

MINUTES OF THE BUDGET WORKSHOP OF THE CITY OF SEAFORD MAYOR AND COUNCIL

May 7, 2019

6:00 PM

Mayor David Genshaw called the Budget Workshop to order with the following present: Councilwoman Leanne Phillips-Lowe, Councilman H. William Mulvaney III, Councilman Dan Henderson and Councilman Orlando Holland. Charles Anderson, City Manager, June Merritt, Director of Finance & HR, Marshall Craft, Chief of Police, Mike Rapa, Deputy Chief, Berley Mears, Director of Public Works, Bill Bennett, Director of Electric, Trisha Newcomer, ED/IT Manager, Mike Bailey, Building Official, and Katie Hickey, Superintendent of Parks & Recreation, were also present.

City Manager Anderson came forward to present capital investment recommendations for the various departments for FY 2020. For the Executive Department, video upgrades for the Council Chambers have been placed in the budget with an estimated cost of \$14,000. These upgrades will allow for video recording and live streaming of council meetings. Looking forward to FY 2021, the department will need to consider replacing the chairs in the Council Chambers, as well as Mayor and Council's iPads.

In the Administration Department, it is recommended that two HVAC units be replaced, for an estimated total of \$18,044. This is continuing the replacement schedule for the original units that were installed when City Hall was built in 2004. Also in the Administration budget is the replacement of four computers and one monitor, for a total of \$8,800. The department has also budgeted for two servers for the city's security camera network. The first is a server for the cameras at City Hall, estimated to cost \$15,000. The second is a larger storage server which would serve as a network system for all cameras on the city's network, including the Police Department's videos, budgeted at \$68,173. City Manager Anderson added that staff has discussed establishing a sinking fund for future technologyrelated replacements.

There are also several large capital expenditures that the Administration Department is anticipating over the next five years. First up is updating the city's compensation analysis with an estimated cost of \$50,000. This was initially placed in the FY 2020 budget but staff determined that it could be postponed another year and still be on pace with Council's five-year renewal goal – the last study was completed in 2016 with 2015 salary data. Mayor Genshaw asked if a complete study will need to be done again or if it would be possible to just update portions of the data. City Manager Anderson said that this may be a possibility. He added that staff had recently obtained salary information from the City of Rehoboth and found that Seaford's compensation appears to be pretty consistent with Rehoboth's for comparable positions. The last remaining original HVAC unit at City Hall will need to be replaced in FY 2021, estimated to cost \$9,500. Also in FY 2021, computers will need to be replaced at an estimated cost of \$8,000. Looking forward to FY 2024, the carpet and roof at City Hall will need to be replaced, estimated to cost \$30,000 and \$50,000 respectively. There are also computer replacements (\$10,000) and telephone system upgrades (\$15,000) on the horizon.

For the Economic Development/Information Technology Department, redesign of the city's website tops the list, with an estimated cost of \$25,000. This was budgeted in FY 2019 and has been

started but not completed. The RFP for the redesign is out now, and staff will be reviewing the responses in the coming weeks. Also in the ED/IT budget is a cyber security consultation, estimated to cost \$20,000. The consultation will identify vulnerabilities in the new network configurations and allow the city to provide the highest level of security and keep its customers' information protected. The department had also budgeted \$50,000 for the development of a strategic plan but this has been postponed to FY 2021.

In the Code Department, work continues on the Comprehensive Plan update. The project is currently about 80% done, and \$20,000 has been budgeted for FY 2020. Once the plan is finished, it will need to be certified and the zoning ordinance will need to be updated. There are three properties slated to be demolished, with an estimated total cost of \$145,000. The duplex located at 708/710 Third Street is budgeted at \$30,000 and the house at 331 North Street is budgeted at \$15,000. The largest portion of the demolition budget, \$100,000, has been allocated for the property at 200 Front Street, commonly referred to as Hatton Hall. City Manager Anderson explained that the property has been vacant for five years but has not been foreclosed upon. The owners are also current on property taxes so the city has not been able to pursue a sheriff sale. The property is currently for sale and the city has received inquiries from two prospective buyers, but nothing has come to fruition. If the structure is demolished, a lien will be placed against the property. However, the city would not be able to pursue a sheriff sale until that balance went unpaid for three years. Councilman Henderson noted that the city might consider offering to buy the property for significantly less than the asking price, so that it could be demolished and the vacant lot listed for sale without being restricted by the three-year time frame for sheriff sale. Also in the Code Department's budget for FY 2020 is \$16,000 for a complete zoning re-codification. Looking forward to FY 2021, the department anticipates demolitions will cost \$45,000. The department will also be looking to replace its 2010 Ford Escape next year; a new vehicle is estimated to cost \$30,000. City Manager Anderson noted that staff has discussed developing a vehicle replacement schedule for all city vehicles and departments. Berley Mears has volunteered to head up this task.

For the Police Department, building renovations top the list, with an estimated cost of \$650,000. This includes architectural and engineering work, site work (including paving), replacing the roof on part of the building, and renovations to the locker room and lobby areas. City Manager Anderson explained that part of the roof was replaced in 2008, but the remainder is approximately 25 years old and has been patched several times. June Merritt prepared some estimates if the city were to obtain a loan for this project. With a loan term of 10 years and an interest rate of 5%, the annual payments would amount to \$82,731.12. FY 2020 marks the first year of vehicle leasing for the Police Department, with four Chevrolet Tahoes and one Silverado truck to be delivered sometime after July 1, 2019. The total cost for these vehicles is \$4,649.82 per month or \$55,797.84 per year. The department will lease an additional four vehicles per year for FY 2021 through FY 2023, so the annual leasing costs will compound over the next few years. Deputy Chief Rapa explained that the department may be able to save on cost by leasing 2WD Tahoes. Dodge Durangos are also cheaper, but not all equipment may be compatible and transferable. The Police Department has also budgeted \$46,000 for new uniforms. Chief Craft explained that the current uniforms are in bad shape and have not been replaced as they should have been over the years. He added that staff is still trying to decide on a style of uniform; he is concerned that black, tactical-style uniforms,

combined with the new black vehicles, will send the wrong message to the community. Also in the budget for FY 2020 are two computers with an estimated cost of \$4,000. Chief Craft and Deputy Chief Rapa are also looking into purchasing LEXIPOL, a program which would give the officers quick access to policy-related material. The cost of LEXIPOL is \$10,534.

In the Dispatch Department, the only capital request is two replacement chairs, budgeted at \$3,000. City Manager Anderson noted that the chairs have a 12-year warranty.

The Parks and Recreation Department has budgeted \$15,000 to replace the irrigation system at Kiwanis Park. City Manager Anderson explained that this system has had a number of recurring problems over the last several years, resulting in flooding and drainage issues. He added that the appearance of this park is important since it is in a high-profile location. The department has also looked at replacing the trash cans on High Street, estimated to cost \$5,000. The issue with the current trash cans is that the lids are removable, so people have been using the cans to dispose of their household waste. The replacement cans would have locking lids. However, Councilman Henderson has proposed modifying the current trash cans and adding locks to them. The department is going to try this before purchasing replacements. Katie Hickey added that if the modification doesn't work and new trash cans do need to be purchased, the existing trash cans will not be disposed of, but rather used in another city location where there is less potential for them to be misused. Also in the Parks and Recreation budget is \$7,000 for the refurbishment of field one at the Sports Complex. The department needs to replace one computer and printer, estimated to cost \$2,200. There is \$3,680 budgeted for a tailgate lift assist and trailer. The department has also budgeted for new lighting at the Jay's Nest at an estimated cost of \$10,510. Security cameras were installed at the Jay's Nest in FY 2019. Along with these cameras, staff is hopeful that lighting improvements will help deter vandalism that has occurred at the park in recent years. Also in the budget is \$5,000 for new Christmas ornaments for the tree in Gateway Park.

Looking forward to FY 2021, another \$5,000 is anticipated for Christmas ornaments. The department is also looking to expand the sidewalks at the Jay's Nest, with a preliminary estimated cost of \$20,000. In FY 2022, staff would like to renovate the concession stand at the Jay's Nest by converting it to office space and demolishing the existing office building on Virginia Avenue, which is deteriorating. The concession stand currently only gets used once a year, and department staff believes that it is a more convenient location for offices and storage space since many departmental leagues and events take place at the Sports Complex. The estimated cost for this project is \$150,000. In FY 2023, the department would like to purchase new playground equipment for Nutter Park, estimated to cost \$50,000. This is a highly visible and highly utilized park in the city. Councilman Henderson asked about the swing sets and resurfacing of the basketball courts. City Manager Anderson noted that the swing sets had been replaced. The resurfacing was not able to be completed because it came in significantly over budget. Staff would like to revisit it in the near future. Mr. Anderson added that department staff will be seeking grant funding to go toward the purchase of the playground equipment. The Parks and Recreation Department has also developed a timeline for the Oyster House property over the next four years, including the development of a landscape management plan, expansion of the Riverwalk trail and replacement of the bulkhead, installation of a canoe launch area, and the construction of a small building on the site.

In the Electric Department, \$35,000 has been budgeted for a new vehicle. This would replace the 2009 Ford Escape, and staff would like to purchase an extended cab pickup. Councilman Henderson asked about the possibility of leasing a vehicle. City Manager Anderson said that leasing is an option for the various city departments, but staff would like to see how the process goes with the Police Department's vehicles first. The department has also budgeted \$50,000 for a storage rack for wire and transformers. The underground service at the Seaford Village Shopping Center needs to be replaced, estimated to cost \$15,000. The underground service at Crossgate Village also needs to be replaced, estimated to cost \$24,000. The department also needs to install fiber optic cable service to the new Dolby Farm lift station on Sussex Highway at an estimated cost of \$34,000. The batteries at the Ross Substation are in need of replacement, estimated to cost \$10,000. FY 2020 is also year 2 of 5 for setting aside \$50,000 toward the Martin Farms infrastructure renewal project.

Looking forward to FY 2021, staff is looking to expand the Utility Building. More space is needed for storage of equipment and inventory. The expansion would include the addition of two bays, repairs to existing doors, installation of LED lights, and paving. The estimated cost of this project is \$600,000. Assuming a loan term of 10 years and a 5% interest rate, financing the renovations would result in annual loan payments of \$76,367. Also in FY 2021, the department's 2011 Dodge Ram pickup will need to be replaced, estimated to cost \$35,000. The department plans to start work on the Martin Farms infrastructure in FY 2021. Although only 60% of the money will have been set aside, staff can begin work on the north end of the neighborhood and alleviate a lot of the issues. Moving the infrastructure underground will also save money on tree trimming in the future. The Martin Farms project is estimated to cost \$250,000. In FY 2022, the Electric Department will work on renewing the electric infrastructure in the area of Cypress and Hurley Park Drive, estimated to cost \$50,000. Between FY 2022 and 2023, poles need to be replaced in Woodside Manor, estimated to cost \$100,000. In FY 2023, truck 3 will need to be replaced, estimated to cost \$275,000. City Manager Anderson noted that staff is keeping an eye on debt schedules to try to avoid overlapping of loan payments. In FY 2024, the Ross Substation transformer will need to be replaced. The existing transformer is 30 years old, and a replacement is estimated to cost \$1,000,000.

For the Public Works Department, it is the second year of setting aside money for replacing the mainline sewer camera. The camera is estimated to cost \$90,000 and will be purchased in FY 2021. A major expense for the department for the coming year is the repainting of the Spruce Street water tower. The project is currently in the engineering phase and it is anticipated that the bid will go out before the end of FY 2019. Berley Mears has been working with Tank Industry Consultants on this project and has estimated the cost at \$550,000; \$100,000 was set aside in the FY 2019 budget. If the city obtains a loan for the project with a 5-year term and 5% interest rate, nine months' worth of payments in FY 2020 will amount to \$76,429. City Manager Anderson and Director of Public Works Berley Mears then presented some information about the city's four water towers and when they were last painted, inspected, and power washed. Mr. Mears noted that the cost to power wash is around \$8,500. City Manager Anderson added that Trisha Newcomer had suggested the possibility of having the city's new logo painted on the tower. Another major project for the Public Works Department is the Route 13 Water and Sewer Extension. This project will extend water and sewer services north to annexed properties on Route 13 and will provide great

potential for future development. Engineering for the project is almost complete. The project is estimated to cost around \$2 million, and \$500,000 has been secured by a bond bill appropriation. The city will apply for an SRF loan which would hopefully allow for some principal forgiveness. Construction may start in late 2019. Another project on the horizon is the Route 13 South/Middleford Road Sewer Extension. This entails extending water and sewer services south on Route 13 to the old ice plant. This project is estimated to cost \$623,000.

At the Wastewater Treatment Facility, \$10,000 has been budgeted for electric alterations in preparation for the installation of two new blowers in FY 2021. Three new computers are in the budget for a total of \$6,000. The department needs to replace its scum grinder at a cost of \$20,000, and a mixer at a cost of \$10,000. The secondary waste pump drive is also in need of replacement, estimated to cost \$6,000. Staff is also preparing for the upgrade and expansion of the facility in the coming years; the last upgrade was done in 1998. This project is estimated to cost \$29 million.

No capital expenditures have been budgeted for the Compost Facility for FY 2020. However, money is continuing to be set aside each year for the purchase of a new loader in FY 2022.

For Hooper's Landing Golf Course, the city is in the third year of its revised agreement with Adkins Management. No capital expenditures are in the FY 2020 budget.

At the Seaford Community Swim Center, major repairs are needed for the pool, equipment, and buildings. However, the contractor who services and repairs the pool has kept it in good working condition and staff has determined that no major repairs need to be done in FY 2020. The estimate for the renovations is \$750,000; this project is estimated to start engineering in FY 2021 and complete construction in FY 2022. If the project were financed for ten years at an interest rate of 3%, annual loan payments would amount to \$86,904.72.

In the Fire Department, it is the second year of setting aside funds for replacement of the emergency generator. The set aside is \$50,000 and the generator is scheduled to be replaced in year four, FY 2022.

Capital requests for all departments for FY 2020 total \$1,974,436. This is more than the last two budget years, but less than FY 2017. This amount is subject to change due to various factors.

City Manager Anderson then discussed reserve account balances. Both the general fund reserve and restricted reserve accounts have continued to grow over the last two years. This is largely due to the fact that transfers from reserves for the last two fiscal years have been significantly lower than what was budgeted. He also talked about the city's debt service. He noted that a few loans have matured recently.

City Manager Anderson then reviewed charges for city services. Water and sewer rates were increased in FY 2019, while the property tax rate has not been increased since FY 2014. No tax increase is proposed for FY 2020; however, the rate has been reset with the recent reassessment. Mr. Anderson discussed water and sewer revenues, and how much would be yielded by potential

rate increases. He noted that water and sewer charges total \$67.60 per month or \$811.20 per year, which is 1.81% of the median household income.

City Manager Anderson went on to discuss staffing considerations. The total projected payroll for FY 2020 is \$5,369,779. This includes an increase of \$148,614 for general employee wages and an increase of \$65,383 for FOP contract employees. A 1% plan adjustment has been proposed which will be in addition to any performance-based increases. In the Police Department, the Chief and Deputy Chief positions were recently filled. The department is seeking to maintain these positions in addition to two Lieutenants. They have also been working toward increasing the troop strength to 28 sworn officers. Promotional testing is currently underway and is expected to be completed by the end of June. The Dispatch Center is looking to hire an additional dispatcher which would reduce the need for overtime. However, Dispatch Administrator Anita Bell has stated that the department may be able to utilize dispatchers from other 911 centers on a part-time basis. Looking forward to FY 2021, staff would like to see all qualified dispatchers promoted from Dispatcher I to Dispatcher II, as well as hiring or promoting a Dispatch Administrator Assistant. The ED/IT Department is seeking to hire a part-time employee. This individual would assist the Director with public information and marketing tasks. Additionally, the Administration Department had budgeted for a Billing Representative for half of FY 2020. However, due to the budget deficit, it has been suggested that the three new positions in the Administration, ED/IT, and Dispatch Departments be postponed for a year. Eliminating these positions from the budget will amount to a savings of \$111,807, including salary and benefits.

City Manager Anderson noted that electric revenues are projected to be down by about \$437,000. He said that staff is hopeful that this is a short-term problem, and said that some businesses will be coming back online during the year, such as McDonald's and Chick-fil-A. Mayor Genshaw added that a new apartment building is under construction at the Residences at Riverplace. Councilman Henderson noted that some of the services that will be coming back online will be more energy efficient so revenues may still be lower. City Manager Anderson added that reduced electric revenues also means that purchase of power costs are down.

Councilman Henderson asked what the time frame is for additional information and a revised proposal. City Manager Anderson said that the next meeting is scheduled for May 21, 2019 at 6 p.m. He said that staff will try to obtain any additional information that was requested, as well as prioritize capital requests to determine what may be able to be postponed. He noted that the server is a must. Mayor Genshaw said that he would like to avoid raising rates if possible. He encouraged council members and staff to schedule meetings with their liaisons and try to get any questions answered before the next meeting.

Mayor Genshaw adjourned the Budget Workshop at 7:35 p.m.

Charles Anderson, City Manager