to reflect they appreciate the time the city has taken to consider this application and their attempt to act as a mediator between the two parties. She claims the two are trying to negotiate a solution. Discussions have been occurring since 2006 though they have not been frequent. No agreement has not yet been reached though negotiations continue as recently as this afternoon.

Ms. Hansen explained that they are asking city council not to make the decision and instead let the two parties work it out among themselves. She agrees there are a lot of technical and legal issues involved. She said council is welcome to make the appropriate decision though they are asking that the parties continue to handle.

Mr. Pikus questioned Ms. Hansen's statement that council's job is not to be a mediator; Ms. Hansen said they can be mediators if they wish though they are asking otherwise.

Ms. Hansen then continued by stating that EB Land and Griffin are married with respect to the plan. Each owns a portion of a multi-phase interdependent development plan that contains a note (General Note 6) that makes it impossible to revise the plan without the consent of the other. It states that no revision can be made to a recorded subdivision in Sussex County without the written consent of 75% of the lot owners of the recorded plat and the owners of the adjacent lots to the revision. She noted that EB Land owns 46% of the lots in this PUD and is an adjacent lot owner to the revision and has not consented to the revisions requested. As a result, Griffin Realty's attempt to revise the Milford PUD is in violation of this note and the application should not be approved.

She stated that Mr. Forsten has stated and the solicitor agrees, that reference to the term "Sussex County" in the note revealed that this was just a boilerplate note that the original engineer inadvertently included on the plan which did not mean anything. Ms. Hansen says this is not true and the note was intentionally requested by the original developer and Sussex County was specifically mentioned in the note because that is where the plan was recorded. It was not meant to infer the plan was subject to any Sussex County development, ordinance or regulations. Everyone is aware the plan is under the jurisdiction of the City of Milford.

She said the note also reflected the intent of the original developer not to allow changes to the approved PUD without consent of the people that would be most affected which includes Mr. Geyer.

Ms. Hansen reported that Griffin has instead decided to apply for a change to the plans and bypass further discussions with EB Land by asking the City of Milford to resolve the dispute. By doing that, they are bypassing a requirement on their own record plan to obtain the consent of adjacent land owners.

She said they also believe the modification request should not be approved because they think the procedure followed by Griffin Realty to modify this was improper. The Milford Ponds PUD was approved as a conditional use. The city code does not define what qualifies as a modification of a conditional use and does not address the procedure for modifying the conditional use. However, the practice of the city has been that if the modification was not substantial and there were existing utilities in the ground and no changes were being made to the utilities, then the application would be processed as a modification to a conditional use.

In this case, she pointed out the changes to the plan that are substantial. The complete replacement of a newly installed sewage pump station that was never used; the need to cut new services into existing water and sewer lines; the redesign and replacement of an existing stormwater managed conveyance system and basins; the redesign of the existing approved utility plans to accommodate additional streets and housing; the elimination of a major collection street (Flower Garden Drive); the removal of the 55 plus age restriction on this development; an increase in the units in this phase; the removal of the 525 linear feet tree-lined boulevard which led to a 2.1 acre centralized open space area; the elimination of the 2.1 acre centralized open space; the removal of the 14,000 square foot community center/clubhouse with the replacement of a 1,500 square foot meeting room and the reduction of the minimum townhouse lot width from the previously approved 24 to 18 feet. Cumulatively, these changes substantially alter the character of the PUD.

Ms. Hansen pointed out that Griffin disagrees and believes that the question of interpretation and whether this is a modification is ultimately one for the city. The solicitor agreed with Mr. Forsten and stated that because the applicant had been directed by the planning director to proceed by this process the city cannot change course.

EB Land agrees that the decision rests with the city whether this is a modification. To state council does not have the ability to correct what is otherwise a wrong interpretation by the planning director is to take away the authority of the city council.

Mr. Pikus asked if a modification of the 55 plus community require a new traffic survey; Mr. Rutt answered that would be part of what Griffin has indicated would be performed if the concept of the PUD modification is approved. It is still required to go through the site plan approvals. Part of the overall approval process is to get the site plan which includes a traffic and complete review by all the agencies.

Mr. Gleysteen stated that in Phase I more than 75% is owned by Griffin; he asked the city solicitor's position on whether that constitutes a violation of the clause for the entire PUD. Mr. Rutt said the county has no 75% requirement. He explained that the note was placed on the document by the engineer at the time. He would think that if Griffin is coming in to seek a modification, the notes are also subject to modification. He understands that is an issue and council will have to decide if they can seek that modification or whether they need EB Land's approval.

Mr. Gleysteen then asked EB Land what their position would be on the entrance to the Geyer property if everything moved forward; Ms. Hansen said they have not discussed that though she feels EB Land would not have a problem with the interconnection.

Mr. McGregor of EB Land then stated that the modification for the entrance is not on land owned by EB Land but is on land owned by Acacia/Griffin though they would be supportive.

Ms. Wilson stated that she wants to comment on Ms. Hansen's statement regarding the planning commission and city planner/planning commission's recommendation. She said council relies heavily on them to do the legwork and research to make councils' lives easier. She said for Ms. Hansen to imply they are not qualified to make a recommendation or qualification for the modification is inappropriate. She noted that City Planner Norris has a great deal of experience and knowledge and she is confident with any issue he brings before council.

Mr. Johnson asked if there are any potential proposals for the use of the EB Land. Ms. Hansen stated they would like to use and develop the land exactly as was approved on the previous PUD. Mr. Rutt asked if EB Land is willing to pay 46% toward the development costs. Ms. Hansen said they are unprepared to make that commitment.

Ms. Hansen was asked if they are close to an agreement as she indicated they are continuing to negotiate. Mr. Pikus pointed out there appears to be more and more issues arising. It appears that both parties are coming before council to solve their problems. He feels they need to resolve their problems first. He noted we want economic development and are anxious for the land to be developed; however, the differences need to be resolved among the parties. Mr. Pikus does not feel this is councils' responsibility.

Mr. Gleysteen then added that it was stated that the parties have been negotiating since 2006; this is 2011 and it appears that an agreement is no closer. Griffin realizes this and they have invested a substantial amount of money into the development of a new plan. He is tired of looking at this eyesore over the years. He feels that Griffin is showing some initiative by bringing this to city council. While there are problems, at least they are moving forth. He was also offended by Ms. Hansen's comments about the planning commission not allowing her to speak. He was a member of the commission for four years and does not recall denying anyone the opportunity to speak.

Mr. Gleysteen said that with the recommendation of the planning commission and wanting this development to move forward as a complete project, he is receptive to this plan.

Ms. Hansen said she wants to mention some additional legal arguments which EB Lands wants on the record. She said that EB Land believes that to approve the application would effectuate an unconstitutional taking or deprive EB Land of vested rights it has in the project. EB Land has a current record plan approval of Phase II with work substantially underway. They also have a PUD and preliminary approval of Phase III. With these approvals, the land has a certain value. If the application is approved, it wipes out EB Land's ability to develop its property in accordance with the recorded plan on Phase II and the PUD/preliminary approval of Phase III. As a result, it strips the land of its value. This is the unconstitutional taking of land arises as well as a disturbance of EB Land's vested right to develop the property in accordance with the record plan and PUD approval particularly for Phase II.

Ms. Hansen continued by stating the EB Lands could not be built because of the removal of Flower Garden Drive as previously mentioned, the interconnectivity was lost, the street would now end in a cul-de-sac and certain approved and recorded lots would become illegal. As a stand-alone development, EB Land property would not meet the current standards for open space. For example, open space can no longer include stormwater management ponds per the city code.

She advised that Mr. Forsten and EB Land disagree as to whether there would be a substantial diminution in the value of EB Land that would rise to the level of the taking in violation of the 5th Amendment to the Constitution. She said the city solicitor agreed with Mr. Forsten on the basis that EB Land has not submitted an appraisal that would document the reduction and value. However, they believe it is self evident that a change in the value of the land from a property with a record plan to a record without a valid record plan would constitute a substantial diminution of value.

She feels this is ultimately an issue that would be properly decided by the courts.

She stated that secondly, the crux of Mr. Forsten's argument is that EB Land cannot have a vested rights claim because of the money that EB Land has spent on the property which was primarily spent to reacquire the property in foreclosure. Ms. Hansen said the analysis is not that simple. EB Land had already paid for the land once when it originally purchased the land. The credit bid it made at foreclosure was a separate expenditure which is something they believe would be recognized by a court.

She said lastly the principles of equitable estoppel should prevent the city from approving the application. She explained that equitable estoppel arises when a party, by their conduct, intentionally or unintentionally leads another in a reliance upon that conduct, to change position to their detriment. Equitable estoppel is recognized by the Delaware Courts. In this case, EB Land, acting in good faith and upon the approvals of the city in Phases A and C, substantially changed its position in buying the property at foreclosure for \$1.5 million. Had the approvals not been in place, the bid by EB Land would have been significantly reduced and the property sold for far less. They believe this will be inequitable and unjust for this city to impair or destroy the rights to develop these phases that EB Land acquired.

Ms. Hansen stated that Mr. Forsten argues that the equitable estoppel is not applicable because among other things, the city's approval of the PUD plan does not mean the plan can never be changed. The city solicitor's opinion is that no equitable estoppel argument is applicable because the plan can sunset. She said the solicitor relied on the number of EB Land arguments that were raised. They have addressed the erroneous analysis it was part of. It was based on the fact that Phase II did not have final approval but does have final plan approval and substantial construction. Therefore, it cannot sunset.

In closing, she said the Milford Ponds PUD was approved by the city as a comprehensive development plan. Each plan was dependent upon the other for the entire development in order to meet the requirements of the code. There were no problems with the PUD under a single ownership. With two owners, agreement and coordination between the two parties is paramount. She emphasized that Griffin desires to bring their problems here for the city to resolve.

Ms. Hansen said they are requesting council vote no on the application and let the two parties work it out among themselves.

She noted that Mr. Forsten stated that EB Land would not recognize the valid easements on the property. If they were valid easements on the property, that would take away a large portion of the reason they are attending this hearing. She said there are no recorded easement agreements for the utility lines. However, that is only one of the multitude of problems and how intermixed and intermingled the two entities are.

Ms. Hansen believes they may be closer to an agreement because there has been a lot of discussions among the parties and the last offer that EB Land sent to Griffin was close. She feels there has been significant movement over the past five years and the fact they are still talking as of this afternoon is indicative of that.

Mr. Rutt then referenced the illegal lot that Ms. Hansen discussed; he asked if she agrees that EB Land could seek a variance on the lots. Ms. Hansen stated sure.

Mr. Rutt said that EB Land could also revise its plan on its property just as Griffin is attempting to do. Ms. Hansen said that is correct.

Mr. Rutt recalled asking Ms. Hansen and Mr. Forsten to look at the modification of deferred purchase money promissory note which was between WS Milford and East Bay (paragraph 3.2). Mr. Rutt said it states “in the event that at anytime of any foreclosure, borrower has constructed non-public stormwater management ponds and sanitary sewer pump station within the boundaries of the foreclosed premises or outside the boundaries of the foreclosed premises, which facilities are designed in accordance with the master plan to serve the premises in whole, or in part. The use of such completed facilities shall be available to the foreclosed premises to the extent of capacity in common with any utilization of any facilities by the Phase I property.”

He asked Ms. Hansen what that means to her; Ms. Hansen explained that it says if EB Land forecloses on its property and there are infrastructure elements like the stormwater management ponds or the pump station, that is not on land owned by EB Land, that EB Land has the ability to use those infrastructure elements so long as that was something called for in the original plan. She said that was written at a time when they did not know where the pump station was going. It sounds odd to be saying it now, but at the time, no one knew the pump station would end up on EB Land.

She said if EB Land takes title to the property, you take your property back in foreclosure, but you can go ahead and use those infrastructure pieces that are on Griffin’s land. She felt it would have worked fine had all the land remained under the same ownership. The problem is it went to foreclosure and Griffin or Acacia were never part of the agreement. As soon as they foreclosed on the property, their mortgage was first in time and before the agreement was written. That whole section became null and void. She said this was an agreement made between EB Land and the developer. Acacia is not on the document; Griffin is not on the document.

She explained the developer is saying to EB Land we are modifying this loan and we are going to come to some kind of accommodations of why we will be allowed to modify this loan. If I foreclose on this, I can actually use the pump station and stormwater management on the other area. Otherwise, I can’t develop my property. And the developer agreed.

Ms. Hansen said that will work when no one forecloses or when only one person forecloses and the other land is still owned by the developer. However, an agreement cannot be made if the land is on someone else’s property. It would only work without a third party in the mix.

Mr. Rutt pointed out that paragraph 3 states this assignment will be expressly subject to any existing assignment of the collateral to the existing lender that provided financing. He asked if that was Acacia; Ms. Hansen stated yes it was. Mr. Rutt noted that Acacia was in the picture at the time this was done. Ms. Hansen said they did not own the property at that point. The other party was still not in default.

Brian McGregor of EB Land then stated that Ms. Hansen talked about the background and how they became involved. He explained that they sold the land to Slenker. Slenker got a construction and development loan from Acacia. Acacia and Slenker came back and said they don’t want to give them a mortgage for the whole piece, but if they will take a mortgage on a piece of it, that would work. They said no, they would rather just sell the land but then agreed to take a mortgage on a portion of it. The property was then divided with the preliminary plans and lots assigned. They said they only want a first lien and Acacia agreed and said they will take a second. But if they ever foreclose, they will take the property back. Everyone agreed at that time. Time passed and Slenker gets in trouble. There was an inner creditor agreement with Acacia that stated that if Slenker gets in trouble and we are ready to foreclose, they wanted an opportunity to cure the default before the property was taken. They went to Acacia and said they have no choice because Slenker was not paying and the property has to be foreclosed and taken back. Acacia said for them to go ahead, they have not interest in curing the issue.

Mr. McGregor said when the plan was recorded, it was a big mistake because it did not meet the underlying minor subdivision plan. When Phase I was recorded, it was a different plan. Half was on the encumbered land. It was not their land at the time, but was encumbered by their mortgage. The sewer pump station, stormwater management pond, roads and utilities were on their property.

They started negotiating when that occurred in 2006 and are still discussing it. They do not want to get in a position where Acacia develops their property and the EB Land sits idle for 25 years until the utilities can get to them.

He said that if Acacia gets approval, they would like them to give EB Land an opportunity to develop and bring in the utilities into their property to they can develop. But that has not been accomplished.

Mr. Gleysteen said it appears the encumbered properties closely mirror Phase I, Phase II and Phase III. It appears to him there may have been a plan at some point to separate out different phases if there were financial problems. Mr. McGregor explained they used the original preliminary plan and drew a line around the lots under the two ownerships. However, the final plan was not identical to the preliminary plan, which he implied occurs all the time. The final plan was recorded and the sewer pump ended up on the EB Land property and the open space became part of the Phase I plan. He is sure it is because Slenker nor Acadia ever anticipated defaulting on the mortgage.

Mr. McGregor said this was created because the land was different and the minor subdivision did not match.

Mr. Gleysteen confirmed the mortgages followed Phase II and Phase III of the preliminary. Mr. McGregor stated that both the EB Land and Acacia followed the minor subdivision plan.

Mr. Gleysteen stated if the final approval adhered exactly to the original plan, would there be a problem with allowing Griffin to do what they wish with Phase I. Mr. Gregory stated he would have a problem because they want the ability to develop their property. Though they never intended to get the property back, now that they have it, they do not want to wait for utilities. None of the utilities in Phase I are their responsibility. They are unable to go on the Griffin land to develop the utilities for their land.

He concluded by saying that they need a pump station and other things to develop their property. Otherwise, at some point in the future, they may get utilities which could be 15 or 20 years and possibly never.

Mr. Forsten then responded to Rob Gibb's comments regarding the interconnection along the front of the parcel. He agrees that is something that can be considered later in the subdivision process for many reasons including DelDOT's statement in the letter sent by Mr. Gibbs that the interconnection is now incompatible. Though that should not be an issue, this evening, they will continue to discuss that issue with the Geyers and the planning commission. He said if the city agrees the interconnection is needed, they will abide by that.

Mr. Forsten reiterated that these two parties have been trying for years to come to some resolution in this matter. However, it has not happened. He said when the city initially indicated they would not consider the request and canceled the September 2011 hearing, EB Land pulled its offer and asked them to purchase the land for \$2 million. When the meeting was rescheduled, EB Land made another offer and went back to the offer they originally pulled.

He feels that Griffin has made a generous offer of \$300,000 which can be spent on infrastructure or in whatever manner they wish, but they prefer to develop according to the original plan. However, after this length of time, they realized that would not happen and is the reason they came up with a new plan that only utilizes the Griffin Realty property. They plan to move the pump station 50 feet though it is still in a position to be utilized by EB Land should they develop. It was designed to work with the existing infrastructure including the sewer lines already in place.

Mr. Forsten said that EB Land essentially wants it both way; they state they want to develop according to the existing plan, but then ask for \$2 million or require the infrastructure be put in for their use.

He recalled when Mr. Rutt stated that EB Land owns 46% of the lots and asked if they were willing to pay for 46% of the infrastructure though their answer was no. He said their pump station was paid for by money advanced by Acacia Bank/Griffin Realty to Slenker at a cost of \$300,000. It will eventually be used by EB Land when they develop though they have not paid a cent toward it.

Mr. Forsten noted that Mr. McGregor then stated he was willing to work with Griffin if they installed the infrastructure so they could begin to develop their property. That is why Griffin decided enough is enough and made the decision to present an application. They have maintained six or seven interconnections and have done everything possible to maintain the developability and usability of their property. He agrees there will be a couple lots reduced below the minimum lot size. Currently there is split ownership though a minor subdivision can clean the problem up.

He referenced Ms. Hansen's arguments in regard to vested rights, the taking of property, equitable estoppel, etc. noting those arguments were made to the planning commission. City Solicitor Rutt responded in writing and the planning commission found them to be without merit and recommended approval of the application.

He asked for councils' support reiterating the planning commissions' recommendation for approval.

Mayor Rogers asked for any additional questions.

When asked the next step, Mr. Forsten stated that their next step will be final subdivision approval that will set the revised lot lines, revised stormwater management and other associated issues. He emphasized they want to move forward with the property because it has been sitting idle for too long.

Mr. Brooks asked for clarification; Mr. Forsten stated that if the plan is approved and no agreement is made with EB Land, they will move the pump station and start marketing the lots. He said there are existing lots that could have been marketed if they were able to use the pump station. In the meantime, they will construct some models. Unfortunately, right now, the pump station is the holdup.

He concluded by stating that they would not be spending this money if they did not plan to move forward with the project.

Mr. Johnson asked how Griffin Realty will react if council approves this application and the interconnection; Mr. Forsten explained the front commercial property has asked for the interconnect as part of this modification. He feels that should be addressed during the subdivision process and will be considered at that time. If seriously considered, he believes traffic numbers will be needed. His concern is that all the southbound traffic on Route 113 will want to turn into the crossover and into the commercial project. Mr. Forsten said he could be wrong though they are willing to discuss that during the subdivision process.

Mr. Baird stated that Mr. Forsten said the sewer was an issue preventing this project from currently moving forward and asked if there were any other issues. Mr. Forsten stated the sewer is holding things up at this point. All other infrastructure is there. He said if there was an agreement on the pump station and the sewer was ready to operate, they could begin marketing and building models as he previously stated.

Mayor Rogers then asked if anyone from the public wished to speak. No one responded and the public hearing was closed.

Mr. Gleysteen moved to adopt Ordinance 2011-12 with the provision that if Mr. Geyer wishes to commission the traffic study for the entrance to the commercial property and there are no associated safety issues, that should become part of the modified PUD, seconded by Ms. Wilson:

Ordinance 2011-12

Modification to Conditional Use-Morris and Ritchie Associates, Incorporated on behalf of Griffin Realty, LLC

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILFORD, DELAWARE APPROVING THE MODIFICATION OF A CONDITIONAL USE TO ALLOW A PLANNED UNIT DEVELOPMENT FOR MORRIS AND RITCHIE ASSOCIATES, INCORPORATED ON BEHALF OF GRIFFIN REALTY LLC ON 107.50 +/- ACRES IN AN R-1, R-2 AND R-3 DISTRICT LOCATED EAST OF US ROUTE 113 AT THE INTERSECTION OF WEST HEIRLOOM WAY, SOUTH OF SEABURY AVENUE, MILFORD, DELAWARE, FORMERLY KNOWN AS CENTRAL PARKE AT MILFORD/MILFORD PONDS. TAX MAP NO(s): 1-30-6.00-108.00, 1-30-3.00-6.00-167.00 thru 1-30-3.00-6.00-550.00; 1-30-3.00-6.00-557.00; 1-30-3.00-6.00-558.00.

Whereas, the City of Milford Planning Commission initially reviewed the application at a Public Hearing on May 17, 2011 and on August 16, 2011, presented item for consideration by the City Council; and

Whereas, Milford City Council held an advertised Public Hearing on October 24, 2011 to allow for public comment on the application; and

Whereas, it is deemed in the best interest of the City of Milford to allow the Modifications to the Conditional Use for a Planned Unit Development as herein described.

Now, Therefore, the City of Milford hereby ordains as follows:

Section 1. Upon the adoption of this ordinance, Morris and Ritchie Associates, Incorporated on behalf of Griffin Realty, LLC is hereby granted an Amended Conditional Use Permit in accordance with the application, approved plans and any conditions set forth.

Section 2. Construction or operation shall be commenced within one year of the date of issuance or the conditional use permit becomes void.

Section 3. Dates.

Adoption Date: 10-24-11

Effective Date: 11-04-11

Mr. Pikus asked the solicitor if this is opening the door for potential problems; Mr. Rutt explained that any vote opens the door for an appeal or other legal action. However, council has the right to approve, approve with conditions (motion), deny or defer action.

Motion carried by the following 5-2 vote:

Mr. Johnson stated yes that he believes this property could sit forever without anything happening. He said there is a plan on the table and feels it should be supported.

Mr. Grier votes yes stating he agrees with Councilman Gleysteen in regard to the conditional use for the Geyer interconnection. He would like that to be considered and for this to move forward in preparation for the next steps for site plan and subdivision approval. He also would like to see some activity there.

Mr. Pikus votes no stating that he does not feel council should be in a position to settle two arguments. He was concerned about the statement made about the Geyer request and believes permission should be given for that. The first comment was they would consider that but they do not want that which he feels can be discussed later.

Mr. Gleysteen votes yes and acknowledges there are two owners involved in Phase I. He said the predominant owner of that property is Griffin who have put forth the initiative to move this project forward and believes it is in the best interest of the city.

Mr. Brooks votes no along with Mr. Pikus, but agrees that Mr. Geyer should have his entrance. He said the gentleman said they are ready to move forward but feels that this time next year, there is a good chance they will be in court still discussing this. Therefore, he votes no.

Mr. Starling votes yes noting they came in with a plan that can be worked with. If the other group comes in with a plan they can work with, he will support that as well. He hopes that in the meantime both parties can work this out.

Ms. Wilson votes yes based on the period of time they have been trying to negotiate, noting the previous five to six-year time frame during which time nothing was accomplished. She also votes yes based on the planning commission's review of the application and information and their recommendation. She also agrees they have a plan which means they have laid their money out and believes we should provide them that opportunity.

The city manager then asked for the city attorney's opinion on Section 230-58 (Zoning Code) and asked if it needs to pass with a simple majority or a 3/4 majority.

Mr. Rutt explained that only applies 'in the case of an unfavorable report or recommendation for denial'. He explained that in this case, the recommendation is to approve.

With no further business, the Public Hearing adjourned at 8:50 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Transcriber

MILFORD CITY COUNCIL
MINUTES OF MEETING
December 5, 2011

A Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers at Milford City Hall on Monday, December 5, 2011.

PRESIDING: Honorable Mayor Joseph Ronnie Rogers

IN ATTENDANCE: Councilpersons Steve Johnson, Garrett Grier III, S. Allen Pikus, Dirk Gleysteen
Owen Brooks, Jr., Douglas Morrow, Sr., James Starling, Sr. and Katrina Wilson
City Clerk/Recorder Terri Hudson

 City Solicitor David Rutt

CALL TO ORDER

Mayor Rogers called the Council Meeting to order at 7:38 p.m.

UNFINISHED BUSINESS

Review and Approval of Settlement Agreement & Mutual Release–201-203-205-207 Northwest Front Street
-Downtown Properties LLC
-Spyros Maroulas, Incorporated

City Solicitor Rutt referenced the settlement/mutual release agreements included in the packet for Downtown Properties LLC and Spyros Maroulas, Incorporated. He explained that Downtown Properties (Dan Bond) will deed its property to the city; in turn, the city is responsible for demolishing the existing structures and leveling and seeding the sites. After the demolition, the property deeded to the city by Bond will be transferred to Spyros Maroulas, Incorporated.

Mr. Rutt reported the documents contain full and final releases between the parties, actions, causes of actions, demands, damages, liabilities, etc.

Both agreements have been signed by the parties involved. The agreements are being presented for ratification by city council.

Mr. Starling moved for approval of the Downtown Properties LLC Settlement Agreement and Mutual Release and Spyros Maroulas, Incorporated Settlement Agreement and Mutual Release involving 201-203-205-207 Northwest Front Street. Motion seconded by Mr. Pikus. Motion carried by unanimous roll call vote.

Repeal Clark's General Contractors, Incorporated Agreement (December 13, 2010)
Approval of Amended Clark's General Contractors, Incorporated Agreement

Mr. Rutt advised the original contract of \$14,640 was approved by city council on December 13, 2010 after Clarks was the low bidder in a formal bid process completed at that time. On September 20, 2011, an amended contract was submitted in the amount of \$15,372.

The contract covers the cost of the demolition and removal of debris at the Downtown Properties LLC and Spyros Maroulas Incorporated sites previously discussed.

Ms. Wilson moved to repeal the Clark's General Contractors, Incorporated agreement dated December 13, 2010 and approve the Clark's General Contractors, Incorporated agreement dated September 20, 2011 in the amount of \$15,372, seconded by Mr. Starling. Motion carried by an 8-0 unanimous roll call vote.

Mr. Gleysteen votes yes though he feels the financial responsibility of the demolition should not be the city's and he recommends recovering those costs. However, he votes yes to eliminate the eyesore.

Ms. Wilson agrees with Mr. Gleysteen's comments.

NEW BUSINESS

FY 2011-2012 Budget Amendment

Mr. Pikus reported that Building Inspector Don Williams requested additional funding because the demolition account has been depleted. This adjustment covers the cost of demolishing the properties on Northwest Front Street in addition to any related incidentals.

Mr. Pikus moved for an increase in the WAWA Land Lease Account (101-0000-359-10-10) of \$16,000 and increase the Demolition Account (101-1045-429-68-10) by \$16,000 to cover the costs of demolishing the Maroulas and Bond Properties on Northwest Front Street. Mr. Brooks seconded motion. Motion carried with no one opposed.

EXECUTIVE SESSION

Pursuant to 29 Del. C. §10004(b)(9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed.

Mr. Pikus moved to go into Executive Session reference Personnel Matters, seconded by Mr. Morrow. Motion carried.

Mayor Rogers recessed the Council Meeting at 7:49 p.m. for the purpose of an Executive Session to discuss personnel matters.

Return to Open Session

City Council returned to Open Session at 8:41 p.m.

Executive Session/Personnel Matter

Mr. Morrow moved to appoint Richard Carmean as City Manager for an indefinite term, seconded by Mr. Brooks. Motion carried by unanimous roll call vote.

Mr. Pikus stated he feels it is a wise decision to bring someone back with forty years of experience in the city and someone who is very dedicated to the City of Milford.

Mr. Gleysteen votes yes for the reasons previously stated.

Mayor Rogers agreed the city is very fortunate to have someone who can start work immediately and has the ability to continue with the direction and management of the city and the ability to proceed with the projects that are currently in the works.

Mr. Carmean thanked council stating he hopes he is able to live up to their expectations.

ADJOURN

With no further business, Mr. Pikus moved to adjourn the Council Meeting, seconded by Mr. Morrow. Motion carried.

The Council Meeting adjourned at 8:43 p.m.

Respectfully submitted,

Terri K. Hudson, CMC
City Clerk/Recorder