

**City of New Castle Delaware
City Council Budget Workshop
Thursday, June 4, 2020
3:00 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

Council President Ratchford called the meeting to Order at 3:00 p.m. Roll Call followed.

Council President Ratchford asked City Staff to review the changes in the General Budget from the last Budget Meeting. City Administrator Barthel stated that the City submitted a reimbursement request of \$161,403 to Delmarva Power for the Delaware Street Project and was anticipating a reimbursement of \$125,000; however, Delmarva has agreed to the full reimbursement request which gives the City a \$36,403 increase for the Budget. The traffic lights at Delaware Street were omitted from the Budget reviewed at the last meeting and DelDOT is still planning on proceeding with that project for a cost of \$17,000.

Delmarva Reimbursement	\$36,403
Delaware Traffic lights	<u>-17,000</u>
Net	\$19,403
Interest Income Reduction	<u>- 5,000</u>
Net	\$14,403

Council President Ratchford asked the City Administrator for an update on vehicles. City Administrator Barthel stated that the City typically purchases a number of vehicles for the Police Department each year; however, it was decided not to purchase any new Police vehicles in the upcoming year. If one vehicle is needed for the Police Department Detective, the City is in possession of a repossessed vehicle that could be used for that purpose.

Two vehicles that should be purchased in the near future and that were not included in the proposed Budget are vehicles for the City Building Inspector Jeff Bergstrom and the City Code Enforcement Officer Furio Casale at an estimated cost of \$16,000 (\$8,000 for each vehicle).

During discussion, City Administrator Barthel opined that the proposed Budget is adequately funded for vehicles and it should not be necessary to purchase any new vehicles in the upcoming fiscal year. He added that if funds are available, the purchase of new vehicles should be a priority. Another factor is that due to distancing rules Public Works vehicles are still being

manned by only one person and some employees are actually using their own vehicles. The K-9 vehicle is presently being serviced and cleaned for use by Public Works to alleviate the need for the City to rent a car. Police Officers do take their vehicles home. Councilperson Platt asked if the Administrator's vehicle could be used by Public Works, and the City Administrator stated that was an option as well.

Council President Ratchford recapped that it is not necessary to adjust the proposed Budget for vehicles. In response to a question from Councilperson Platt she stated that the proposed Budget is being planned for the entire fiscal year. She added that Council will meet in November or December to review revenues and expenses.

Line Review - Expenses

Page 3 – Building Repairs/Maintenance

Council President Ratchford asked if this item is adequately funded for the fiscal year. The City Administrator explained that Council agreed that \$5,000 was adequate for the 2019 Budget. He noted that based on projected revenues and the fact that the City does not anticipate any major repairs at this time, he feels that \$5,000 is adequate for the proposed Budget. He added that if at mid-year revenues are higher than projected, the Budget can be increased for priority items.

Page 3 – Building Heat/Electric

Councilperson Smith noted that Line Item was significantly under budget in 2019 and asked if those same savings were not anticipated for the upcoming year. During discussion it was noted that the 2019 winter was unusually mild and for the past several months only one employee has manned the City offices, which attributed to those savings. Ms. Walls explained that billing for the months of May and June are not reflected in the 2019 actual figure.

Page 4 – Range Supplies

City Administrator Barthel explained that more candidates went through the Academy in the last year than are anticipated for the upcoming year

Page 5 – Seasonal Bike Patrol

Councilperson Leary asked if funds should be budgeted for Seasonal Officer training and salaries. City Administrator Barthel explained that the program is worthwhile; however, it is uncertain if the virus will spike in the fall or the spring. Councilperson Platt agreed that the Budget should be funded for seasonal Officers training in the spring.

After discussion it was agreed that \$8,700 should be budgeted for Seasonal Officer training, uniforms and physicals.

Page 7 – Temporary Labor

Council President Ratchford noted that item has been over budget for the past several years. City Administrator Barthel explained that seasonal help is sometimes used in the fall and spring; however, the Temporary Labor Line Item is typically offset by a reduction in Employee Salaries when a full-time employee is out for an extended period of time.

Page 8 – Yard Waste

Councilperson Leary stated that additional funding should be added to this Line Item for grass clippings pick-up. City Administrator Barthel noted that the City should proceed with education of the reasoning for eliminating grass clippings pick-up for the 2020 summer season covered by the proposed Budget (July-October/November). Grass clippings cannot be added to Yard Waste or Trash pick-up. An in depth discussion included the rationale for suspending grass clippings pick-up and options available to residents, including residents taking grass clippings to the dump and the use of a mulching mower. Pick-up of grass clippings for June is funded in the 2019 Budget and will continue as planned. The proposed Budget includes funding for other items taken to Dobbinsville associated with Yard Waste.

Council President Ratchford expressed her concern for the level of service provided by the City and asked for all Council members' input. City Administrator Barthel noted that dumping fees for grass have gone down over the years and added that 10% of regular trash can be grass clippings; however, if residents add grass clippings to regular trash, the fee for regular trash pick-up will increase and the City may be cited if grass clippings are excessive, which could result in City staff being required to inspect trash for grass clippings. During further discussion, it was noted that there would be a minimal savings if Yard Waste pick-up was suspended for the months of January-February.

Councilperson Leary opined that the service could not be discontinued with such short notice and suggested that if the service is discontinued it should be in the following year's Budget. Councilperson Smith agreed, noting that sufficient notice would have to be provided and suggested the City charge a fee for the service. Councilperson Platt stated that grass clippings pick-up could be limited to 3-4 months. There was further discussion regarding how the City handles charging fees for excessive trash pick-up and the revenue that generates.

Council President Ratchford stated that Council's decision is to begin education to the community and continue pick-up for grass clippings for 2020, but not to levy a charge for pick-up without further consideration. After discussion, Council agreed that funding for grass clippings pick-up will be increased to \$10,000 in the proposed Budget, and Council will review this item mid-year.

Page 9 – Sand & Abrasives/Snow & Ice Control / Outside Contractors/Snow & Ice Control
The City still has a supply of sand at the Barn. Outside contractors are only used when the City cannot clear the snow and it has to be trucked out.

Council President Ratchford stated that the proposed Budget is adequate for these line items, noting that it is not possible to predict snowfall for the upcoming winter.

Page 9 – Pruning/Planting Trees

City Administrator Barthel explained that the City will continue to maintain the trees and do what is necessary to prevent any liability to the City. The proposed Budget is for tree work that the City cannot do. MSC and the City work together for tree work. If trees are blocking a line,

MSC will prune those trees. If neither MSC nor the City can do the work, an outside company is contracted for the job. During discussion it was noted that trees on Harmony Street were over pruned by MSC. The trees eventually had to be removed and MSC paid for planting new trees. After discussion of previous years' tree work and whether funding for unexpected work was necessary, it was noted that in the event it is necessary to remove a tree the work will be done.

City Administrator Barthel stated that in any emergency situation, the City will take whatever action is necessary to correct the situation in order to avoid any liability to the City. The City Administrator briefly explained how the Budget is managed.

Council President stated that Line Item would be reviewed mid-year.

Page 10 – Storm Drainage/MS4

Councilperson Leary asked if there are any catch basins in the City that require repair. City Administrator Barthel noted that as a general rule of thumb, the cost to repair a catch basin runs from \$3,500-\$6,000; however, it could be higher if more extensive work is required. There was discussion of the cost of catch basin repairs in the last year.

After discussion Council President Ratchford stated that this item would be re-evaluated mid-year.

Page 10 – Handicap Curb Ramps

Councilperson Smith opined that this item should be reviewed mid-year.

Page 12 – Annual Calendar/Monthly Newsletter

Councilperson Leary stated that the calendar should be added back to the proposed Budget. The calendar cost is approximately \$3,600.

After discussion Council President Ratchford stated that \$3,600 would be added to the proposed Budget for the Annual Calendar.

Page 12 – Transcription Services

Councilperson Smith noted that transcription services will increase, and City Administrator Barthel noted that the current format is working very well.

Council President Ratchford stated that \$2,500 would be added to the proposed Budget for Transcription services.

Page 15 – Building Repairs - Administration

Councilperson Leary asked if the budgeted amount was sufficient. City Administrator Barthel reiterated that any emergency repair would be done. Ms. Walls reviewed repairs done in the last year (roof repair, railing repair, inspection for fire extinguishers, interior light repairs). It was noted that each Department has a Building Repairs Line Item.

Council President stated that this item will be reviewed mid-year.

Page 16 – Software Support/PR Contract

The decision was made to cancel the Web Consultant contract and have staff troubleshoot any issues that arise. If staff cannot resolve any issues the consultant will be called in on an as-needed basis. If it is determined that staff cannot handle issues, the consultant contract can be reinstated.

Page 17 – Pre-employment Background Investigation

Councilperson Platt asked if pre-employment checks would be done by City staff, and City Administrator Barthel noted that the City does not anticipate hiring any additional staff in the foreseeable future.

Page 18 – Battery Park/Porta Potties

Councilperson Leary opined that one porta potty should be set up in Battery Park. The Kalmar Nyckle is scheduled to come into port in July and August, however that is not definite. Council President Ratchford opined the porta potty needs to be kept in Dobbinsville and one extra should be brought into Battery Park for events. She added that the Trustees expect to have a new disinfecting procedures established for the permanent rest rooms and the City can apply for reimbursement through the CARES Act. City Administrator Barthel explained the ownership of Battery Park to the County and it appears the cost to disinfecting the permanent rest rooms will be reimbursable to the City. During discussion City Administrator Barthel asked how often the porta potties would need to be disinfected, and who would do the work.

Council President stated that \$2,000 should be added to the proposed Budget for porta potties.

Page 19 – HR/Other Legal

Councilperson Leary asked if a sufficient amount was budgeted for this item. City Administrator Barthel noted that the proposed Budget reflects an amount the City felt was appropriate; however if additional funds are available, this is an item that should be considered a priority.

Page 20 – Comprehensive Plan Update

In response to a question from Councilperson Leary, City Administrator Barthel explained that the Plan is not yet completed, and he will clarify with Mr. Baldini that no additional funds are required.

Page 20 – Professional Development/HAC

Council President Ratchford noted that in order to retain the City's Certified Local Government status a HAC annual training session must be held. City Administrator Barthel advised that Ms. Leila Hamroun, Architectural Consultant to the HAC, is looking into this to determine if she can conduct the training, and he will follow-up with her.

Page 21 – Accrued Benefits

City Administrator Barthel agreed the City is underfunded; however it is not anticipated that many senior staff will leave their employment in the next year. This will be revisited mid-year as a priority item.

Nonprofits

Council President Ratchford expressed her concern that contributions to non-profits are unfunded in the proposed Budget and she noted a number of non-profits that the City historically supports. She stated that a decision on most of the non-profits can wait until mid-year; however, a decision for the Arasapha Garden Club for Christmas Wreaths needs to be made by August 1. During discussion, Councilperson Souder agreed that Arasapha needs to be funded. A discussion was held of how much the non-profits are asking for and what the funds will support.

Council President stated that \$1,500 would be added for Arasapha Garden Club for Christmas Wreaths.

Line Review – Revenues

Councilperson Leary opined that some revenue Line Items appear to be overly conservative. In discussion, a comparison to Wilmington's Budget was held and City Administrator Barthel noted that a comparison between Wilmington and New Castle was not practicable. He added that property taxes for 2/3 New Castle properties are non-escrowed. City Administrator Barthel also noted that the reduction in presumed revenue for Property Tax Transfers was made based on historic review of transfer tax income and advice from a local realtor who is very familiar with New Castle's real estate situation.

Councilpersons Smith and Leary noted that after a review and comparison of the 2009 and 2010 final Budgets to the proposed Budget, they both felt the proposed Budget is overly conservative. Councilperson Leary suggested Property Tax Transfers could be raised \$25,000-\$50,000. During discussion Councilperson Platt noted that in 2009 there was a mild recession while the current situation is nearing a depression, and opined that the proposed Budget should be extremely conservative. He added that current unemployment is at approximately 22%.

During further discussion, it was noted that the proposed Budget reflects a surplus of \$14,403 and \$23,300 has been recommended as additions, which results in a deficit of \$8,897.

Councilperson Souder suggested that Property Tax Revenue could be reduced by 8%. She added that unemployment is high right now. City Administrator Barthel stated peak unemployment in 2009-2010 was 8.9%; Councilperson Platt pointed out unemployment is currently at approximately 20% and rising; and the housing downturn was not global. The entire globe was shut down for three months in 2020. Councilperson Leary opined that there are still adjustments that can be made to make up the deficit and continue to provide services to the community. She added that the City needs to repaint and/or replace trash cans and noted that if the City buys two, the New Castle Community Partnership (NCCP) will donate two. During discussion, it was

noted that discretionary funding for nonprofits and beautification of the City is important; however, at this time hard decisions need to be made.

Councilperson Platt noted that other cities are being very conservative, and suggested that rather than install decorative lights on Delaware Street that standard lights could be installed in order to save money.

Councilperson Leary suggested that Property Tax Transfers be reduced by 50% instead of 55.56% which would net \$12,500. In discussion, it was noted that would cover the deficit and leave a surplus of \$3,603.

Councilperson Platt noted that there is a strong possibility the City will not receive any funding from the State.

Ms. Carlin noted that there has been no discussion on other contributions and when the organizations need the funding. Council President Ratchford noted that the City relies on the nonprofits and suggested that each Councilperson reach out to one of the nonprofits to determine their need.

Councilperson Smith noted that in conversation with the Director of the Library, it was made clear that the Library is a County Library and not a City Library, and expressed his opinion that he would not support a donation to the Library. Councilperson Platt concurred with Councilperson Smith's interpretation of the conversation. Council President Ratchford stated that the library has a blended income stream with funding from the State, County and Trust and that it is important that the City also support the Library. Councilperson Smith clarified that he is not suggesting that no contribution is made to the Library, but suggested that Council not increase its contribution.

Councilperson Leary noted that NCCP is a matching request and reiterated that the City needs new trash cans and if the City purchases two trash cans, they will donate two trash cans. Councilperson Souder noted that Arasapha is also a matching request. During discussion it was noted that beautification of the City is uplifting and positive for the City and residents.

Councilperson Platt commended City Staff for presenting a balanced Budget and reiterated his opinion that the Budget should be conservative. Council President Ratchford noted that the City may have more expenses and outreach that are unidentified at the present time.

Ms. Walls stated that in order to achieve a Balanced Budget, a revenue line must be increased by \$8,897. Councilperson Leary reiterated her recommendation that Property Tax Transfers be reduced to 50%. Councilpersons Souder and Platt stated that the risk was modest and agreed to the reduction.

Page 22 – Property Tax Transfers

Council President stated that Property Tax Transfers will be reduced from 55.56% to 50% on the proposed Budget, adding \$12,500 to Revenues.

Page 22 – Property Tax

Council President Ratchford asked if the Property Tax line could be reduced by 10% instead of 10.25% and Ms. Walls explained that calculation was determined by computing a 15% reduction of the non-escrowed taxes.

Page 22 – Business Licenses

City Administrator Barthel noted that the City is still getting applications for business licenses, which is attributed to contractors and opined that the budgeted number may not be conservative enough.

Page 22 – Building/HAC Applications

Councilperson Leary advised that she spoke with Ms. Laura Fontana, Chairperson of the Historic Area Commission, and Ms. Fontana opined the budgeted amount was too low and suggested raising it to \$55,000 based on the presumption that people will continue to make improvements and will continue to apply to HAC for approvals.

Councilperson Souder noted that with the increase in the Property Tax Transfers budget line there is a surplus of \$3,603, and asked if Council members felt it was still necessary to seek more revenue changes to the Budget at this time, noting that Council will review the situation mid-year. Councilperson Platt and City Administrator Barthel concurred.

Recap of Proposed Budget Changes:

Proposed Budget Surplus		\$14,403	
Additions to the Budget			
Seasonal Officers	\$ 8,700		
Grass Clippings	\$ 5,000		
Calendar	\$ 3,600		
Transcription	\$ 2,500		
Porta Potties	\$ 2,000		
Arasapha	<u>\$ 1,500</u>		
Total		<u>\$23,300</u>	(\$8,897)
Additions to Revenue			<u>\$12,500</u>
Net Surplus			\$ 3,603

Council President Ratchford asked what the City Administrator felt were priority items that merited an increase. City Administrator Barthel identified priority items:

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- Two vehicles (Building Official/Code Enforcement Officer)
- Accrued Benefits
- Police Car
- Garbage Truck Payment
- Legal
- Recreate the Street Fund
- Web Service
- MS4

City Administrator Barthel reminded everyone that the Budget may be conservative; however he feels strongly that there will be lasting effects of COVID-19 through the next three or four Budget cycles and urged Council to be cautious about setting up the City's finances for the upcoming year and potentially the following year. He added that after the real estate downturn it took six years for unemployment to come back, and a long time for the City Transfer Tax to return to its base.

Council President Ratchford asked the City Administrator to keep a list of priority items. She added that it is quite possible the State will not be able to offer funding to the City this year, and the City needs street funding.

Council President Ratchford restated that donations to nonprofits can be postponed other than Arasapha; Council will reach out to the nonprofits to determine their needs; and there is a small surplus. She added that more information is needed with regard to the HAC training and the Planning Commission. Each of the Council members will reach out to one of the nonprofits:

- Councilperson Smith - New Castle Historical Society
- Councilperson Leary - New Castle Community Partnership
- Councilperson Souder - New Castle Public Library
- Councilperson Platt - New Castle Senior Center
- Council President Ratchford - Goodwill Fire Company

City Administrator Barthel will reach out to the Planning Commission and Ms. Hamroun for HAC Training. He will also look into retrofitting the Office.

A Budget Update is on the June 9 Council Meeting Agenda, and another Budget meeting will be scheduled for June 15th at 3:00 pm.

There being no further business to discuss, Council President Ratchford called for a Motion to Adjourn. Councilperson Leary made a Motion to adjourn. Councilperson Souder seconded the Motion. On vote, the Motion was unanimously approved and the meeting adjourned at 5:47 pm.

Respectfully submitted,

Kathy Weirich
Stenographer