

City of Harrington
MINUTES
City Council Workshop
April 11, 2012

A workshop with the Harrington City Council was held on April 11, 2012 and was attended by the following: Mayor Robert E. Price, Jr.; Vice Mayor Cheryl Lahman; Council Member Duane E. Bivans; Council Member Wayne Porter; Council Member Jack Stewart; Council Member Kenneth Stubbs; Norman Barlow, Chief of Police; Teresa Tieman, City Manager; Faye Smith, Finance Director and Kelly Blanchies, Clerk of Council.

Also in attendance: Keith Shyers, Deputy Chief of Police; Ruth Peterman, Police Resource Manager; Lester Hobbs; Tom Englehart.

Absent from the workshop was Council Member Fonda Coleman.

Mayor Price called the meeting to order.

The Pledge of Allegiance was given.

Fall Clean-up Week

Mayor Price stated that the issue was brought up as to whether or not to have both a spring and a fall clean-up. The City Manager stated that there will be an additional cost of \$7,000 to \$8,000; it is not currently in the budget. Council Member Porter asked how much waste was removed last year. Mayor Price stated that it was about dumpster a day. Council Member Porter stated that was trash that would have remained in Harrington. Mayor Price stated that if everyone is interested in it, then it can be worked into the budget and presented at a later budget meeting. Council Member Bivans stated that the City used to have a Fall Clean-up but stopped a few years ago. With the City working to improve, it would be good to have a resource for people to use. Vice Mayor Lahman stated that it should be paid for out of trash fees.

Overview of Law Enforcement Support Office (LESO) program

The Chief of Police stated that first he would like to present Lester Hobbs with a certificate of appreciation. He has provided great support to the whole Delaware law enforcement community. The Chief of Police thanked Mr. Hobbs for all the hard work he has put into the LESO program and helping the Harrington Police Department obtain much needed equipment.

The Chief of Police stated that the program involves a lot of work, but the police department has gotten a lot of equipment from it. There are early mornings and weekends to apply for things and driving long distances involved.

Mr. Hobbs stated that in the LESO program there are approximately 17,000 law enforcement agencies that Harrington is competing with to get equipment. A lot of equipment is first come, first served, and it is all for law enforcement use. Much of the equipment is only audited for one year and becomes the sole property of the police department. Things that are combat capable would be audited every year. In 2010, Harrington was part of the program but did not receive anything. In the last few months 2011, Harrington acquired \$32,000 worth of equipment. This year so far Harrington has acquired \$666,100 worth of equipment that would have gone to someone else if Harrington had not taken the time. In 2010, Delaware had the participation of one police department, Milford. Mr. Hobbs stated that he took over the program in 2011 and that year Delaware received \$2,941,000 worth of equipment.

Council Member Porter asked if this is a federal program. Mr. Hobbs stated that it is and has been around for several years. Council Member Porter stated that Harrington has a \$3.5 million budget and to get that much equipment is amazing. Mr. Hobbs stated that it is all free except for shipping. Mayor Price asked if the City is allowed to publicize what has been received. Mr. Hobbs said yes. Council Member Stewart stated that he would like to thank the police department and Mr. Hobbs for their hard work.

Council Member Porter asked who is responsible for keeping the paperwork. Mr. Hobbs replied that both he and the police department are. He keeps pictures of all the controlled equipment and performs audits. Weapons and anything combat capable must be kept forever or returned to the federal government. Mr. Hobbs stated that after a year, the equipment that no longer needs to be audited will automatically come off of the computer record.

Deputy Chief Shyers showed a video from LESO on the program and displayed photos of equipment that has been acquired including trucks, a van, furniture, gym equipment, generators, and forklifts.

Council Member Stewart asked if the program runs all year long. Mr. Hobbs replied that it does. Mayor Price thanked Mr. Hobbs on behalf of the City Council and the community.

Budget Review Committee

Proposed FY 2013 Budget

The City Manager stated that Council Members received a packet with a synopsis of what is in the budget. We budgeted a 25% increase in

gasoline based on the consumer price index from the Department of Labor from the last quarter and a 10% increase in health insurance based on conversations with our insurance broker. In General Government the capitation tax was removed and property tax revenues were increased based on the removal of the early payment discount. Vice Mayor Lahman asked if it was the same amount. The City Manager replied that it is approximately the same. The City Manager stated that in City Hall there is an increase in salaries to make the Clerk of Council a full time position, and an overall decrease in salaries to move the Planning and Inspections Officer to a new Planning and Inspections Department. In Public Works the salaries are now split between Public Works (33%), Water (35%) and Wastewater (32%). That reflects the actual hours spent on those projects; it has been tracked for several months but not during the summer, which could change it. Planning and Inspections is a new department and most of its accounts came from General Government and City Hall budgets and some of the expenses and revenues were never included in previous budgets. It is established to be more open about actual expenses and revenues. Vice Mayor Lahman asked if it is a department of one person. The City Manager stated that there are also contractual services of engineering and planning. The Water and Waste water budgets were increased with part of the Public Works payroll. Waste water also includes new Kent County Sewer expenses and debt service amounts and removed treatment plant and personnel expenses.

The City Manager stated that they will be working on a revised budget and will submit it in mid May and include a projected carry forward balance. She recommends not using the carry forward money until it has been audited.

The City Manager stated that the budget does not include a raise for employees. If you provide a 1% increase for employees, it would increase the budget by \$39,334, 2% would be \$53,191, and 3% would be \$65,050. Council Member Porter asked where that money would come from. The City Manager stated that we would look for savings and double check our revenues. The year before Council appropriated money from the carry forward balance and that could be done again.

Council Member Porter asked about removing the revenue from the capitation tax. The City Manager stated that the capitation tax and the early payment discount it is roughly equal, so removing the capitation tax made revenues go down and removing the early payment discount made revenues go up. There is still a senior citizen discount on taxes. Council Member Porter asked if the property taxes were going up to cover the loss of revenue from the capitation tax. The City Manager replied that property taxes are not going up, but there will be no discount for paying early.

The City Manager presented information comparing the 2013 budget to the 2012 budget. She stated that the departments should be commended for sticking to their budgets.

Council Member Porter asked where the money is coming from to pay for debt services. The Finance Director stated that it comes from water and waste water revenues. The City Manager stated that it comes out of operating revenue and has a line on the budget. All the debt incurred from the force main is waste water related. Vice Mayor Lahman asked about the revenue going down. The City Manager stated that if it we budget the amount billed then it would stay about the same, but we try to budget what we receive, because we do not receive everything right away that we bill. Council Member Porter stated that paying the debt service cannot always come from the general fund. The City Manager stated that debt service is not coming out of the general fund. Water and waste water funds are subsidizing the general fund by about \$750,000 a year. When the water meters are installed and rates are set, that is something to consider. Council Member Porter stated that when we set water rates, we need to keep ahead of the debt service. The City Manager stated that when rates are set, you have to make sure the debt service and reserves are covered by the flat customer service charge. Reserves are there if there is an emergency and to rebuild infrastructure. The tax revenue is about the same as the amount that is being subsidized by water and sewer, so in order for the general fund to be self supporting then the tax rate would have to double.

Council Member Porter stated that the City needs to stay ahead of any future debt that is incurred. The City Manager stated that there is \$2 million of new debt proposed in the capital improvement project (CIP) budget. \$1 million of it is for correcting inflow and infiltration (I & I), if we are not able to get bond money. When any debt is issued, the rate will have to be revised. That is the most responsible way to cover the costs. Mayor Price stated that is why the escrow accounts were created.

Council Member Stubbs stated that taxes and services should never stay the same. The City Manager asked when taxes were last raised. Council Member Stubbs replied 2003. Council Member Porter stated that we should be studying now to get prepared for next year. Mayor Price stated that all the current debt service is incorporated into this budget. Council Member Porter stated that the only reason it is paid for is because the money had been set aside. The City Manager replied that the reserves are not used to pay for debt service. Mayor Price stated that some money was reserved to pay for the Kent County Sewer bill if necessary. The City Manager stated that it is still there if needed but it is not used in this budget. There is \$400,000 budgeted for the year based on the first bill from the County, but it has been very dry winter and spring, and when it

does rain the I & I will increase the sewer charges. Council Member Stubbs stated that is why we need to be aggressive with the I & I.

The City Manager stated that this year capital projects are also budgeted. Projects for City Hall include a new phone system, bathroom and floor renovations upstairs, and bathroom and floor renovations downstairs. The Library project is replacing the windows and doors. Public Works has projects for streets and building maintenance. Parks and Recreation projects include window replacement, roof repair, and a heating system for the main area. Potable water improvements include various projects recommended by the City Engineer. Waste water projects are sewer pipe improvements and a sewer camera. The City Manager stated that currently Kent County has to come out with their camera and charge \$100 per hour, so this is something to consider purchasing with carry forward money after the audit.

The City Manager stated that available in the CIP fund is \$130,571 for projects. She recommended keeping about half of that to cover anything else that may come up. The City Manager stated that she would like to implement a governmental capital projects department that lists various revenue sources and projects and give a monthly report on it. Capital projects need to be planned for and prioritized. Mayor Price stated that this is a much clearer picture of where the City stands. The City Manager provided Capital Investment Plan sheets that describe each project in detail and will be included with the approved budget.

Vice Mayor Lahman asked about the possibility of energy grants to cover the costs of the doors and windows projects. The City Manager stated that she would look into that.

The Finance Director stated that the numbers associated with the project relate to the fiscal year and help plan what is coming in future years.

Vice Mayor Lahman asked when the City's general insurance renewals were. Mayor Price stated at the end of July. The City Manager stated that they projected an increase.

Council Member Porter stated that he would like to see each budget line. The City Manager stated that she recommends viewing last year's budget, the current year's revised numbers, and the proposed budget for the upcoming year, so they can be compared. Council Member Porter stated that the public should know that the budget does not include any rate increases to taxes, water, or sewer.

There being no further business, the Council Workshop adjourned.

Respectfully Submitted,

Kelly Blanchies
Clerk of Council