

**City of New Castle Delaware
City Council Budget Workshop
Thursday, May 23, 2019
6:00 p.m.**

Present: Council President Linda Ratchford
Councilperson Valarie W. Leary
Councilperson Michael M. Platt
Councilperson Russell P. Smith

Absent: Councilperson Suzanne M. Souder

Also Present: William J. Barthel, City Administrator
Kathy Walls, Finance Coordinator
Janet Carlin, City Treasurer

Council President Ratchford called the meeting to Order at 6:00 p.m. Roll Call followed.

Council President Ratchford noted the Council members each had an updated budget and she received an email with budget notes from Councilperson Souder who could not attend the meeting.

Good Will Fire Company

A formal request was submitted by Good Will Fire Company, and Council President Ratchford invited Mr. Tim Moore to come forward. Council President Ratchford noted that a specific request was submitted and Mr. Moore explained that the Fire Company is attempting to obtain additional funding, noting that call volume has increased which has required increased staffing, and apparatus is aging. In 2017, a 1996 engine was replaced with a 2016 model and apparatus from 1996 and 1997 also needs to be replaced. Appropriations are received from the State, County, and the Trustees; however the Fire Company is trying to reach out through other avenues, including public relations and public events, to obtain additional funding to help with daily operations. A letter was submitted to the City apprising them of the Fire Company's status and to request additional funding. Councilperson Platt asked for an update of the Fire Company's finances, and Mr. Moore advised the Fire Company is currently operating with a negative budget for the current year, which ends December 31, 2019. Mr. Moore added that the Fire Company is very fiscally responsible and makes every effort to control expenses. Council President Ratchford thanked Mr. Moore for addressing the Council and expressed Council's appreciation for the Fire Company's services. Mr. Moore thanked the Council for their consideration.

Budget Updates

Council President Ratchford asked for any updates to the Budget information. Mr. Barthel referenced a number of questions that were raised at the last Council Meeting:

The number of Dodges: There are currently eight Dodges left.

The age of Garbage Trucks: Mr. Barthel distributed a list of the trucks, including the make, model, year of purchase, and the next projected replacement year. The 2000 truck is being replaced in 2019 which, based on a seven-year loan, will be paid off in 2026. He noted that the average age of a truck is 10-12 years and the next truck replacements would be in 2026 and 2031. Mr. Barthel added that in 2031, 2032 and 2033 there would be overlap payments on two trucks.

State Courts: Mr. Barthel spoke with the Chief of Police to clarify his understanding and read a statement into the Record:

Any arrest that results in a conviction or a guilty plea that as part of a sentence includes what is called a 'base fine'. The City is entitled to the base fine which funds the 'State Courts Line'. The base fine can vary but the minimum base fine is statutory and can be suspended at the discretion of the Judge. All other costs that are associated are either Court costs or assessments that are used to fund State run programs.

He explained that the number under Revenue on Page 22 is the base fine that goes with the various statutory fines.

Page 15, Expenses, Software Support

The amount for Web Consultant was increased from \$3,600 to \$6,000.

Page 7, Yard Waste

80% of that total is for grass clippings. Mr. Barthel noted that many communities around the country have eliminated the pick-up of grass clippings for financial reasons, and if the City decided to eliminate grass clipping pick-up the savings would be approximately \$24,000. The net gain would be \$21,600. During discussion, it was noted that residents who currently use grass clipping pick-up could use a mulching mower, or alternatively, if they utilize a service the service would remove the grass clippings. It was noted that leaves and small twig yard waste goes to a compost area in Dobbinsville owned by the Trust.

Council President Ratchford noted that mulching is considered environmentally friendly and is good for the lawn. She added that elimination of grass clipping pick-up would require Legislative action. Councilperson Platt opined that elimination of grass clipping pick-up would disadvantage a number of neighborhoods, including Buttonwood, Washington Square and Van Dyke; and suggested an option would be to reduce pick-up from weekly to bi-week. There was further discussion on whether a reduction of pick-up would result in grass clippings being put in the regular trash. Mr. Barthel noted that the City consulted with the Green Waste group on where to compost grass clippings. In the past grass clippings were composted in Dobbinsville and the odor was an issue. The Farm was also not an option.

Tree Advisory Commission Budget

Mr. Barthel advised that after the Tree Advisory Commission inspected the City, they identified a number of large trees for removal that may need to be outsourced as well as other trimming that is required. The Tree Advisory Commission also advised that the streets could easily accommodate 50 new trees at \$400 per tree. Mr. Barthel recommended to Council that the Tree Advisory Commission budget remain at \$10,000 and that Council consider a potential increase after a final review of the Budget. During discussion it was noted that the City always obtains three quotes for outsourced tree removal and has a source that is very competitive and does a good job. It was also noted that depending on the condition of the targeted trees, removal could be spaced out over a few years. Council President Ratchford also remarked that the City's purchase of a bucket truck has resulted in considerable savings for outsourced work and commended the Public Works team for the work they do in the City.

Ms. Walls noted that the net of the two changes is \$21,600

Increased Revenues/Fees

Councilperson Leary asked if the Council could discuss the rental fees currently being imposed and whether those fees could be increased. Councilperson Smith noted that the last fee increase was in 2010. During discussion it was noted that any dialogue on fee increases can become very complex and would require public meetings. Council President Ratchford stated that the Budget needs to be completed first.

Ms. Walls advised that Rental License fees and Business Licenses change over January 1 and notices go out in December. The Rental License fee is \$50 per unit. Business Licenses are broken into four categories:

1-3 employees	\$ 40
4-8 employees	\$ 75
9-20 employees	\$175
21+ employees	\$300

Other fees include Special Trash Pick-up.

Mr. Barthel noted the City has approximately 135 properties that have rental licenses with about 425 units. That does not include the 120 units in the new apartments or any rentals for which a license has not been obtained. Council President Ratchford noted the fee scale in Newark and Wilmington for rentals. During discussion it was noted that the rental license fee includes the initial inspection; however, if an issue is found, re-inspection fees are charged. Annual inspections are conducted at the discretion of the City. It was also noted that Wilmington historically conducted annual inspections on all rentals with Licenses; however they were having more issues with rentals that do not have a License and have shifted their focus to investigating that demographic.

During further discussion, it was noted that increased revenue is necessary to maintain the status quo and make improvements to the City. It was also noted that the City offers a high level of

service that includes many services for which fees are charged in other municipalities, and it is important to maintain that level of service.

It was suggested that a discussion on increasing fees could be conducted at a future Council meeting. Council President Ratchford stated Council should plan that the City will be at budget and do some fee changes in the hopes there will be revenue that can be reinvested. During discussions Ms. Walls stated she is uncomfortable projecting any surplus for this year when she is not sure of bills coming in on outstanding projects.

Councilperson Leary reviewed the 2018 budget vs actual expenses. Ms. Walls explained Council earmarked \$400,000 of that budget for Delaware Street.

Estimating Salaries

Councilperson Smith asked if the City calculated any sort of a lapse, and Ms. Walls advised that the City does not calculate lapses due to contracts. During discussion, Councilperson Smith asked for clarification of Police Officer staff retention. Mr. Barthel noted that the City does not project the Police Officer staff will be down from full staff of 18 and budgets for fully certified officers. The proposed Budget includes:

Public Works – 10 employees

Police Officer Staff – 18 Police Officers (including one new Officer coming out of the Academy as a Rookie)

Administrative Staff – 9 employees

Page 19 – Accrued Benefits / Pension Reserve

Mr. Barthel explained the Pension Reserve is a buy-out reserve for individuals under contract who leave. Actuarially, the Reserve is not sufficient if everyone eligible left at the same time; however, that scenario is not anticipated. Ms. Walls noted that the goal is to have sufficient funds to cover all entitlements for the current year. Mr. Barthel explained that going forward the City will not be required to have as much of a fund because of changes in benefits and contract revisions.

Page 7 – Yard Waste

Ms. Walls explained that the Budget reflects the savings from the grass clippings, which netted \$21,600 on the last page of the Budget document. Expenses are now \$21,600 less than revenue than what is reflected in the last Budget document.

Page 2 – Security Cameras

The Police are asking for more camera systems for the City, which increased the Budget by \$6,000 from the previous Budget. The Police have identified specific locations for the new cameras. Mr. Barthel gave the Council background on the cameras already in place and the new cameras being requested. The cost of the actual equipment is budgeted under Grants, and the \$9,600 being requested is the projected monitoring cost for the cameras. During discussion it was noted that the cameras at the pier were purchased from the Pier Fund; however the monitoring cost is budgeted under this line item.

Page 2 – Canine Supplies

Councilperson Leary noted that historically Canine Supplies have run about \$1,800 and asked if the budget could be reduced. During discussion, Mr. Barthel noted that the canine is aging and there may be additional veterinary costs; however the budget could be reduced. Councilperson Leary suggested reducing the Canine budget to \$3,000.

Page 3 – Range Supplies

Mr. Barthel noted that the Police Chief requested an additional \$3,000 for ammunition for new Officer Training. Council President Ratchford asked Mr. Barthel to speak with the Police Chief for clarification of the actual amount needed for ammunition for new Officer Training.

Page 4 – Radar / Radio / Mobile Camera Repairs/Purchases

Councilperson Leary noted that expenses have come in below budget, and asked if the budget could be cut to \$4,000. Councilperson Platt noted that new mobile radios need to be purchased. Councilperson Leary asked if new equipment is included under this line item and during discussion it was noted that there is no line item for replacement of equipment, and therefore, new equipment is included in this line item. It was also noted that the cost of new vehicle equipment is rolled into the price of the vehicle and Ms. Walls explained that Capital Outlays – Equipment & Vehicles has a zero budget because the two new vehicles being purchased will be financed. Council President Ratchford suggested the line item name be changed to reflect it is for purchases as well as repairs. Councilperson Smith asked for clarification of the increase. Ms. Walls will edit this line item to add “Repairs/Purchases”.

Page 4 – Seasonal Bike Patrol Equipment/Uniforms

Councilperson Smith asked for clarification of the uniform expense. During discussion it was noted that the seasonal officer uniforms were purchased in 2017 and have been altered each year as necessary; and it is time to order new uniforms. Ms. Walls noted that the Departments have been very responsible about not spending unnecessarily; however, there is a concern that budgets may be cut. Ms. Walls will ask the Police Chief for additional budget details. Councilperson Leary asked if the City would have 2 or 4 Bike Officers and Mr. Barthel was not able to say how many officers would ultimately be hired this year and next year. The Budget will run through next Spring. He reiterated that all Departments have been cautioned to curb unnecessary spending.

Page 6 – Reimbursable Private Property Maintenance

Councilperson Leary asked what the \$11,458 in the 2016 Budget was for. Ms. Walls explained Reimbursable Private Property Maintenance is the City’s cost when hiring a third party to maintain a boarded-up property. Council President Ratchford noted that the City currently has fewer boarded-up properties. Ms. Walls noted that the \$11,458 expense was paid out in 2016 for asbestos abatement on one property and the demolition of 1003 Wilmington Road, and the City was not reimbursed for that expense until 2018. Councilperson Leary asked if maintenance of vacant homes would also be included in this line item, and Mr. Barthel explained those costs would be included in litigation and taking the property to Sheriff’s Sale.

Page 7 – Updating Public Works Radios Repairs/Purchases

Mr. Barthel noted new radios are needed. This line item will be edited to state “Repairs/Purchases”.

Page 7 – Truck/Vehicle Repair/Maintenance

Mr. Barthel noted that item was included with the understanding that the City will still have two relatively older trucks to maintain. He added that the newer truck has had more issues than they expected.

Page 7 – Yard Waste - Grass Clippings

Council President Ratchford reminded the Council members that more discussion was needed before editing the budget for grass clippings, and Councilperson Smith suggested we might encourage the use of mulching mowers this year. Councilperson Platt suggested the 2019 budget be reduced to \$9,000. During discussion it was noted that yard waste pick-up is done all year and Mr. Barthel apprised the Council of the tonnage for the winter months in 2018.

Councilperson Smith asked if grass clipping pick-up could continue this year and be eliminated next year, and Mr. Platt reiterated his opinion that eliminating grass clipping pick-up will disadvantage a number of neighborhoods. Councilperson Leary asked if the pick-up included leaves as well as grass clippings, and Mr. Barthel advised that approximately 80% of the budget is for grass clippings. Ms. Wells noted that in the first iteration of the Budget the cost was lowered from \$35,000 to \$30,000. When it was being considered that grass clipping pick-up be eliminated, it lowered to \$24,000. Ms. Walls asked if the suggestion is to continue weekly grass clipping pick-up this year through the fall and notify the community that grass clipping pick-up will be eliminated next Spring. Councilperson Platt stated he is opposed to cutting out grass clipping pick-up completely. After discussion it was agreed to maintain weekly pick-up of grass clippings, reduce the budget item to \$25,000, and encourage mulching instead of putting grass clippings in yard waste

Page 8 – Pruning/Planting Trees

Council President recommended the line item remain at \$10,000. Councilperson Smith suggested Tree Planting be revisited when the budget is finalized.

Page 9 – Pier Expense

Mr. Barthel explained the amount in this line item was left over from the pier financing. It is earmarked for the pier and cannot be used for anything else.

Page 9 – Debt Service / Truck Lease

Council President Ratchford asked what is included in this item, and Mr. Barthel explained the \$102,000 represents the following:

- \$ 24,000 – Final payment on the dump truck purchased a few years ago
- \$ 36,700 – Final payment on the Sweeper
- \$ 11,300 – Payment on the new small chipper truck
- \$ 30,000 – Payment on the new trash truck

Council President Ratchford asked if purchase of the trash truck could be deferred one year. Mr. Barthel advised that it could be deferred; however, the truck being replaced has extreme wiring problems, it has no air conditioning, it has problems with the engine, and if it is disabled only one trash truck would be available for all pick-ups. In addition, there would be potential repair costs, and if one truck did go down there would be overtime expense.

Page 10 – Mayor and Council – Contributions

Council President Ratchford noted that number includes:

- Historical Society - \$1,000
- Library - \$1,000
- Arasapha - \$750
- Senior Center - \$1,000
- Flower Beautification Committee - \$1,000
- Good Will Fire Company - \$1,000

Page 11 – Transcription Services

Councilperson Smith asked how much of the work could be done in Committee as opposed to having public meetings that would require transcription, and if transcription services could be reduced. Council President Ratchford suggested the number be reduced by \$5,000. During discussion it was noted that more transcription services were used this year and the cost went over budget. Councilperson Leary suggested it be lowered to \$9,500. Councilperson Platt noted that everything the Council does must be public, which requires transcription. Mr. Barthel suggested \$15,000 may be high; however, he recommended erring on the side of caution. Councilperson Leary suggested that there may be other groups already working on projects the Mayor has earmarked for Council involvement. After discussion it was agreed to reduce Transcription Services to \$10,000.

Page 13 – Computer Hardware

Mr. Barthel advised five new computers are being purchased.

Page 13 – Janitorial Services

Ms. Walls noted that the number of cleanings at the Trolley Barn has been reduced.

Page 14 – Software Support / PR Contract

Council President Ratchford noted this item includes:

- Web Consulting - \$6,000
- Form Site - \$300
- ADP - \$12,600
- Edmunds - \$12,600

Page 16 – Capital Reserves

This amount is held for potential repairs. Mr. Barthel noted there is \$5,000 reserved for general maintenance in each department. Council President Ratchford suggested this item be reduced to \$25,000. Mr. Barthel noted \$30,000 is a conservative number, and there is concern with repairs

for the Police Station; however, the Council can reduce it. Councilperson Platt stated he is comfortable with \$30,000. After discussion it was agreed to reduce the amount to \$25,000.

Page 17 – HR / Other Legal

Councilperson Leary clarified that this amount is for the franchise. Mr. Barthel advised \$20,480 was added for the Cohen Law to perform franchise audit and renewal. Councilperson Smith asked for clarification of the Verizon/Comcast negotiation. Mr. Barthel noted the franchise agreement is for them to come into the City to provide services. He added that in the audit they go through the current contract, identify what fees the City received, and identify what fees the City should have received. As part of that audit the City may recover more funds that perhaps the City is not getting. The City Solicitor has recommended that because of the complexity of the agreements and the business the City knows if they are receiving everything to which it are entitled.

Page 17 – City Solicitor

Councilperson Leary noted this amount increased by \$13,000. It was noted that this item went over budget in 2018. Mr. Barthel added that the City Solicitor was given a raise, adding it has been many years since his hourly rate was increased. Council President Ratchford noted that it is very beneficial to have the City Solicitor attend meetings, but added that if he was not present and discussion included a topic that did not require his immediate advice the issue could be deferred to a later meeting. Councilperson Leary asked if there was an option to have him absent at some meetings, and what those parameters would be. Council President Ratchford recommended the Council use discretion as to when the City Solicitor's attendance is required.

Page 7 – Truck / Vehicle Repair/Maintenance

Council President Ratchford asked to revisit this item for clarification. Mr. Barthel explained the truck that pulls the chipper has not required significant maintenance; however, they are having issues with the transmission, the floorboard in the front is rotted out, and it is unsafe. Much of the money for repairs is being spent on the 2012 trash truck, which will become the "backup" truck in a few years. The life of a garbage truck is approximately 10-12 years. Mr. Barthel will review the maintenance log considering two vehicles. Council President Ratchford noted there would be no change at this time.

Questions on Expenses:

Council is seeking to understand more clearly on certain issues, and Mr. Barthel will come back to Council regarding:

- Ammunition / Range Supplies
- Radios
- Seasonal Uniforms
- Truck Expenses / Vehicle Maintenance Logs

Budget Changes Recap:

Ms. Walls noted the changes made:

- \$ 2,000 – Canine
- +\$19,000 – Grass Clippings
- \$ 5,000 – Transcription
- \$ 5,000 – Building Repairs
- \$14,600 – Surplus

Grants:

Councilperson Leary suggested deferring a discussion on grants until Mr. Barthel responds to all questions and Council President Ratchford concurred.

Recap:

Council President Ratchford noted that the total unallocated amount including contributions is \$20,350. Ms. Walls will run a new report for the next meeting.

Other:

Council Members will consider fees, including which fees are cost-recovery, whether the City is recovering all the cost, and which fees cannot be touched. Council President Ratchford noted that “fees” covers the cost of registering businesses. An in-depth discussion regarding fees will be held at a subsequent meeting. Other items for future discussion are flood production, storm water, and emergency services fees. Councilperson Leary noted that many people do not understand the cost of running the Fire Company.

Next Meetings:

- June 11, 2019 – Regular Council Meeting
- June 13, 2019 – Budget Workshop
- June 19, 2019 – Budget Workshop
- June 24, 2019 – Budget Workshop

Councilperson Platt made a Motion to adjourn the meeting. The Motion was seconded and unanimously carried. The meeting adjourned at 8:22 pm.

Kathy Weirich
Stenographer