

City of New Castle Delaware
City Council Budget Workshop at Town Hall
201 Delaware Street – New Castle
Monday, June 11, 2018

Roll Call: 6:30 pm

Councilperson Valarie W. Leary

Councilperson Michael J. Quaranta

Council President Linda Ratchford

Councilperson Michael M. Platt

Councilperson John A. Di Mondì

Also present:

William Barthel, City Administrator

Janet Carlin, City Treasurer

Kathy Walls, Finance Director

Council President Ratchford advised that at the previous budget workshop, city staff had been tasked with preparing a budget that would free up enough funds to pay for a street sweeper in cash, as an alternative scenario to the budget they had recommended.

Mr. Barthel presented the alternative budget, referring to a handout provided to Council, as follows:

- Page 3; Savings of about \$52,000 by keeping the Police Department at 17 officers, rather than the 18 previously presented in the budget.
- Page 4; Savings of \$8,550 by having one police car instead of two, and going from three seasonals to two.
- Page 5; Cut \$3,000 from the youth program for public services.
- Page 6; Cut \$8,250 from previous proposal for new trash cans (ten).
- Page 6; \$7,500 savings on sand and abrasives for winter snow and ice control.
- Page 7; \$15,000 savings from the Tree Commission budget line item, related to earlier request for planting more trees.
- Page 7; \$1,000 savings from the Beautification committee.
- Page 7; Added \$235,000 toward purchasing the street sweeper (also using the \$45,000 excess).
- Page 7; MS4, savings of \$10,000 by reducing previously budgeted catch basins from \$30,000 to \$20,000.
- Page 8; Zeroed out all elected officials' salaries.
- Page 8; Removed contributions that had been discussed at the previous meeting.
- Page 8; Removed National Night Out at \$500.
- Page 8; Removed annual calendar at \$3,200.

- Page 9; Removed \$45 from one of the employees.
- Page 9; Reduced previous \$4,018 line item to \$1,981 (holiday party, etc.).
- Page 10; Building repairs reduced to \$15,000 (no façade repair, but floors and basement leaks remaining in this line item).
- Page 10; Zeroed out software support.
- Page 11; Removed \$5,000 in capital reserves.
- Page 11; Removed porta-potty at \$1,200.
- Page 11; Reduced legal costs by \$2,000 (HR attorney).
- Page 12; Eliminated all professional development and training.
- Page 13; Eliminated \$30,000 in long-term reserves contribution (city goal is to eventually reach \$400,000 in this category, which is currently at \$179,000).

Projected additional savings from these proposed cuts would be \$259,072, in addition to the previous savings of \$20,928, bringing total savings to \$280,000, to purchase the street sweeper outright.

Councilperson Di Mondì reviewed his proposed budget, which had been provided to Council:

- Eliminates a Police Officer, one bike person.
- Reduces comp plan by \$10,000. (Council President Ratchford pointed out that the \$30,000 is under contract, and cannot be adjusted.)
- Reduces street repair budget by enough to purchase the street sweeper. (Mr. Barthel pointed out that these funds have been allocated/designated to the street and infrastructure repairs.)

Councilperson Platt advised that an agreement with the Trust had already been entered into, regarding the funds for the street and infrastructure repairs.

Councilperson Quaranta asked how much of the current fiscal year's budget has been set aside toward the street sweeper. The response was approximately \$45,000. Councilperson Quaranta stated that his recommendation is to not buy the street sweeper, and made the following notations, regarding the proposed adjustments that Mr. Barthel had described:

- Page 4; Reduce car commitment from two to one, saving \$8,550.
- Page 6; Save \$8,250 in the new trash cans.
- Page 7; Accept recommendation to save \$15,000 on tree planting and pruning.
- Page 10; Do some maintenance on the building, but save \$13,500.
- Page 11; Save \$2,000 from HR Counsel.

This would reduce the proposed budget by \$47,300.

Councilperson Quaranta's recommendation would be to make the above-noted adjustments, add the savings of \$45,300 to the already saved amount of \$44,775 toward a new street sweeper, hold off on buying the new street sweeper, and continue to save money toward the future purchase of a street sweeper.

Ms. Walls advised that the \$44,775 amount is budgeted surplus revenue that is required to balance the budget.

Councilperson Quaranta stated that his recommendation is that the \$47,300 savings be set aside for the eventual (future) purchase of a street sweeper.

Ms. Walls pointed out that saving toward a cash purchase of the sweeper would not result in accumulating enough cash quickly enough to purchase a sweeper at the current budgeted cost.

Councilperson Leary made the following comments:

- A new street sweeper is required for MS4 certification.
- There has been some indication that the city might be audited this summer.
- If the current street sweeper is found to be inefficient at the potential audit, the city will be subject to a fine.
- 3% is a good interest rate, and her research indicates that similarly-sized towns to New Castle have found borrowing money at such a low interest rate has been a wise decision.
- She does not want to cut a Police Officer.
- She expects that some of the proposed cuts would have negative impact on the community.

Regarding the two police vehicles discussed earlier, Mr. Barthel advised that one is for a detective's car, and the other is to replace a vehicle that needs to be replaced. He stated that both of the proposed vehicles would be required, if the city wants to have at least one vehicle available 24/7.

Council President Ratchford recommended purchasing both vehicles.

Regarding the risk of a fine for not having the new street sweeper, Councilperson Quaranta pointed out that the risk has been and will be ongoing, even if the purchase is approved.

Mr. Barthel described the current sweeper as "on its last leg."

Council President Ratchford stated her preference that a new street sweeper be purchased on a lease-to-buy.

Councilperson Platt questioned whether a less expensive street sweeper would be a reasonable option to consider.

Mr. Barthel pointed out that if the decision is made to lease-to-buy, they would go through a process, including demos, to decide which would be the best purchase to make.

Councilperson Leary brought up the possibility of the using some of Councilperson Quaranta's suggested budget cuts to pay for enforcement costs related to a street cleaning program, such as signage.

Council President Ratchford suggested considering reducing the new trash cans, rather than eliminating them. She asked whether the tree planting and pruning budget should be brought down to \$10,000.

Mr. Barthel brought up the possibility of designating \$5,000 of the \$10,000 to new tree plantings, with the remaining \$5,000 for pruning.

Council President Ratchford advised that she is comfortable with the cuts that Councilperson Quaranta suggested, related to the admin building and the HR counsel. She proposed that some of the funds allocated to online forms be grouped with other funds, and future online payment processing and an improved web presence be considered.

Councilperson Platt brought up the possibility of testing out two of the new trash cans.

The city saved \$20,000, after beginning the recycling program.

The amount originally budgeted toward improving the city's online presence, and online forms and payment processing, was \$7,700. This was then reduced to \$4,700 (proposed).

Councilperson Platt mentioned that a credit card processing fee could be added to an online payment solution.

Ms. Wall was asked to adjust the 6/6 proposed budget as follows, before Council proceeds with the budget discussion:

- Reduce trash can expense by \$6,650.
- Reduce tree planting/pruning expense by \$15,000.
- Reduce building maintenance expense by \$13,500.
- Reduce HR legal counsel expense by \$2,000.

Councilperson Di Mondì warned against reducing accrued benefits for retirees. The other Council members advised that no such reduction is under consideration.

After making the adjustments, Ms. Walls reported that the new proposed budget is \$58,123 "in the black" (previously \$20,928).

On the topic of updating the city's online forms software and payment processing, Mr. Barthel explained that it may be a somewhat inexpensive fix, but none of the city staff has the expertise to either estimate the cost or to make the needed fixes.

On the topic of a street cleaning program and related enforcement, Councilperson Quaranta stated his preference that additional signage not be part of the program. Council President Ratchford advised that such a program will require detailed consideration of many factors, which can be left to a later discussion.

Councilperson Di Mondì stated his preference that the line item for contributions be the same as in fiscal year 2016. Council President Ratchford read the details from fiscal year 2016, as follows:

- \$1,500 to the Library
- \$1,500 to the Senior Center
- \$1,200 to Beautification (this line item has already been allocated at \$1,000)

- \$500 to Arasapha (Council President Ratchford commented that their expenses have increased, and they are at \$750)
- \$1,500 to the Community Partnership
- \$1,000 to the Historical Society (Council President Ratchford noted that the Historical Society had not yet opened their Visitor Center at the time of the fiscal year 2016 budget)

The following contributions were made out of the fiscal year 2018 budget:

- \$2,500 to the Library
- \$3,000 to the Senior Center
- \$1,500 to Beautification
- \$750 to Arasapha
- \$7,500 to the Community Partnership (including the one-time branding project)
- \$5,000 to the Historical Society

Council President Ratchford commented that she would like to see some funds be used to incorporate some of the branding within the city. She also advised that the Historical Society had suggested being the central point of contact for the city calendar. Council President Ratchford stated that this would be more appropriate for the city to do, as the city is to whom event requests are made.

Councilperson Leary commented that using the 2018 budget levels, but lowering the Partnership amount to \$3,000, this brings the total to \$15,750. \$6,000 is already in the proposed 2019 budget for these items, \$9,750 remains, to meet the 2018 budget numbers.

Councilperson Platt commented that they had reduced the proposed budget by \$40,000, and now they are talking about increasing the amounts to be given away in grants. He would prefer to take care of the Library, the Visitor's Center and the Beautification, and use the proposed unallocated funds for Christmas wreaths.

After discussion, it was decided to include \$1,000 in for Beautification, and \$750 for the wreaths.

Councilperson Platt would like the other organizations discussed to be prioritized as follows; #1, Senior Center; #2, Visitor's Center; #3, Library.

Councilperson Di Mondì pointed out that the Library and the Senior Center are County based, and that over 75% of the patrons of the Senior Center and the Library do not live in the City of New Castle.

Councilperson Leary questioned Councilperson Di Mondì's figure of 75%.

Councilperson Quaranta agreed with Councilperson Platt's priorities.

Council President Ratchford pointed out that these organizations use a show of city support in their fund-raising efforts.

By giving \$5,000 to the Historical Society, \$3,000 to the Senior Center, and \$2,500 to the Library, that totals \$10,500. Adding \$750 to Arasapha and \$1,000 to Beautification brings the total to \$15,250, of which \$6,000 is already in the proposed budget. This leaves \$9,250 to be taken out of the approximate \$58,000 of as yet unallocated funds.

Councilperson Leary advised that the Greater Wilmington CVB ad for which Council had previously budgeted about \$2,500-\$3,000 is going to be paid for by the Partnership, rather than the city.

Council President Ratchford asked about zeroing out the funds for the National Night Out. There was no cost incurred by the city for this last year.

Councilperson Quaranta suggested budgeting a total of \$10,000 to the Historical Society, the Senior Center and the Library, and splitting that money evenly between the three.

Council President Ratchford stated that some of the money that is allocated in the old fund could be used to support some of the branding and signage, etc.

Council President Ratchford summarized this part of the discussion as follows:

\$10,000 to the Historical Society, the Senior Center and the Library, split evenly between the three, plus the \$750 to Arasapha. \$1,000 in Beautification. Leave in the \$500 in National Night Out. This leaves the total in the unallocated fund at \$52,373.

Ms. Walls advised that there isn't an appropriate account in which to place the \$52,373. Councilperson Quaranta pointed out that his reason for the exercise which resulted in these unallocated funds was to end up with a fund to be allocated to the later purchase of a street sweeper. Ms. Walls stated that the Capital Reserve account would then be the appropriate account.

Council President Ratchford expressed concern with placing the funds in the Capital Reserve account, as it would then be restricted to a capital purchase, and not be able to be used for such things as the work on the city's website that had been discussed earlier. Councilperson Quaranta suggested that \$50,000 be placed into the Capital Reserve account, reiterating that this is the reason that they have been going through this process.

Mr. Barthel advised that Council could move the funds out of the Capital Reserve account, or whichever account it is placed into.

Ms. Walls stated that she would annotate that the funds are to be allocated at a later date.

Mr. Barthel suggested that the funds be placed into the appropriate accounts, based on the expectations of Council as to how the funds will be used. He pointed out that budget line items could be moved later.

Ms. Walls stated that she has the ability to create a new account.

Councilperson Platt suggested placing the money into the Restricted/Reserve Funds, which would require a Council vote to spend.

Councilperson Quaranta stated that he was not fully agreed that the city should proceed with the previously budgeted and planned lease/purchase of a street sweeper, and would like to see a large portion of the \$52,373 be designated toward such a purchase.

Ms. Walls advised that if the item is in the budget, the intent should be to make the purchase within the 12-month budget time frame. If the intent is not to do that, the money should go into the long-term reserve. Also, if the money is designated toward a large capital purchase, and then later used for something else, a vote would be required, for auditing purposes.

Councilperson Platt suggested that the \$52,373 be combined with the \$44,000 already set aside for the street sweeper, and be used as a larger down payment toward the lease/purchase, resulting in lower payments.

Councilperson Platt suggested matching the amount set aside from last year, out of the \$52,373.

Councilperson Leary stated that borrowing to purchase a large piece of equipment is a standard practice.

Council President Ratchford asked Ms. Walls whether this specific question (of whether to save to purchase the street sweeper outright with cash, or lease/purchase with a larger down payment, or lease/purchase as per the 6/6 budget), needs to be fully resolved before the final budget can be approved. Ms. Walls advised that it could be done without resolving that question, but she was not sure how, as far as putting money in the budget that is not earmarked toward anything.

Council President Ratchford stated that if the \$52,373 is placed in the long-term reserve category, the lease payment for a sweeper is still in the budget, with the contingency that the City Administrator will be researching models and arranging for demos, to return to Council with a recommendation. Council can then make a decision about whether, how and when to make the purchase.

Councilperson Di Mondì stated that he does not want the city to borrow any money.

Council President Ratchford summarized that Ms. Walls will be creating a new, separate account, under Long-term Reserves, and the \$52,373 unallocated funds will be included in that account.

After a motion and second, Council President Ratchford read Resolution 2018-13, Set FY 2018-19 Tax Rate and Adopt the FY 2018-19 City Budget and 2018-19 Grant Budget into the record, with the following numbers:

Fiscal Year 2018-19 City Budget balanced at: \$6, 092,946.00;

Fiscal Year 2018-19 City Grant Budget balanced at: \$504,943.00;

Total Fiscal Year 2018-19 City Budget balanced at 6,597,889.00, with a tax rate of \$1.20 per \$100 of assessed value, reflecting a zero tax rate increase.

It was moved and seconded, and passed by a vote of four to one, to remove the last sentence from **Resolution 2018-13**.

Resolution 2018-13, as amended, was passed by the following voice vote:

Councilperson Valarie W. Leary: Yes

Councilperson Michael J. Quaranta: Yes

Council President Linda Ratchford: Yes

Councilperson Michael M. Platt: Yes

Councilperson John A. Di Mondì: No

After a motion and second, the meeting was adjourned to Executive Session.

Meeting adjourned at 9:08 p.m.

Respectfully Submitted,

Brian G. Whitaker

City Clerk of New Castle, Delaware