

**MINUTES OF THE MEETING OF THE
CITY OF SEAFORD MAYOR AND COUNCIL**

November 7, 2016

7:00 PM

Mayor David Genshaw called the Regular Meeting to order with the following present: Councilwoman Grace S. Peterson, Councilwoman Leanne Phillips-Lowe, Councilman H. William Mulvaney III, Councilman Orlando Holland and Councilman Dan Henderson. City Manager Dolores Slatcher, Charles Anderson, Assistant City Manager, Bill Bennett, Supt. of Electric, Trisha Newcomer, ED/IT Manager, June Merritt, Director of Finance/HR, Gary Flood, Chief of Police, and Rick Garner, Electrical Engineer were also present.

Mayor Genshaw offered the opening prayer and led those present in the Pledge of Allegiance.

Mayor Genshaw solicited any changes to the agenda. City Manager Slatcher, stated there was one. The approval of the Special FY18 Budget Workshop minutes on October 18, 2016 will be deleted due to the minutes not being prepared until today for review and were not able to be reviewed by the Council before tonight's meeting.

Mayor Genshaw called for a motion to approve the minutes of the Regular Council Meeting of October 25, 2016. Councilman Holland made a motion to approve the minutes from the October 25, 2016 Council Meeting. Councilman Henderson seconded the motion; motion so passed with all present voting in favor.

CORRESPONDENCE

There was none.

NEW BUSINESS

Mayor Genshaw presented New Business # 1, Mr. Jeffrey Walton and Mr. Joseph Griffin, Buck Consultants, LLC, a Xerox Company to present the General Employees Pension Benefit Plan. Mr. Walton and Mr. Griffin introduced themselves and thanked the Mayor and Council for having them present. Mr. Walton stated that governmental plans are exempt from ERISA which means that you do not have to pay any premiums which is like an insurance payment. He added that there are some flexibility in some features that the City has more than the private sector. When looking at what is needed to retire it is at least an 80% of pre-retirement earnings which come from all sorts of income. Retirement income typically has come from social security, employer sponsored pension/saving plans and personal savings. The City's plan uses three years of salary average of the highest years paid. It was added that one of the defined benefits of the City's plan is that vesting service for tenure; after ten years of service employees are vested. The plan replaces about 50% of your service up to 25 years of service. Normal retirement age is defined as later of age 65 and 25th anniversary of date of hire or later of age 62 and 25th anniversary of date of hire. Other benefits of the plan including early retirement, disability benefit and death benefits.

Mr. Griffin came forward stating that the City's plan is a 25 year plan that really targets 50% which means the other 30% has to come from social security or savings to make an employee whole. It was also pointed out that the City uses only base salary and does not do a cost of living adjustment over time like social security does. A study was done by NCPERS that was done in late 2015 on how many public sector employers have defined benefit plans. The study showed that 91% out of that study offered a defined benefit plan. The study also asked what kind of changes were being made to these plans going forward. The top item that the City has already taken on is employee contributions which are stepping up 1% percent each year with the maximum being 5% which will occur next year. The other thing that is being looked at is lengthening out requirements of when you can commence your benefit; maybe 65 or social security requirement age since studies are showing that people are working and living longer. The third item being considered is a different tiered benefit. He added that some plans are studying it, some are staying the course and some are tweaking some items with their benefits based on their particular situation.

Mr. Griffin then discussed the most recent evaluation and who is covered in this plan. As of July 1, 2016 there were 59 employee earning benefits, 13 former employees who have met the vesting requirements and 41 retired or beneficiaries receiving benefits. There are 113 total participants which has risen a small amount over the last four years.

The benefits are pre-funded which means that there are assets out there to pay for the benefits. Over the past two years assets have remained flat, there is 9.5 million as of July 1, 2016 and there is 1.4 million in employee voluntary accounts. The City has a unique feature that the employees can contribute a voluntary amount towards their retirement.

Mr. Griffin explained that as the City's actuaries they collect all of the data on the participants, collect assets of the plan, they know what the benefits are and they are going to collect all of this data to put into their model to predict a benefit for the 113 members for the rest of their life. Then that will be discounted back to the current date using the long term rate of return (7%) and come up with a liability. Currently, the City has a 16.2 million dollar liability as of July 1, 2016.

Mr. Griffin stated that the pension is funded over the employees career from the date that they are hired until they retire where there is a contribution made by the City and now the employee. That money is accumulated so that when the employee retires there is enough money to pay their benefit. As of July 1, 2016 there was an accrued liability of 13.5 million dollars with a 4.7 million dollar unfunded liability. There are future normal cost in the amount of \$1.1 million to be paid for by the City and \$1.5 million to be paid for by the employees.

The contributions are actually composed of three pieces. In 2016, 111,000 dollars was paid by the employee contributions which is 4% of their salary, \$137,000 is the amount that the City is going to contribute on behalf of the benefits being earned and \$368,000 in unfunded liability that is being paid over 30 years.

Mr. Griffin stated that the plan trend is a positive one; the City is contributing along with the employees and as a result the funding status is improving. The goal is to get the plan at 100% funded.

City Manager Slatcher added that the plan was well funded at one point in time and then the decision was made with the police department for them to go over to the state plan. Once that occurred, the general employees had to pick up all of the then police retirees which had no dollars put away for them because they were put away in the other plan. It is going to be calculated by the actuaries of what the unfunded liability is so that the Council can be made aware of that. Mr. Griffin stated that was a good point; the charts shown did not go back until 2009 when the change was made. When that change was made there was a significant drop since the police officers went into the state plan.

Mayor Genshaw asked if there was any suggestions or recommendations. Mr. Griffin said that the method that is being used is common and will get the plan to 100% funded at a point in time. They are making a recommendation of what needs to be paid to reach that status and the City is making that payment to get there.

Mayor Genshaw solicited any questions or comments from Council. Councilman Henderson asked if there was an expected time frame when they expect the plan to reach 100% funded. Mr. Griffin stated that if assumptions are met it would be a 30 year time frame. With that being said, you are vesting in the markets and a good portion of defined benefit is not only funded by the employer and employee contributions but also investment earnings so it could happen prior or later to that time frame. The 30 year time frame is calculated every time. City Manager Slatcher added that invested employees leave the plan due to death and you have new younger employees come onto the plan. Every year it is calculated on the five year average with the 30 year amortization.

Mayor Genshaw said that he wants to avoid where the plan is so far unfunded that a radical change would have to occur. If the City is doing the right thing to sustain the plan or if changes need to be made he would like to know. Mr. Griffin stated that the \$4.7 million is accrued which means it will have to be handled through additional investments or contributions to the plan. Once it gets to a point where the \$4.7 million is exhausted; the normal run rate will be that \$268,000 which is what is being used now to pay off the \$4.7 million. He added that there are many ways that he can come up with as options but it is a matter of balancing the benefit you are giving your employees and giving them an adequate retirement. Mr. Griffin said that he does not know the City's finances, however, what the City is doing to fund this plan is proper from an actuarial stand point.

Councilwoman Peterson asked if each employee would know what they have in the plan. Mr. Griffin stated that each year every employee receives an annual statement that tells them their accrued benefit, projected benefit, their voluntary contributions and their retirement dates. Therefore, they know what they are anticipating from this plan.

Mayor Genshaw presented New Business #2, Mr. William Seymour, S B & Company, LLC to present the Audit Report ending 6/30/16. Mr. Seymour and Ms. Sisia Mo from S B & Company,

LLC came forward. Mr. Seymour stated that his firm was hired to do an audit of June 30, 2016 financial statements of the City and then they provided assistance with the preparation of the financial statements. The results include planning to issue an unmodified opinion on the financial statements, with no significant deficiencies or material weaknesses noted, they did not discover nor were they made aware of any instances of fraud and they received full cooperation from management.

Mr. Seymour then discussed the audit process which is a risk based audit approach which means they go through a process to identify where the risk of misstatements are; how management has designed and operated internal controls to mitigate that risk and then performance of various standard procedures and other audit requirements to be able to arrive at an unmodified opinion.

They looked at the control environment, risk assessment, control activities, information and communication and monitoring. In all categories the results were found as effective. If there were any issues in any of the departments they would be pointed out. After that was reviewed, they then looked into the key processes and the underlying functions that make up the financial statements. These include treasury, estimation, financial reporting, expenditures, payroll, and revenue. In each of these cases it was found that the design and financial control was effective.

Mr. Seymour stated that they also looked at individual accounts. In all cases, there were no adjustments to the statements so they were correct as presented from management.

Mr. Seymour then discussed the results of the audit. When looking at the numbers overall, there was no significant changes or issues that was provided by management. He added that there is a new accounting standard that will be taking place in 2018 called The Gasby 75. He explained that the City adopted Gasby 68 which required the recordation of the net pension liability on the financial statements. Gasby 75 will do the exact same thing except it will be for the OPEB liability. Currently in the financial statements there is about a \$1.7 million liability related to the historical underfunding of the OPEB liability.

Mr. Seymour pointed out some required communications. Auditor's Responsibilities under Generally Accepted Auditing Standards (GASB) -the financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States of America, and provide for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. Significant Accounting Policies - management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by management are described in the notes to the financial statements. Auditor's Judgments About the Quality of Accounting Principles - we discuss our judgments about the quality, not just the acceptability, of accounting principles selected by management, the consistency of their application, and the clarity and completeness of the financial statements, which include related disclosures. He added that they reviewed the significant accounting policies adopted by the City of Seaford, Delaware (the City) and have determined that these policies are acceptable accounting policies. Audit Adjustments -we are required to inform the City's oversight body about adjustments

arising from the audit (whether recorded or not) that could in our judgment either individually or in the aggregate have a significant effect on the City's financial reporting process. We also are required to inform the City's oversight body about unadjusted audit differences that were determined by management to be individually and in the aggregate, immaterial. There were no significant adjustments identified during the audit process. Fraud and Illegal Acts -we are required to report to the City's oversight body any fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements. Our procedures identified no instances of fraud or illegal acts. Material Weaknesses in Internal Control - we are required to communicate all significant deficiencies in the City's systems of internal controls, whether or not they are also material weaknesses. There were no material weaknesses noted during the audit.

Mayor Genshaw solicited any questions or comments from Council. There were none.

Mayor Genshaw presented New Business #3, Bids – Transformers. City Manager Slatcher stated that there were four bids received with the low bidder being Anixter in the amount of \$60,360.04. They have been reviewed by the electric department and it is being recommended to award to Anixter, the low bidder. City Manager Slatcher added that Perdue has paid, in escrow, the City in the amount of \$17,122.70 due to one of the transformers being for their project.

Mayor Genshaw solicited any questions or comments from Council. With no questions, he called for a motion.

Mayor Genshaw called for a motion. Councilman Henderson made a motion to award the pad-mounted transformers bid to the low bidder Anixter, Inc. for the GE transformers in the amount of \$60,360.04 with Perdue having paid \$17,122.70 for a 1500 KVA 48-/277 kV transformer in the amount of \$17,122.70 and the remaining transformers to be paid from the FY17 Budget. Councilwoman Phillips-Lowe seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #4, Bids – Switchgear. City Manager Slatcher stated that there were three bids received with Anixter being the low bidder in the amount of \$38,404.80. One of them will go to Perdue and they have paid the City already in the amount of \$19,664.30 and the second one will go in Ross Business Park.

Mayor Genshaw solicited any questions or comments from Council; there were none. Mayor Genshaw call for a motion. Councilman Mulvaney made a motion to award the Pad-Mounted Switchgear to the low bidder Anixter, Inc. for the Federal Pacific units in the amount of \$38,404.80 with Perdue having paid \$19,644.30 for the PMH-12 switchgear and the second switchgear a PMH-9 in the amount of \$18,740.50 to be paid from the FY17 Budget. Councilwoman Peterson seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #5, Present for approval Committee Meeting Posting Guidelines. City Manager Slatcher stated that Annette Cole drafted this to give guidance for people that are doing minutes and agendas so it is an adopted procedure by Council.

Mayor Genshaw solicited any questions or comments from Council. Councilman Henderson asked if this had been reviewed by Mr. Fuqua, the City Solicitor. City Manager Slatcher stated that it had not; this was done for committees for consistency.

With no further questions or comments from Council, Mayor Genshaw called for a motion. Councilman Holland made a motion to approve the Committee Meeting Posting Guidelines as presented. Councilwoman Phillips-Lowe seconded the motion; motion so passed with all present voting in favor.

Mayor Genshaw presented New Business #6, Mayor Genshaw to request approval of his appointment of Elizabeth Jenkins as the newest member of the Planning and Zoning Commission. Mayor Genshaw stated that Drew Libby is stepping down due to him moving.

Mayor Genshaw asked for questions from Council. Councilwoman Phillips-Lowe asked if there was any information on her. Mayor Genshaw said that she came before Council to speak in reference to issues at Nutter Park and she came recommended from Pastor Cannon.

With no other questions, Mayor Genshaw called for a motion. Councilwoman Peterson made a motion to accept Mayor Genshaw's appointment of Elizabeth Jenkins as the newest member of the Planning and Zoning Commission due to the resignation of Drew Libby. Councilman Henderson seconded the motion; motion so passed with all present voting in favor.

OLD BUSINESS

There was none.

REMINDER OF MEETINGS & SETTING NEW MEETINGS

- City offices are closed for the Thanksgiving Holiday on November 24th and 25th.
- Caroling in Gateway Park, Monday – November 28th at 7 p.m. and please bring a canned good with current date for the Community Food Closet. Rain date is Friday – December 2nd.
- 2016 Christmas Parade, "Candy Cane Christmas", Saturday, December 3rd at 7:00 p.m. Rain date is Sunday, December 4th at 7 p.m.
- First Saturday, December 3rd from 12:00 – 5:00 and they will stay open during the parade.

LEAF MACHINE WILL BE IN OPERATION STARTING OCTOBER 1ST THROUGH DECEMBER 31ST. In rain events help us to help you by clearing a catch basin or calling Public Works to have the catch basin cleaned at 302-629-8307 or after hours at 302-629-4550.

COMMITTEE REPORTS

Councilwoman Phillips-Lowe stated that no fire department report was submitted. The police department AED/CPR certifications is scheduled for November 16 and 17. Senior

Corporal Chambers and Lt. VanFleet recently attended the police homicide conference in Dover. The dispatcher oral interviews were held on November 3rd and police applicant testing will be completed on November 12th. Police recruit graduation is tentatively scheduled for February 10, 2017. On 10/29 in the early morning A squad responded to a barricaded subject at Belle Ayre Apartments armed with a possibly knife and handgun. After arriving on scene, the female subject was found laying in the ground behind the residence with a knife. The subject was then taken to NMH for evaluation and later committed to the department of corrections. On 10/30 in the early morning A squad arrested a subject for their 6th offense DUI. The subject was eventually released after his bond was posted. The 911 calls for October are as follows: 833 911, 556 cell, 2,602 administrative and 83 VIOP. Calls for service are as follows: 275 EMS, 1,198 police and 62 fire. On 11/4 CID and officers assisted the federal alcohol, tobacco and firearms division with a search warrant in the 600 block of Nylon Blvd. As a result of the search warrant, the following was recovered: .5 of cocaine, 26.5 grams of marijuana, 4,138 bags of heroin, \$2,418 in suspected drug money and one 40 caliber semi-automatic hand gun which was fully loaded. The suspect was transported to Wilmington for arraignment. C Squad seized 160 bags of heroin along with 4.3 grams of marijuana and 2 grams of crack cocaine. After a six month investigation, DSP along with the Seaford Police Department several arrest have been made and three search warrants were executed in the corporate limits of Seaford. As a result of the investigation and search warrants, the following was seized 79,563 bags of heroin, 9 bottles of liquid cocaine, 4 semi-automatic hand guns and \$4,487 in suspected drug money.

Councilman Holland reported that the demolition bid for 60 N Pine Street prepared, reviewed by multiple organizations, and sent out due 12-14-16 with award 1-10-17. Notice given to tenant that City will take full possession on 1-15-17 for 60 N Pine Street. The following meetings were attended: SCAT Steering Committee meeting, Economic Development Committee meeting, met with Seaford Industrial Park Tenant about possible expansion, Danny Shorts coffee meeting, the solar farm progress meeting and the staff evaluation/goals setting meeting. The Council meeting agenda 11-07-16 was prepared, personnel letters for promotion and end of probation were prepared and participated in Dispatcher Interviews held November 3rd. In the IT department there were several vendor demos/calls, they completed various IT service requests and routine maintenance & checks. In administration, they assisted auditors in preparing financial statements for council presentation and all other business is routine – financial management, payroll & benefits, purchasing, billing, customer service, etc. Just as a reminder the General Election is on November 8th in Council Chambers for those voting at City Hall from 7 a.m. until 8 p.m.

Councilwoman Peterson reported that the Supt. of Parks and Recreation Kate Hickey reported that the parks department set up for the First Saturday event. They also prepped the softball and football fields along with regular grass cutting and edged around Hooper's Landing. Men's softball, flag football and youth flag football will be finished for the season on Wednesday. Sign-ups for wrestling and basketball are currently underway. In the Code

Department, Josh Littleton is doing routine meetings and business. Plaza Tapaita has opened for business on Sussex Highway.

Councilman Mulvaney reported that Lisa Gillespie provided a report in Berley Mears absence. In WWTF, the plan operation continues to be good as the effluent is crystal clear. The heavy rains of a couple weeks ago are continuing to produce an additional 150,000 gallons per day and elevated leachate deliveries also from the rains have now returned to normal. The laboratory received the test results from the annual whole effluent toxicity (wet) screen and no toxicity was found.

Recent plan maintenance includes installation of a new pump on the chlorine disinfection system to maintain a steadier feed in the tank levels, installed an internal recycle #2 flow display unit including a relocation of the panel to make room for the variable frequency drive (VFD) installation on oxic blower #1 currently in progress of the install and worn buckets and hinges were replaced on the west grit collector.

Copper pretreatment and sampling was done at several discharge points at NMH and the discharge at Allen's Hatchery as Allen's switched over to the City water for their cooling system on October 17th which they believe will reduce or eliminate their copper issue.

In Compost there were some bulk sales in October; the annual loader maintenance items were performed and troubleshooting some issues with the loader SCR system also took place.

In Public Works the leaf machine is out in force, a sink hole was repaired on East Ivy Drive, repaired a water leak on service to the hall at Our Lady of Lourdes and completed hydrant flushing. As of today there are two contractor jobs ongoing which will be completed this week. They are the power washing of the Lowes Water Tower and the Landscaping/Plant Replacement at the storm pipe replacement site behind Our Lady of Lourdes Church.

Councilman Mulvaney commended the WWTF staff who once again received compliments from the Level 1 Operator class students and instructors for the plant tour conducted on October 31st as they were once again extremely impressed with the facility. The Del Tech people were particularly impressed with the knowledge and presentation of their host, Dave Sattleberg. Job well done Dave.

Councilman Henderson reported Electrical Engineer Rick Garner reported that he continued his work on SCADA and fiber optic network upgrades. He also provided engineering support for ongoing electrical projects city wide. Key meetings Rick attended were a Solar Array progress meeting, and a demonstration of the Circuit Breaker for Circuit 330.

Superintendent Bill Bennett reported that personnel engaged in the following construction activities: completed their work on the new lights in front of the Nanticoke Senior Center.

Crews worked at Residence at Riverplace where a contractor did the directional drilling; they installed the conduit up the base of the riser pole, and set the cut outs and arrestors on the pole. Two transformers behind the old North Building of Meadowbridge Apartments were relocated. Crews installed additional electric receptacles for the First Saturday event.

Maintenance activities included: crews continued tree trimming throughout the city including the removal of a large tree in the right of way behind the Comfort Suites motel. Personnel checked the fuses and ballasts on the softball field lights for the Parks & Recreation Department.

He attended a progress meeting for the Solar Array project. It is about 85% complete. Bill met with a representative from ABB to review the new breaker for circuit 330.

Mayor Genshaw stated that the City is doing the Mayor's turkey drive again this year. If anyone would like to contribute they can go to Seaford Food Lion to purchase a turkey.

With no further comments; Mayor Genshaw called for a motion to adjourn the Regular Meeting of Mayor and Council. Councilwoman Peterson made a motion to adjourn the Regular Meeting of Mayor and Council. Councilman Mulvaney seconded the motion. Motion so passed with all present voting in favor. The Regular Council Meeting was closed at 8:01 p.m.

Dolores J. Slatcher, City Manager

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