

**City of Harrington  
MINUTES  
City Council Workshop  
November 7, 2016**

A workshop with the Harrington City Council was held at Harrington City Hall, 106 Dorman Street, on November 7, 2016 and was attended by the following: Vice Mayor Duane E. Bivans; Council Member Charles W. Baugher, Jr.; Council Member Eric Marquis; Council Member Amy Minner; Council Member Micah Parker; Kenny Brode, Captain at Harrington Police Department; Noel Primos, filling in for the City Solicitor, Teresa Tieman, City Manager; Dean Gary, Accountant; and Kelly Blanchies, Clerk of Council.

Also present: Mike Easton, Paige Rubino, and Doug Phillips from Horty and Horty (auditors); Barbara Bullock; Darrin Simpson; Richard Wheeler; and Joe Conaway.

Mayor Anthony R. Moyer and Council Member Robert Dean Helsel were absent.

Vice Mayor Bivans called the meeting to order at 6:30 p.m.

The Pledge of Allegiance was given.

**Special tax district (Joe Conaway)**

Richard Wheeler stated that he is one of the owners of the Legacy property. It was annexed in 2007; the engineering began about a year later; the property was rezoned in 2008; the concept plan was approved in 2009; and preliminary plan approval was granted in 2015. Mr. Wheeler stated that Joe Conaway was the Mayor of Bridgeville when they implemented the special tax district for Heritage Shores.

Mr. Conaway stated that he is here to provide information to the City Council and not to tell them that they should have a special tax district. He stated that he has discussed special tax districts with Bridgeville, Millsboro, Laurel, and Georgetown. As Sussex County Administrator, he dealt with industrial revenue bonds, which are similar. No faith and credit is guaranteed by the issuing government, so taxpayers are not responsible for the bonds. The State of Delaware General Assembly has to pass legislation to allow for special tax districts in town charters.

Mr. Conaway stated that a special tax district is an area of the town that asks to be considered for additional taxes. The Town of Bridgeville was able to use some of the special tax revenue to pay for growth related costs such as a new police car, computers, street cleaner, and a portion of the new library building. The

bonds are tax exempt. They were used to pay for sewer and water infrastructure, a water tower, and streets. The golf course could have been funded by the special tax district. Homeowners sign a disclosure when they purchase their property stating that they know that they are in a special tax district and would be paying more in taxes. When the tax bills were received, there were questions from the homeowners because they forgot the disclosure that they signed.

Mr. Conaway stated that the amount of the special tax district exceeded anything that the town itself could borrow based on charter limits for the amount of indebtedness. An administrator was hired to handle the special tax bond and is paid for out of the proceeds of the bond. The administrator advises the town of the amount of money needed to pay back the bonds for that year; the rate is set; and the town includes on the regular tax bills the special tax for those in the district. The disclosure that the homeowner signed stated that they could pay up to two thousand five hundred dollars (\$2,500) a year in additional taxes. There is also a provision that it goes up three percent a year.

Mr. Conaway recommended that the town have an agreement with the developer that states who is responsible for each part of the project so that there are no questions later.

Mr. Conaway stated that the money is received as part of the tax bill and is sent to the administrator to pay the bond investors. The bond investors are insurance companies and pension plans; there was not a shortage of people willing to purchase the bonds.

Mr. Conaway stated that the special tax district helps the developer that will put homes in the town to which the town will get the tax money. It also opened up Bridgeville for other annexations. The homeowner was able to purchase the property for less money because the developer was paying less for it. Bridgeville made an arrangement that the developer would pay half of the thirty (30) year bond cost for the first nine hundred (900) homes.

Mr. Conaway stated that the default rate is about two percent a year. If there is a default, it is never owed by the town. The bonds can also be refinanced if a lower rate becomes available.

Mr. Conaway stated that it is a great program and is working in Bridgeville. The only people that ever say that is not a good program are those paying the tax bills, which are about one thousand three hundred dollars (\$1,300) a year. Mr. Conaway stated that he saw it as a way to provide reasonable housing prices in a great development in a small town that had not seen a new house built in it in ten years.

Council Member Minner asked if the City's credit would be affected if no houses are sold in the first year. Mr. Conaway stated that it is a revenue bond and is not

based on the full faith and credit of the City. The costs of building a new sewer treatment plant were able to be split between more residents because of the town's growth. Bridgeville does not accept partial payments of tax bills, and a moratorium sale can be held if the taxes are not paid.

### **FY 2015 Audit**

Paige Rubino from Harty and Harty reviewed the fiscal year 2015 audit statements.

Mike Easton stated that the FY 2015 Audit is scheduled for approval at the November 21, 2016 City Council Meeting. If any questions arise, please send them to the Accountant who can forward them to the auditors to be addressed.

Council Member Minner asked about the recommendation to approve senior management expense reports. The City Manager stated that the Mayor is now approving expenses.

Council Member Minner asked about the recommendation for risk assessment. Mr. Easton stated that is brainstorming about what could go wrong in the City and determining if there are adequate controls to mitigate those risks. It does not have to be formal.

### **Christmas parade float**

Council Member Minner stated that the Parks and Recreation Director needs to know as soon as possible if the council members would like to have a float.

Council Member Marquis asked about having a trolley as the Mayor suggested. The City Council should have representation in the parade. The City Manager stated that the City previously borrowed a trolley from the Delaware State Fair, but they have not allowed the City to use it for several years.

Council Member Minner stated that she will reserve a place in the parade.

### **2017 holiday schedule**

Vice Mayor Bivans stated that the City follows the State's holiday schedule except for the floating holidays that the State has. Columbus Day has been switched for December 22, 2017 on the City's holiday schedule.

Council Member Minner asked about Presidents' Day. The Clerk of Council stated that the City is closed every year on Presidents' Day; it is one of the State of Delaware's floating holidays along with Columbus Day.

## **Charter and Ordinance Committee**

### **Ordinance on authorized expenditures**

Discussion occurred regarding holding a separate committee meeting.

Council Member Marquis stated that his concern about spending is not just about flowers but anything that is not a community event or running the City.

Vice Mayor Bivans stated that he is not finding many people that are opposed to giving someone something during their hour of need. The public sees the Council as good stewards of the City's money.

Council Member Marquis stated that allowing flowers to be purchased opens the door to other spending. The Federal and State governments have policies about not allowing such spending.

Vice Mayor Bivans stated that the City is transparent and residents are fine with spending money on recognizing people.

Council Member Marquis stated that a strong policy is needed. Council Member Minner stated that she would like to see a policy in writing to be evaluated. The Clerk of Council stated that the staff has not been instructed to write any kind of policy and no policy has been submitted by council members to be distributed for consideration.

Discussion occurred regarding the financial section of the Charter.

Council Member Minner recommended to continue the discussion of authorized expenditures at the December Workshop. Vice Mayor Bivans asked the Council Members to review the Charter and submit recommendations for a policy to the Clerk of Council for distribution in the meeting packet.

### **Public Comments**

Barbara Bullock stated that she agrees with Council Member Marquis about the spending issue.

### **City Council Comments**

Council Member Marquis stated that signs are a hot issue in town and that smaller signs are flashing. Sign regulations should be enforced universally.

There being no further business, the City Council Workshop adjourned at 8:00 p.m.

Respectfully Submitted,



Kelly Blanchies  
Clerk of Council