

**City of New Castle Delaware
City Council Budget Workshop
Friday, May 15, 2020
3:30 p.m.**

Present: Council President Linda Ratchford
Councilperson Valarie Leary
Councilperson Suzanne Souder
Councilperson Michael Platt
Councilperson Russell Smith

Also Present: William Barthel, City Administrator
Kathy Walls, Finance Coordinator
Janet Carlin, City Treasurer
Diane Delgado, Finance Clerk
Brian Whitaker, City Clerk
David Athey, City Engineer

Council President Ratchford called the meeting to Order at 3:30 p.m. Roll Call followed.

Council President Ratchford asked for an overview of the City Budget. City Administrator Barthel explained that very conservative projections were used due to the pandemic and the uncertain state of the economy, and according to the three-year report, the US economy could take three years to recover from the pandemic. After taking everything into consideration, the recommendation is that the Budget be revisited in December or January to assess revenues, and make a determination as to whether the Budget should remain conservative or if some changes can be made. It is not assumed that any funding will be received from the State at this time.

Councilperson Smith asked if final decisions were being made at this meeting, and City Administrator Barthel explained this is the first review of the Budget. Council President Ratchford added that the Budget has not yet been passed and changes can be made up until it is passed.

Budget Updates

Public Safety

Vacation/Sick Sell Back – Councilperson Souder noted that this Budget line item has been underestimated for the past four years. City Administrator Barthel explained that as the Police Department is getting younger the sell-back option probably will not be used as often. Council President Ratchford asked Councilperson Souder if she is suggesting that those items be increased as a contingency due to the uncertainty of the economy, and Councilperson Souder affirmed that was her suggestion. It was noted that if the staff in those departments is changing, there may not be a need to increase those items.

Ms. Carlin clarified the current fiscal year budget ends June 30, 2020, the proposed Budget is for July 1, 2020 to June 30, 2021, and that the “Actual” figure is actual to the date the Report was run.

Council President Ratchford confirmed that the Police Department consists of a total staff of 20. City Administrator Barthel noted that in discussions Chief McCabe and Captain Shughart stated they would stay with 17 Officers, and it is unknown when another Academy will be held. Councilperson Leary noted that if it was determined additional Officers were needed at mid-year Chief McCabe could advise the Council, and City Administrator Barthel concurred. City Administrator Barthel also noted that certain items have been cut from the Budget (MS4, legal expenses, employee redemption fund, and a police car), and if it is determined that the Budget is too conservative at mid-year and there are additional tax revenues available, those items can be prioritized.

Security Cameras/Citywide – The contract for camera monitoring will not be renewed and the City will self-monitor the security cameras. Cameras will be serviced on an as-needed basis and can be monitored by Chief McCabe, City Administrator Barthel and Captain Shughart from their computers and phones. The biggest difference is that the monitoring company is more adept at locating footage of specific incidents that need to be reviewed. If it is determined at mid-year that self-monitoring is not working, the contract can be reinstated.

Canine Supplies – The Police Department is not considering getting a service dog at this time. City Administrator Barthel explained that during discussions it was determined that if a canine was obtained, a new police car would be necessary also.

Medical Testing – Councilperson Smith asked if there would be a line item for COVID testing and City Administrator Barthel advised that there is a line item for COVID-related expenses, which is covered by the Federal Government. Ms. Walls explained the JAG Grant of \$9,500 was awarded through the CJC for COVID-related items. City Administrator Barthel noted that expenses were submitted through ADP for a person who was quarantined and the City received a credit equal to the amount paid for the quarantine period. City Administrator Barthel and Ms. Walls confirmed that there is no charge for testing.

Investigative/Evidence Testing – Councilperson Platt asked if the City is reimbursed for DUI testing and Ms. Walls stated that the City is not reimbursed for such testing. Council Person Ratchford asked for clarification of testing and Ms. Walls explained that Medical Testing is for our own people and Investigative/Evidence Testing is for blood draws and DUI arrests.

Capital Outlays/Equipment & Vehicles – City Administrator Barthel stated that no new vehicles are proposed in the Budget, and the City is proposing to pay off the other two vehicles in the current fiscal year. Ms. Walls explained the principal on the 2018 and 2020 Tahoes is approximately \$43,000 and that would be paid in a lump sum before June 30, 2020.

Seasonal Bike Patrol

Councilperson Platt asked if it was wise to cancel the seasonal bike patrol, noting that the number of visitors coming through the Markel Trail has increased and the park will be opening up soon. City Administrator Barthel stated the seasonal bike patrol officers are not official

Police Officers and Chief McCabe was adamant that they not be exposed to the potential of contracting COVID-19; thus, the Seasonal Bike Patrol program has been suspended for the summer 2020 season.

City Administrator Barthel added that depending on whether there is a second or third phase of the virus, the Seasonal Bike Patrol program may also be suspended for the summer of 2021; however that issue can be revisited mid-year. Councilperson Platt noted that when the parks do open, they City will need staff to monitor social distancing. In discussions Chief McCabe stated to City Administrator Barthel that if the park opens with social distancing and mask restrictions, it will be very difficult to monitor the park. There are also concerns about exposing City Officers or seasonal staff to the potential of contracting the virus and any potential liability to the City.

Councilperson Smith expressed his concern that seasonal officers may be exposed to high-tension situations and asked what kind of training they receive. City Administrator Barthel explained that four seasonal officers are hired so they can patrol in pairs. They have a supervisor and receive training on how to handle various situations they may encounter.

Ms. Walls noted that the Seasonal Bike patrol training for Summer 2020 is part of the current Budget and the hiring and training of that staff has not happened. Next year's Budget includes staffing for June-August 2020 and hiring and training April-May 2021. Seasonal Bike Patrol can be revisited in December to determine if staff should be hired for Summer 2021.

Council President Ratchford noted that the park parking lots are closed and the park is currently closed to non-residents, but is open to residents using social distancing. These precautions should limit the number of park users to a manageable number.

Public Services

Temporary Labor – City Administrator Barthel explained that category is for part-time staff to augment full-time staff in the event any staff is off work for an extended period of time during peak seasons. If any full-time staff must be quarantined due to COVID-19, that portion of payroll would be covered under the CARES Program. During discussion Ms. Walls explained the financial aspect of how salaries would be offset by reimbursements. Councilperson Leary expressed her concern that services would be reduced and City Administrator Barthel stated that no services to the residents will be reduced. Council President Ratchford noted that street sweeping has been suspended at this time.

Yard Waste – Councilperson Platt opined that grass clippings pick up should not be eliminated. City Administrator Barthel noted that in the current environment there are Budget constraints that must be met and hoped that residents would be understanding of the fact that grass clippings pick-up is suspended for summer 2020. Council President Ratchford opined that suspending the pick-up of grass clippings is logical under the current situation; however, she also feels it is a detriment to residents with large properties. She suggested that more education and communication to the residents would be beneficial. During discussion it was noted that the cost

per ton of processing trash vs yard waste is the same for trash and grass clippings. There is no fee for leaf dumping at the landfill in Dobbinsville.

Truck/Vehicle Repair/Maintenance – Councilperson Platt asked if that expense will be reduced as a result of new equipment that has been purchased. City Administrator Barthel explained that figure is the same because the City is still working with the old garbage trucks. The 2012 truck has cost significantly more in repairs than the others.

Safety Equipment/Signs/Markings – Councilperson Leary noted that expense has been reduced significantly, and City Administrator Barthel explained that the current Budget included Stop signs and Street Sweeper signs, and the reduction is more in line with anticipated expenses.

Street Materials – Councilperson Smith noted that there is nothing budgeted for street materials. Ms. Walls explained that Public Works felt street materials was an area that could be cut based on last year's expenses. During discussion it was noted that the 2018 and 2019 expenses included the purchase of mulch, which does not need to be refurbished right away and mature trees are no longer being mulched.

Street Repairs – This item includes blacktop for pot holes and small repairs. Materials for small patching would be under Street Materials.

Equipment – Parks

Pruning/Planting Trees – This item is for major pruning that must be outsourced and there is no budget for planting trees. MSC will prune and cut where they can. Council President Ratchford opined that the Budget is still too low if there is any major tree work that needs to be done. This item can be revisited mid-year. During discussion, it was noted that there are a number of large trees that were removed and replacing them should be considered.

Capital Outlay

Handicap Curb Ramps – Due to the Delaware Street project, work on handicap curb ramps was put on hold.

Debt Service/Truck Lease – A payment for the street sweeper and the dump truck will be made in May. The City is still waiting for delivery of the new trash truck and the first payment on that will be made in the following fiscal year.

Pier Expense:DEMA – The normal expenses for the Pier are for the cost of monitoring the cameras. Pier expenses to date are minimal. The line item is maintained in the event there are any major Pier expenses. Ms. Walls explained why the line item is zeroed out and Pier funding/reimbursements.

Capital Improvement/Delaware Street – Ms. Walls explained that \$60,000 from CTF funds and \$27,300 from the remaining balance of the Municipal Street Aid Fund will be utilized for the first bills that come in, leaving the balance to be paid from the Restricted Funds.

Storm Drainage/MS4 – Ms. Walls explained that the reduction in this item was due to City Administrator Barthel re-negotiating contracts with the New Castle Conservation District and KCI and that work on the Catch Basins was not as extensive as initially anticipated.

Mayor and Council

Contributions – City Administrator Barthel noted that no funding was budgeted for contributions at this time. Ms. Walls added that the Budget as presented is balanced.

Mayor and Council, continued

Annual Calendar/Monthly Newsletter – Councilperson Smith opined that the calendar and newsletter are both valuable to the community. During discussion City Administrator Barthel explained that the Newsletter is produced in-house and MSC funds it; however, to present a balanced budget it was decided to eliminate the Calendar. Approximately 1/3 of the cost of the calendar is for postage. It was suggested that it is in the City's best interest to have a well-informed community and that the calendar be added back into the Budget. Council President Ratchford recommended that staff investigate options that might make production of the Calendar feasible.

City Clerk/City Treasurer

Salaries – Clerk/Treasurer – Council President Ratchford noted that if these positions are assigned to staff in April 2021, this item would still be need to be budgeted for the upcoming Budget.

Administration

Computer, Hardware & IT Services – Ms. Walls advised that projections were made on the current contract, and it is not anticipated that there will be a need for hardware replacement.

Administration, continued

Software Support/PR Contract – Ms. Walls provided an explanation of the City's contract with Foresite for the benefit of Council members.

Building Maintenance

Battery Park/Porta Potties – The porta potties in Dobbinsville and Battery Park have been removed. Council President Ratchford recommended that the porta potty in Battery Park be budgeted for next year, assuming the parking lot will be open later this year or next year.

Insurance

Public Officials Liability – This item includes liability insurance for all Council members.

City Solicitor – It is anticipated that legal fees will be less next year. Legal fees for COVID-related issues will be reimbursed. Councilperson Leary asked if it was known who initiates work from the City Solicitor and if his services are being overused or used inappropriately. During discussion, City Administrator Barthel stated that he felt the Solicitor's services were being used

appropriately. It was also noted that any time a City employee calls, texts or writes to the City Solicitor and he responds, his time will be billed. It was recommended that City staff be contacted first with questions/issues for resolution before contacting the City Solicitor to curtail unnecessary legal fees, and that everyone be cognizant of the need to include the City Administrator in communications or discussions. City Administrator Barthel added that he felt the City Solicitor's hourly rate is appropriate based on what other communities are charged. Councilperson Platt suggested that communications to the City Solicitor be tracked going forward.

Planning Commission

Comprehensive Plan Update – There should be no additional expenses in connection with the Comprehensive Plan with the exception of some printing expenses.

Historic Area Commission

Professional Development & Training – Council President Ratchford noted that in order to continue as a Certified Local Government annual training is required, and suggested that training to maintain the City's certification could be informal.

Long Term Financing/Reserves

Accrued Benefits – Councilperson Leary asked if that line should be funded, and City Administrator Barthel agreed that it should; however, it is anticipated that many senior staff entitled to accrued benefits will not be leaving their employment with the City. This is a priority item. Ms. Walls explained the goal of the Accrued Benefits Budget line is to be completely funded and the City works to maintain the reserves.

Revenues

City Administrator Barthel gave an update on the rationale on assumptions for Revenues.

Property Tax – In researching the escrowed and non-escrowed revenues, and factoring in the uncertainty of the unemployment rate of residents and businesses that may not reopen due to COVID-19, it was decided to take an amount equal to 15% of non-escrowed funds and reduce the Budget line by that amount. Council President Ratchford asked if the research compared what happened to property taxes during the financial crisis. City Administrator Barthel stated that the financial crisis was a purely economic event, whereas the current situation has many unknowns and it was agreed that it was necessary to make the assumption of a 15% reduction in property tax revenue.

Tax Penalties – Ms. Walls explained that a large portion of the amount owed is uncollectible because it is on properties that have been accumulating penalties for very long periods of time. A concerted effort was made to recoup penalties through Sheriff's Sales has been successful; however because of the current restrictions, Sheriff's Sales are not being held. Feedback from Council regarding how aggressive the City will be in collecting tax penalties will be sought.

Business Licenses – It is unknown how many businesses will go out of business or will not renew their business license as a result of the pandemic; therefore a 39% reduction in revenue was made on the Budget line. Council President Ratchford asked what percentage of business licenses are from businesses located in the City vs those not located in the City. City Administrator Barthel will provide those numbers to Council. Ms. Walls added that those numbers constantly change.

Building/HAC Fees – Ms. Walls discussed the source of the revenue this year for the benefit of Council members.

Building Department Penalties – Ms. Walls explained the category for the benefit of Council members.

Vacant Building Registration Fees – Ms. Walls explained that revenue is based on vacant building registration fees that are billed. The number of non-registered vacant buildings in the City has been reduced, and properties that meet the criteria for non-registration do not pay the Registration Fee.

Code Violation Penalties – Ms. Walls explained that the procedure in the Charter for Code Violation Penalties must be followed. A Code Violation does not carry a charge. The charge for code violations is for “excessive consumption” when Mr. Furio Casale, Code Enforcement Officer, is required to re-inspect the property and the property owner is not mitigating the violation. City Administrator Barthel added that COVID-19 restrictions are also an issue at the present time in fees not being charged. Often Code Violation Penalties are not paid until the property comes up for Sheriff’s Sale or is sold and the penalties are collected at settlement.

Police Pension Supplement – Ms. Walls explained that this line item is a State funded supplement received from the State to offset the employer’s cost of the matching portion of the pension, and it is unknown if the City will receive that supplement this year.

Pay Job Reimbursement – Ms. Walls explained that this line item is reimbursement for Police Officer salary plus 35% overhead charged to any agency that hires a City Police Officer for security.

Miscellaneous

During discussion, it was noted that the General Fund Budget does not include Grants and Donations. A separate Grant Budget will be submitted and those funds can only be applied to items designated in the Grant and cannot be used to offset General Fund Expenses. Council President Ratchford asked for a list and suggested Council reach out to Legislators. Ms. Walls added that by mid-year the City will know if the State will be providing any funding and by July 1 if any Grant funding will be available. There was a discussion of Separation Day funds being carried over.

Councilperson Leary expressed her hope that by mid-year many of the cut-backs can be reversed. Council President Ratchford expressed her concern for the non-profits and suggested that staff review the categories to see if there is a way to be optimistic in any of the categories. She opined that there may be more that can be done mid-year.

Councilperson Platt asked when the Senate will advise the City of any funding and City Administrator Barthel stated the City should know by the first week of July if municipal street aid or pension supplement funding is available from the State.

Councilperson Platt asked about raising taxes, and Council President Ratchford stated that raising taxes is the discretion of City Council and is part of the Budget Approval process, and expressed her personal opinion that it is not the right time to raise taxes. A discussion of a recent article regarding property taxes was held. Council President Ratchford noted that the City might not have a choice in raising taxes, but opined that the Budget as presented continues all the level of services and keeps employees on staff, and she expressed her appreciation to the staff for being conservative. She also noted that the numbers should be studied and further discussions should be held.

Councilperson Platt made a Motion to adjourn. Councilperson Souder seconded the Motion. On vote, the Motion was unanimously approved and the meeting adjourned at 5:49 pm.

Respectfully submitted,

Kathy Weirich
Stenographer