

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

May 17, 2016

6:00 PM

Mayor David Genshaw called the Budget Workshop to order with the following present: Councilwoman Grace S. Peterson, Councilwoman Leanne Phillips-Lowe, Councilman William Mulvaney, Councilman Dan Henderson and Councilman Orlando Holland. City Manager Dolores Slatcher, Assistant City Manager Charles Anderson, Director of Finance & HR June Merritt, Director of Public Works Berley Mears, Supt. of Electric, Bill Bennett, Building Official, Joshua Littleton, Electrical Engineer Rick Garner and Supt. of Parks & Recreation, Katie Hickey were also present.

Mayor Genshaw opened the meeting at 6:00 pm and requested Director of Finance & HR Merritt begin with the FY 2017 Budget presentation.

Director of Finance & HR Merritt handed out the budget workshop materials which included a balancing recommendation with three options and analysis of the impact on customers if there was an increase in the Water/Sewer rates.

Director of Finance & HR Merritt reviewed the three balancing recommendation options. Option #1 includes additional revenues in the amount of \$159,217, which includes a \$0.02/\$100 of assessment increase in taxes and a donation from the SCSC (pool) for \$5,000, a reduction in expenditures in the amount of \$121,966 for various departmental line items, and a transfer from Ross Business Park Land Sale Reserves in the amount of \$293,550. Option #2 is the same as option #1 except that property taxes would remain at \$0.31/\$100 of assessment and Water rates would increase from \$21.95 to \$23.10 and Sewer rates would increase from \$44.30 to \$46.84. Option #2 could negatively impact a large sewer only customer by increasing their costs by \$10,803.35 per year. Option #3 includes a \$0.01/\$100 of assessment increase in taxes, Water rates would increase from \$21.95 to \$22.52 and Sewer rates would increase from \$44.30 to \$45.78. Option #3 could negatively impact a large sewer only customer by increasing their costs by \$6,294.88 per year. A copy of the recommendations and analysis is attached to these minutes. If approved, these recommendations would balance the General Fund Budget.

Councilman Mulvaney stated he had reviewed the budget and had some questions regarding how many attendees for the National League of Cities (NLC) trip had been left in the budget and what was the overall net savings if the City Manager vehicle was removed. Director of Finance & HR stated that 2 council attendees and 1 management attendee had been left in the budget and the overall net savings to remove the City Manager vehicle would be \$ 9,632.00. After some discussion, Councilwoman Phillips-Lowe suggested that all of the NLC meeting expenditures be removed which would result in a savings of \$7,500.00.

Councilman Mulvaney asked how many demolitions were left in the budget. Director of Finance & HR Merritt stated that three demolitions were left in the budget. Councilman Mulvaney asked Building Official Littleton about his priority on these properties. Building Official Littleton stated that

he puts the worst of the worst at the top of the list and that there are currently about 30 properties on the list.

Council asked questions regarding the options that were presented. Councilwoman Phillips-Lowe expressed concern regarding Option #2 due to the large increase and did not feel that it would be business friendly. Councilwoman Peterson agreed with Councilwoman Phillips-Lowe and felt that Option #3 was more equitable. Also, Councilman Mulvaney agrees that Option #2 is a large increase and Councilman Holland stated that it could impact the new development downtown.

Councilman Henderson asked about the Sewer Rate and how many customers are in this rate class. Assistant City Manager Anderson stated that we would have to review our billing information to give the number of customers in the rate class. He also stated the Water rate has different rates depending on consumption, but the Sewer rate is the same regardless of consumption. Councilman Henderson asked what the impact to the Residential Class would be. Director of Finance & HR stated that under Option #2 there would be a \$44.28 annual increase and under Option #3 there would be a \$24.50 annual increase. Councilman Henderson stated that he was not in love with either option and that he would like for us to explore the expense side of the budget for additional cuts in the amount of \$159,000.

Councilwoman Phillips-Lowe asked what Councilman Henderson saw that could be cut from the budget. Councilman Henderson stated that he believed that police salaries should be reviewed. He asked about the vacancies at the Police Department and what was the strategy for filling the vacancies and retirements. City Manager Slatcher stated that it is our intent to fill these vacancies based on the current requirements and operations of the department. Discussion followed regarding recalculating the police salaries and benefits based on the positions where an officer is retiring would be filled with someone at a lower pay rate. Also, with the current vacancies there will be more overtime required. Management and staff agreed to take a look at the police department salaries to see if any savings could be made in the budget.

After some discussion regarding rates, Mayor Genshaw asked if there were any other questions. The next budget workshop was set for June 6, 2016 from 6:00 pm to 8:00 pm.

Mayor Genshaw asked if there were any other questions. There were none. He closed the meeting at 6:55 pm.

An Executive Session to discuss personnel was opened at 7:05 pm and then closed at 7:34 pm.

Mayor Genshaw re-opened the budget workshop at 7:34 pm and then closed it with no further discussion.


Dolores J. Slatcher, City Manager