

MILFORD CITY COUNCIL
MINUTES OF MEETING
March 11, 2013

The Monthly Meeting of Milford City Council was held in the Joseph Ronnie Rogers Council Chambers of Milford City Hall, 201 South Walnut Street, Milford, Delaware on Monday, March 11, 2013.

PRESIDING: Vice Mayor Douglas Morrow, Sr.

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

City Manager Richard Carmean, Police Chief Keith Hudson and City Clerk/
Recorder Terri Hudson

COUNSEL: City Solicitor David Rutt, Esquire

CALL TO ORDER

Vice Mayor Morrow called the Monthly Meeting to order at 7:00 p.m. He announced that Mayor Rogers is unavailable this evening but will return for the next meeting.

INVOCATION AND PLEDGE

The Pledge of Allegiance followed the invocation given by Councilman Starling.

APPROVAL OF MINUTES

Motion made by Mr. Brooks, seconded by Mr. Starling to approve the minutes of the February 11, 2013 and February 25, 2013 Council Meetings and the March 5, 2013 Annexation Committee Meeting as presented. Motion carried.

RECOGNITION

Consultant Mark Roberts, Shibumi Consulting Services, LLC

Mr. Roberts introduced himself thanking the city for having him be part of the changes that are underway. Since he has been here the past two weeks, he has observed some challenges and hopes to redirect the staff's focus so there is a clear understanding of the issues that need to be corrected. He is pushing for a true return to customer service and is here to turn that around and get the city back on track to serve their customers.

Mr. Pikus said there have been a number of customers come into his store to inform him there is a much more positive atmosphere.

Mr. Roberts said one of his goals is to bring all the customer-service areas together under one umbrella versus having them separated both physically and virtually. His goal is for a customer to come into the office and we are able to provide everything at one point and prevent them from traveling from city hall to the public work's facility or vice versa.

His future goal is to have the staff cross trained so that a person who comes in for a building permit, can also be assisted with their utility bill. This will provide a single customer-service point of access in order to better serve our customers.

Mr. Carmean said that over the past forty years, the city has periodically brought in consultants to assist with various issues. In some cases, they have been a help and their recommendations implemented. In Mr. Robert's case, the city manager is extremely impressed. Some of the staff is very pleased that Mr. Roberts is showing them what can be done technologically using our current billing to metering software.

Mr. Carmean recalled the city purchasing \$250,000 worth of software several years ago. Unfortunately, the software has never been used to its full potential. He said it was a paper flurry all the time with work being done in triplicate and documents stored for years.

He said the city has a major budgetary problem associated with the rental of PODS needed to store records the past six years. Staff is currently working with State Archives to have the documents and PODS removed. Once this project is completed, the accruing costs will be eliminated.

By consolidating our customer service, a new resident will be able to take care of their trash container, electric service and tax bill all at one time.

He noted that Mr. Roberts will be here four straight weeks with plans to return at least three different weeks over the next few months to ensure things are proceeding as they should.

Mr. Roberts concluded by stating he has been in the business for twenty years and has been on his own for fifteen of those years consulting with cities of all sizes. He emphasized his focus is on the concept of customer service strictly because he does a lot of things behind the scenes to streamline the processes. Changing the rules slightly better affords our customer service representatives and results in the customer service level we can be proud of. He will not discuss a lot of the details he plans to change, though he agreed to discuss the POD issue.

He announced that as of today, there is one POD that is completely empty and another POD will be emptied on Thursday. The end result is one-third will be removed.

Mr. Carmean reported our current POD situation costs the city between \$12,000 and \$13,000 per year.

Boy Scout Troop 186

Assistant Scoutmaster Rick Bennett later addressed council informing them the scouts have been working on the Citizenship in the Community Merit Badge the past two months. One requirement is to visit a city council meeting.

The following scouts were present:

Noah Garlick, M.J. Vaughn, Nick Slonacher, Nick Wright, Jared Maule and Jonathan Herholdt

National Women's History Month

Councilwoman Wilson announced that March is National Women's History Month. She added that she would personally like to commend all the women in our community and the wonderful contributions they have made to the City of Milford. She acknowledged each of the women present this evening.

MONTHLY POLICE REPORT

After presenting the monthly police report on behalf of Chief Hudson, Mr. Pikus moved to accept the police report as submitted, seconded by Ms. Wilson. Motion carried.

CITY MANAGER REPORT

Mr. Carmean presented the following report:

ADMINISTRATION

Mark Roberts, our newly hired Billing Consultant, is finishing up his second week of training and reorganizing our billing process. He is making suggestions and instituting changes that should make positive differences to staff members and customers. I will have him at a future workshop or meeting to speak with the Mayor and Council.

The radios have been installed in all equipment. The new tower will be erected when weather allows though it must be completed by May 1st.

Because there was such a short time frame to complete this project, I am pleased to have it completed.

ELECTRIC

On March 6, 2013, we experienced high winds with rain and snow. This weather caused several outages, but crews responded quickly and power was back on in a reasonable time. The outage was due to branch and limb damage during the storm.

In 2010, our public work's department was planning to purchase an automated phone calling system (similar to the Milford School District's system) to be used in various notification situations. That was never done though the police department did go ahead and purchase a system for their use.

Mr. Carmean noted that even though he was unable to get anyone on board with the idea, both Mr. Roberts and he feel that using the system from the city side to provide information on outages, water main breaks, sewer backups, street closings and similar situations would be a great tool. This would alleviate the hundreds of phone calls we receive during those type situations.

The decorative lights have been installed on the South Washington Street Bridge which make the bridge look complete and more attractive.

STREETS AND SOLID WASTE

Our crews have been distributing the yard waste containers during the last few weeks. These roll-outs are only delivered at customers' request. The pick-up of these cans will begin April 1st. I remind Mayor and Council we will no longer be picking up any debris that doesn't fit into these containers. I anticipate that we all will be getting complaints about not taking large piles of branches and other items that are placed on the curb. I intend to stand firm with customers who will expect us to continue our past practices of no limit on debris.

The city only charges \$23.50 a month. Over the years, our streets and solid waste department has picked up limbs, trunks and associated debris left by their removal by a professional tree service. We can no longer provide that type of service.

There will be a detour on Airport Road beginning in early April. This is necessary because of the construction of a bypass lane at the entrance of the Cascades Development. This detour could be in place for as long as a month.

SEWER AND WATER

The Southeast Water Main Extension has been completed as far as the construction required. Pressure testing of the lines is underway.

We are seeking environmental approval for the water tower and treatment facility to be located on the Wickersham site as well as the mains from the tower to Wilkins Road. Once that is complete, we will seek consent from USDA to begin the project.

Even though we have the approved funding, we are unable to do any work until they approve each phase. I am meeting with DBF Engineers tomorrow morning to determine the status though no problems are expected.

The Washington Street well will be installed in the near future. We had a successful test well on our property behind city hall where the well is to be placed. A line will be installed from the well to our new treatment plant that is to be built at Washington Street.

Mr. Morrow asked if the changes to our solid waste services have been communicated to our customers. Mr. Carmean said the media has been contacted to ensure all citizens have been made properly informed. However, that will not prevent some of our residents from saying they were not advised.

Mr. Pikus asked if we are still picking up heavy items such as sofas and appliances; Mr. Carmean stated that the city provides bulk pickup on Wednesday by appointment only. An additional fee is charged for that service.

Mr. Pikus asked who pays the fee if an apartment building puts out a bulk item. The city manager said it will be the responsibility of the landlord in the case of a vacant unit. However, the tenant is charged if they request the service.

Mr. Pikus referred to a situation when a person moves from a rental and leaves half their furniture on the sidewalk. He asked who would be responsible for the fee if the landlord requested it be picked up; Mr. Carmean confirmed the landlord would be billed in such a case.

Mr. Carmean also noted it is common for people to come into Milford and drop things off on a curb. In those situations, it is not the fault of the property owner and the city absorbs those costs.

Mr. Pikus reported that the city manager had informed him that during some recent outages, our customers were out of electric for no more than forty-five minutes. The city manager then explained that Mr. Pikus always calls him to find out how long the outages were so that he has that information when he goes into Dolce' each morning.

Mr. Gleysteen then reported that he was in Rumpstich Machine Works and spoke with the employee who was asked to look at our boiler problem. He asked if we had received a waiver to get city hall through the heating season; the city manager stated yes, we are going month to month and are all right at this time. He explained we are pursuing the actual replacement cost of the inner unit in addition to an entire unit.

Mr. Carmean said he has not heard back from him and asked if the boiler had been inspected; Mr. Gleysteen confirmed their employee did look at it though he was limited on what he can do without opening it up. He advised Mr. Gleysteen the control panel was installed at the end of the boiler which requires him to dismantle all the controls before he can access and inspect it. His suggestion is that if we decide to repair it, the control panel is mounted on a separate wall or stand.

The city manager recalled that the violation notice from DNREC required an emergency switch be installed outside the doorway itself.

Mr. Carmean will keep city council informed though he hopes the building will not need heating much longer.

Mr. Pikus moved to accept the city manager report, seconded by Mr. Starling. Motion carried.

COMMITTEE AND WARD REPORTS

Task Force for Homelessness/Chair Steve Johnson

Mr. Johnson advised the first task force meeting was held March 5th. In attendance were Dan Bond, Linda Boone, Susan Moore, City Council Members Dirk Gleysteen, Skip Pikus and Katrina Wilson. The city clerk took minutes and provided guidance in relation the FOIA law.

It was decided a subcommittee or working group be established with no more than two members of city council. That group would be responsible for gathering information and developing proposals on how to help the homeless in Milford.

Mr. Johnson announced the working group would meet at the social services annex building on Southwest Front Street. The agendas will be posted by the City of Milford with minutes provided and distributed accordingly.

Once the information is compiled, it will be presented to the task force. Findings will then be reported to city council.

Ms. Hudson announced the meeting is scheduled for March 19th at 7:00 p.m. at the Milford Annex Building (as was posted at city hall and on the city website).

Annexation Committee Report/Chair Katrina Wilson

Chairwoman Wilson reported the annexation committee also met March 5th. She presented the following report on behalf of the committee:

Property Owner:	Louis J. & Shirley L. Renzi
Location:	7296 Cedar Creek Road
Size:	3.00 +/- Acres
Existing Zoning:	AR-1
Proposed Zoning:	C-3
Tax Map and Parcel Number:	3-30-15.00-059.00; 3-30-15.00-059.01

The Annexation Committee of the City of Milford City Council recommends approval of the application, with the following comments:

1. *Annexation is consistent with the "Comprehensive Land Use Plan".*
2. *Property is contiguous to existing City Limits. It is surrounded on the west and east by areas already zoned C-3 Highway Commercial so this would be either an island of nonconforming zoning or spot zoning. Therefore, it would be advantageous to incorporate this parcel within the C-3 Highway Commercial zoning classification.*
3. *Any changes to the property would be subject to review by the City of Milford Planning Commission and/or City Council.*
4. *Property will be served by City Electric, Sewer and Water. At present, these utilities are not available to the site.*
5. *The City will benefit through additional revenues, including taxes and the sale of water, sewer and electric.*
6. *Upon Council approval, a Municipal Annexation Plan of Services will be submitted to the Office of State Planning for their approval.*

The property should be annexed with the following zoning classification: C-3

Ms. Wilson noted the committee could find no disadvantages to the application. Therefore, they recommend the city begin the process to officially annex the property.

Mr. Gleysteen moved to proceed with the Renzi application as recommended, seconded by Mr. Pikus. Motion carried.

COMMUNICATIONS & CORRESPONDENCE

Nothing new to report.

UNFINISHED BUSINESS

Adoption of Ordinance 2013-1/Chapter 185 Sewers/Sewer Rate Increase

The city manager explained this increase covers the debt payment on the sewer bypass to Kent County. The city will be paying approximately \$12,000 per quarter for the next forty years.

He noted that the seven-cent increase per 1,000 gallons is minimal per customer. It was confirmed the increase is the same for commercial/industry and residential.

Mr. Carmean verified that if the increase is not approved, it would have to be paid from sewer reserves. He emphasized that the city is only paying a portion of the total cost of the bypass project because there are other users who share the line.

Mr. Pikus stated that action on the ordinance was postponed to allow the finance committee time to look into the billing practices and costs. Those issues were satisfied two weeks ago at which time he felt was appropriate to proceed with the increase.

Mr. Gleysteen noted that the amount of money the city has in its reserve accounts. He asked at what point we use those reserves for an emergency. He feels this should have been considered an emergency at the time the problem occurred and asked why it was not paid from reserves; Mr. Carmean explained that a fairly quick fix was needed at the time. After that, Kent County came up with this proposal as a permanent solution. He agrees that council could have chosen to take the money out of reserves but instead chose the debt service which involved an increase in rates.

Mr. Carmean pointed out he was retired at the time and was not involved. With the low interest rates available to borrow, council decided to pay it back in this manner.

Mr. Gleysteen noted that it will not cost the city \$2.3 million at this time, but instead involves approximately \$50,000 a year for forty years which he feels should be paid from reserves.

Mr. Carmean said he met with Mr. Portmann for three hours today to discuss exactly what Mr. Gleysteen is proposing. Items discussed included a number of major issues the city needs to address. He will be preparing a list of items including paving Airport Road in which the city needs to spend some of its reserves. It is a failing road that is going to need a rather big fix and is one of the items that will be on the list.

There are also sewer and water projects that need to be addressed. There may be a need to use up to \$4 million out of reserves for the new substation. Until that is complete, we are somewhat leery of using those reserves.

Mr. Carmean reiterated that he was not here when council decided not to use reserves to pay for the bypass project.

Mr. Pikus added there is more than \$3.5 million in sewer reserves. He said it can be used a little at a time until it is depleted down to approximately \$1 million which he will not favor due to the repairs needed for capital improvements on our sewer.

Mr. Pikus then moved to adopt Ordinance 2013-1, seconded by Mr. Brooks. Motion carried by the following 7-1 vote:

ORDINANCE 2013-1

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

Section 1. Chapter 185 of the Code of the City of Milford, entitled Sewers, Article II Rates and Regulations §185-10, Schedule of Rates and Charges, shall be amended by increasing the sewer rate by seven-cents per thousand gallons as was approved by City Council at its April 13, 2009 meeting due to an amendment in the Kent County Sewer User Agreement.

The City of Milford hereby ordains:

Section 2. §185-10 Schedule of rates and charges is hereby amended by removing "which shall be effective July 22, 2010 and" and inserting "Said Fees" and "the" as indicated below:

The Council has the authority to establish sewer rates and charges set forth in the following schedule. Said fees shall be collected from the customers of the sewer system under the operation of the City of Milford. The rates and regulations shall be reviewed on an annual basis and adjusted as necessary. Each user of the wastewater facilities will be notified annually of effective user charge rates either by mail or advertisement in a paper of general circulation within the City of Milford.

Section 3. §185-10(A)(1)(b) Rate Scheduled based on Metered Water Consumption is hereby amended by removing \$2.71 and inserting \$2.78.

A. Rate schedule based on metered water consumption.

(1) City service rate:

(a) Zero to 1,000 gallons: \$10 minimum per month.

(b) Over 1,000 gallons: \$2.78 per 1,000 gallons.

(2) County service rate. This fee is an adjustable sewer charge for sewage treatment performed by the Kent County Disposal District No. 1. It will be adjusted annually to the actual billing and flow documented by Kent County. This rate will be charged to each customer based on total water meter consumption recorded.

Section 4. §185-10(B)(1)(b) Rate Scheduled based on Metered Water Consumption is hereby amended by removing \$2.71 and inserting \$2.78.

B. Rate schedule based on metered sewage flows.

(1) City service rate:

(a) Zero to 1,000 gallons: \$10 minimum per month.

(b) Over 1,000 gallons: \$2.78 per 1,000 gallons.

(2) County service rate. This fee is an adjustable sewer charge for sewer treatment performed by the Kent County Disposal District No. 1. It will be adjusted annually to the actual billing and flow documented by Kent County. This rate will be charged to each customer based on total metered sewage flow recorded up to the average of the four quarters immediately preceding the effective date of this chapter. The rate is set by Kent County.

Section 5. Dates

Adoption: March 11, 2013

Effective: March 21, 2013

Mr. Johnson feels that in some senses this has already been paid by our citizens. He is glad we are doing something to determine why we have reserves and what we can use them for. He does not feel we should continue to deplete the pockets of our citizens all the time through a tax or utility rate increase. He is voting against the increase.

Mr. Grier votes yes because he feels that seven cents is not a lot and his business is a very large sewer consumer.

Mr. Pikus votes yes for the seven-cent increase because our reserves are going to be used for other projects the city is considering.

Mr. Gleysteen votes yes even though we need to consider using city reserves when appropriate. He agrees we need a structured approach. If we can plan in advance to use the reserve funds, that is what should be done.

Mr. Brooks recalled when this occurred and that it was a major problem. It was agreed at that time that the best situation was to borrow the money because of the low interest rate and raise the rates though it is very minimal. He votes yes.

Mr. Starling votes yes.

Ms. Wilson stated that she is glad we had the discussion about our reserves. This ensures council is aware of what we have and when those funds can be used. However, we must consider should there be a catastrophe or major problem with our utilities and we needed these reserves at that point. She, personally, does not want to pay more money, but also understands that we need to take care of our utilities and votes yes.

Mr. Morrow also votes yes. He recalled that the city practically shut down and the larger users did shut down. It created a need to dump sewer into the Mispillion. He does not like increases either and feels this is a small price to pay considering the alternative.

Mr. Carmean said that during the conversation with Mr. Portmann today, they discussed some debt related to electric that can be retired which would save the city over \$300,000 a year. That would have a very positive impact on our rate payers.

Also, he feels that consideration must be given about what we pay in interest versus what we earn on the accounts the money would be taken from.

He is also considering the Smart Metering program which will initially cost a substantial amount of money. However, over the long run, there will be a savings. They have found some steps that can be taken which will reduce the overall costs of the project.

The city manager agrees that council needs to decide how much is needed in reserves. He believes it does not cost our residents a great deal to live in Milford though we are one of the most financially stable cities. In addition, he does not want us to spend the reserves to the point it affects our credit rating.

Mr. Carmean also noted the decrease in electric rates to our large users, commercial and industrial customers. He does not think they are satisfied even though their rates were lowered 12 to 18%. He explained that the city has had a fall off in electric sales so we will not be depositing any money in reserves because we are now below the break-even line. Fortunately, we do have reserves to make up the difference so we will not have to increase our electric rates.

Adoption of Ordinance 2013-2/Chapter 193 Solid Waste/Adds Article III-Extended Absence Provision

The city manager said this ordinance has also been discussed on several occasions. He receives complaints from citizens on a regular basis who are moving to Florida for three plus months and do not want to pay their trash fees during that time. However, the city's budget is predicated each year on the total number of customers. He does not believe this will hurt our bottom line though it creates additional work for our public works employees. The \$35 fee will cover the cost of the employee picking the container up and the storage and re-delivery costs.

Mr. Grier moved to adopt Ordinance 2013-2 as presented, seconded by Mr. Johnson.

ORDINANCE NO. 2013-2

*AN ORDINANCE ADDING A NEW ARTICLE III, ENTITLED
"EXTENDED ABSENCE PROVISION" TO CHAPTER 193 ENTITLED "SOLID WASTE"
OF THE CODE OF THE CITY OF MILFORD, DELAWARE.*

NOW, THEREFORE, THE CITY OF MILFORD HEREBY ORDAINS:

Section 1. That Chapter 193 of Part II (General Legislation) of the Code of the City of Milford, is hereby amended by adding thereto a new Article III to read as follows:

ARTICLE III - Extended Absence Provision

A. Suspension of Temporary Service

- (1) The Public Works Director may suspend trash and recycling (and yard waste when applicable) collection services on an owner-occupied residence only if the home is unoccupied for a minimum of three months.*
- (2) A "Temporarily Suspend Garbage Service Application" must be completed in order to place the service on hold.*
- (3) A "Temporarily Suspend Garbage Service Application" must be received by the Public Works Department at least five business days prior to the start of the suspension period.*

(4) *The Solid Waste Department will collect the trash, recycling and yard waste (if applicable) containers at the start of the suspension and redeliver them on the expected date of return.*

(5) *The residence for which the suspension has been approved shall remain vacant during the suspension period.*

(6) *Service will automatically be reactivated at the end of the approved suspension period, unless a request for an additional period of temporary suspension has been requested and approved by the Public Works Director prior to the automatic reactivation. Failure to request an extension prior to the reactivation date will result in the resumption of the monthly solid waste fee. To continue a suspension of service after reactivation, a new "Temporarily Suspend Garbage Service Application" must be filed with the appropriate fee.*

(7) *When a suspension is active, the customer may not use any other city trash/recycling/yard waste services, including someone else's container or bulk service.*

(8) *No credit will be issued should customer fail to submit and complete the "Temporarily Suspend Garbage Service Application".*

(9) *Partial or retroactive payments of monthly fees are prohibited.*

B. Suspension Fee

(1) *At the time of the suspension request, a service fee of \$35 will be charged for the removal, storage and re-delivery of the containers.*

(2) *Service fee shall be paid at the time the "Temporarily Suspend Garbage Service Application" is submitted to the Public Works Department.*

C. Noncompliance, Violations and Penalties.

(1) *Noncompliance of this Article will result in the immediate re-activation of the solid waste services.*

(2) *The account will be billed the full service fees for the entire suspension period and a \$100 account reconciliation fee assessed for noncompliance.*

(3) *Violations and Penalties set forth in Section 193-7 shall also apply to Article III.*

Section 2. Dates.

Adopted: March 11, 2013

Effective: March 21, 2013

City Solicitor Rutt then referenced some minor changes he recommended be made to the ordinance (already implemented); council approved the amendments.

Motion carried by unanimous roll call vote.

NEW BUSINESS

Adoption of Resolution 2013-08/Sale of Masten Park/Marshall & Mispillion Street/Parks and Recreation

Parks and Recreation Director Gary Emory was present reporting that he has purchased a great deal of land over the past thirty plus years. This is the first piece of land he is requesting to sell.

He explained that the land was donated to parks and recreation by Henry Masten in 1985. Originally part of a junkyard, it was turned into a neighborhood park and used for about ten years. Over time and neglect, it became an eyesore and a maintenance problem for his department. As a result, it was shut down and became a storage area. They receive complaints about old tires and equipment that have been stored there.

Recently it was cleaned up and several people have inquired if the city was interested in selling the land. Mr. Emory confirmed the land is no longer needed and hopes the proceeds of the sale can be turned into another recreation facility which would be more useful.

Mr. Rutt explained the first step is to present the resolution to council so that they can determine if there is a buyer so the money can be put to good use in the future.

Mr. Pikus said that originally, this land was part of Henry Masten's junkyard. The site of Fisherhawke Landing was where Mr. Masten stored a lot of equipment. He asked if there may be a potential environmental problem and whether

or not DNREC would need to assess it. Mr. Emory said all those issues were addressed when it became a playground. He said he is only mentioning the junkyard because it is included in the deed. This was a vacant lot and the junkyard was across the street.

It was confirmed that if this is sold, a minimum bid should be required.

The city manager asked Mr. Emory to confirm with the finance director whether this money can be used for another project. Mr. Emory stated that Mr. Portmann informed him that if there is a project, get it now and not wait until the new budget year.

He said he would like to put in some bocce ball courts at Bicentennial Park which could be used by our seniors.

The appraisal came back at \$18,000. Mr. Emory reported that City Solicitor Rutt informed him the land would have to go to the highest bidder after being advertised for thirty days.

Mr. Rutt explained that the resolution authorizes the city manager to advertise the bid and establish the terms and conditions. He can handle it through sealed bids, open auction or list it. That would be his decision.

Mr. Pikus moved to adopt Resolution 2013-8, with a minimum bid of \$18,000 with the funds going to parks and recreation, seconded by Mr. Grier:

A RESOLUTION AUTHORIZING THE SALE OF A PARCEL OF REAL PROPERTY CONTAINING .186 ACRES, MORE OR LESS, BEING IDENTIFIED AS SUSSEX COUNTY TAX PARCEL 3-30-7.17-49.

WHEREAS, the City of Milford is the owner of a parcel of real property containing .186 acres, more or less, and identified as Sussex County Tax Parcel 3-30-7.17-49; and

WHEREAS, the land was intended to be utilized by the Parks and Recreation Department; and

WHEREAS, the Parks and Recreation Department has determined that said parcel is not compatible with the department's future plans for park or recreational activities and is, therefore, surplus real property; and

WHEREAS, the Parks and Recreation Department has determined that said parcel could be sold and the proceeds from the sale utilized to fund recreational activities that will benefit the citizens of the City of Milford; and

WHEREAS, the Parks and Recreation Department has had the property appraised, which appraisal value was Eighteen Thousand Dollars (\$18,000.00); and

WHEREAS, the Parks and Recreation Department desires to sell said parcel by receipt of sealed bids after duly advertising the terms of the sale.

NOW, THEREFORE, BE IT RESOLVED, the Office of the City Manager, with authorization from the City Council of the City of Milford, State of Delaware, may advertise and sell Sussex County Tax Parcel 3-30-7.17-49.

BE IT FURTHER RESOLVED that the Office of the City Manager shall advertise the real property sale and establish the terms and conditions under which it may be sold.

BE IT FURTHER RESOLVED that the proceeds from the sale shall be used to enhance the recreational activities available to the citizens of the City of Milford.

Motion carried.

Approval of API Agreement (Develop Custom Program/Utility Bill File Transfer) & Funding Source

Approval of API Agreement (Software, Professional Services, Annual Maintenance) & Funding Source
Approval of Pinnacle Data Systems Proposal

Mr. Carmean recalled an agreement was signed last fall with BillTrust to outsource our billing duties. At the time, their references were satisfied with their services which included several municipalities in Delaware. However, he said that we have not had a good experience with them and they still are not handling the bulk mailing. Another issue was the difficulty of utilizing our software initially.

As a result of these problems, he basically fired BillTrust. He noted that we only have approximately \$1,600 tied up in their company.

Mr. Carmean then directed the IT staff to consider other companies. They came up with API who is familiar with our software.

He referenced the \$21,000 contract which covers the initial set up. It creates a new bill which is one of the things the city manager has wanted for sometime.

Another advantage is the API software is able to communicate with Pinnacle, who will now handle our mailings. It will allow our employees to pull up an exact duplicate of the bill sent out. Through govNOW, our customers will be able to pull up a copy of their bill and receive e-mail notifications of when their bill is ready, when it is due, past due, etc.

Mr. Carmean explained there is a plan to market the new program with the intent to persuade most of our customers to go paperless and instead pay through our website.

He noted that the number of customers paying on line in Milford is a higher percentage than average. Over twenty percent pay on line though they still are sent a paper bill and return envelope which costs the city money.

IT Manager Wes Banasan explained the \$3,000 API contract covers the cost of writing a program that will allow our billing staff to take only one step to transfer the billing data to Pinnacle, thus eliminating the multiple steps previously required.

Mr. Carmean said the \$21,801 contract covers installation of the software, analysis and configuration, training sessions, monitoring and coaching. It also includes the 'optispool unlimited overlay tool' which allows the design of the bill to be changed at no additional cost.

Mr. Banasan added that the extra license will permit bill printing for taxes in the near future.

Mr. Carmean explained that the city also bills for other services including grasscutting, stormwater (business park), etc. Those type billing services can now be added in a much simpler manner.

The API price was discounted from \$29,700 to \$21,801. In addition, the cost of the mailings through Pinnacle will be half of our contract with BillTrust.

The four trips to Dover each month will no longer be needed and the \$20,000 stuffing machine will not have to be replaced (though it is near the end of its life). All the supplies needed for this purpose can be eliminated.

Mr. Brooks asked if we can still accommodate adding flyers to the bills. Mr. Carmean answered yes, noting we can also add more information to the message areas. That can be accomplished by the city printing the flyers and mailing them or e-mailing them to be printed.

Mr. Roberts added that he has gone through this process with clients all over the country. There are three benefits that come out of this. Number one, the reduced man-hour cost that is currently devoted to mailing and stuffing city bills. Presently, it involves two full man-hour days. Second, whenever something needs to be changed on the bill, it is no longer

the city's headache. It is someone else's responsibility. Someone else will also make sure the bills are delivered. This is all done at a reasonable cost and the services are done by professionals. This leaves our staff to focus on the customer service duties they were hired to do.

He said the last point he wanted to make is that anytime something needs to be added, we simply send them what is needed and the professionals will also handle that. Each time an extra mailing is added to an envelope, there is a change in postage costs and additional man hours needed to get them stuffed properly.

Mr. Roberts emphasized the result is a win-win situation for the city especially with API and Pinnacle who are considered primary/preferred partners with the software that is producing the utility bills. He noted that BillTrust was not a preferred partner with our software vendor.

Mr. Pikus asked if there is an extra charge for a document to be added; Mr. Roberts said there are extra fees involved though it is much lower than what we are currently paying. Presently, city staff is having to manage the outsourcing and the single, one off-printing job is much more expensive. He said their costs are always going to be lower. In addition, we no longer have to add in the manpower costs.

Mr. Pikus said, for example, if someone requests a document be included in the electric bill and city council approves it, customer service would have the ability to pass that charge onto them.

Mr. Roberts explained that even with the eleemosynary services, there are ways to charge that off. It could be managed if it was a nonprofit organization. The cost is a fixed fee and all that is necessary is to count them and provide the total. However, the dollar amount will be very low.

This will also take a burden off the staff, both on the IT side and other areas of the city. The task of driving back and forth to Dover is absolutely ridiculous and is unacceptable in his opinion.

Mr. Carmean pointed out there is also some heavy lifting involved in handling these bills. Currently, we are using a meter technician to run the machine, load the bills and take them to Dover. He does not want to hire another meter tech to handle the bills, so eliminating this duty will be a big advantage.

Mr. Roberts confirmed he is very familiar with both API and Pinnacle and has worked with both on a number of occasions. They are both good companies and well vetted by our software vendor Sungard.

He reiterated that we can leverage this relationship to the other billings and mailings such as taxes. This will provide a number of options if our staff does not have to spend all day Friday stuffing bills.

It was confirmed that these companies offer the ability to review any added documents included in the bills by the customers who will be paying on-line. Mr. Roberts explained the preferred way is to have a notice or advertisement embedded into the e-gov system itself versus attaching it to each bill.

Mr. Pikus moved to approve the API Agreement (Custom Program) for \$3,000 to be paid out of electric reserves, seconded by Mr. Grier. Motion carried.

Ms. Wilson moved to approve API Agreement (Software, Services, Maintenance Agreement) for \$21,800 to be paid out of electric reserves, seconded by Mr. Starling. Motion carried.

Mr. Carmean noted that the maintenance agreement is \$1,888 per year which is very reasonable.

Ms. Wilson moved to approve the Pinnacle Data Systems Proposal to be paid from electric reserves, seconded by Mr. Starling. Motion carried.

MONTHLY FINANCE REPORT

Finance Committee Chairman Pikus reported that through the seventh month of Fiscal Year 2012-2013 with 58% of the fiscal year having passed, 65.3% of revenues have been received and 59.8% of the operating budget expended.

He noted the transfers out of the general fund reserves which were previously approved by city council.

Mr. Pikus noted that construction activity has increased and we are well above budget in our building permit revenue account at 139%.

He also reported that all but \$96,000 of taxes have been received though that is not in the report.

Mr. Brooks noted that the rental permits and business licenses have caught up in the January report as was expected.

Mr. Gleysteen asked which account reflects our impact fees; Mr. Carmean said it is broken out into the sewer and water revenue accounts. Mr. Grier asked if they reflect the impact fees and rate payments. Mr. Carmean explained the permitting breaks down all the impact fees. It is done at that time and separated later into the different account.

The city manager said he will provide council with a financial breakdown of the impact fees that the city has taken in.

Mr. Gleysteen moved to accept the January 2013 Finance Report, seconded by Mr. Grier. Motion carried.

ADJOURN

With no further business, Mr. Pikus moved to adjourn the Monthly Council Meeting, seconded by Mr. Starling. Motion carried.

The Council Meeting adjourned at 8:17 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Terri K. Hudson".

Terri K. Hudson, MMC
City Clerk/Recorder