

**TOWN OF ELSMERE
SPECIAL COMBINED COUNCIL & FINANCE COMMITTEE
MEETING MINUTES
JUNE 6, 2018
TOWN HALL
5:00 p.m.**

CALL TO ORDER: Mayor Eric Thompson called the meeting to order at 5:00 p.m.

PLEDGE OF ALLEGIANCE:

MOMENT OF SILENCE:

ROLL CALL:

MAYOR	ERIC SCOTT THOMPSON	PRESENT
1 ST DISTRICT	MARIANNE SKIPSKI	PRESENT
2 ND DISTRICT	TED PFIRRMANN	PRESENT
3 RD DISTRICT	ROBERT KACPERSKI	PRESENT
4 TH DISTRICT	CHARLES MCKEWEN	PRESENT
5 TH DISTRICT	JOANN I. PERSONTI	PRESENT
6 TH DISTRICT	BRIAN HURST	PRESENT

Town Solicitor, Edward McNally – Absent

Town Manager, John Giles – Present

Chief of Police, Laura Giles – Present

FINANCE COMMITTEE:

Paul Chalfant – Absent

Ronald Russo – Present

Stevenie Keeley - Present

PUBLIC COMMENT: None

APPROVAL OF MINUTES: None

OLD BUSINESS: None

NEW BUSINESS:

Presentation, Discussion and Public Hearing concerning the FY 2018-2019 Proposed Operating, Revenue and Capital Budgets

Town Manager John Giles gave a brief overview of the proposed budget. He explained that the proposed budget has expenses which exceed proposed revenues by \$69,117.00 and includes the capital budget.

Councilman Kacperski asked for justification on the proposed increase in Real Estate Transfer Tax Revenue.

Town Manager John Giles stated that the estimated revenue is based on what we expect to receive this year and the current viability of the housing market in our area.

Councilwoman Personti asked to clarify that the \$380,000.00 received year to date was because of the sale of the former Fenwick Park Apartment.

Town Manager John Giles stated that is correct.

Councilwoman Personti asked Town Manager John Giles to explain the significant increase in the Workman Comp Insurance within all the Town's departments.

Town Manager John Giles stated that these line items were a point of contention during the previous budget when the Finance Director proposed to decrease the amount budgeted. When questioned about the decrease during the budget process he continued to remain confident that the estimates were accurate. During the budget hearing it was discussed and made very clear that he as Town Manager did not agree with the Finance Directors estimates and that if they were incorrect, the responsibility would fall on the Finance Director. During the preparation process of the current proposed budget, it was discovered that the Finance Director had not reported that the Workers Comp Insurance bill came in significantly higher than what was budgeted. Unfortunately, because the insurance was paid from a prepaid account, it was allocated manually by the Finance Director, causing it to appear as having been budgeted perfectly. He is working with the Finance Department and the Auditor to ensure that the bookkeeping is cleaned up, but this will involve some personnel matters that should not be discussed in public session.

Councilwoman Personti asked if the proposed budget was based on what was paid this year.

Finance Director Joseph Schulcz stated that the proposed budgeted amounts are based on a calculation completed using salaries as of July 1, 2018.

Town Manager John Giles stated that he is not comfortable guaranteeing council that the numbers computer by the Finance Director will be accurate. While he respects the Finance Director, he is not the actuary and believes the budgeted amounts should be at least what the Town has spent year to date.

Councilwoman Personti asked if this insurance was provided through the League of Local Governments.

Finance Director Joseph Schulcz stated that all of the Town's non-health related insurances are now through the League of Local Governments.

Councilwoman Personti asked if the Town could meet with the carrier to determine if the calculations are being applied correctly and to see if any discounts could be obtained.

Town Manager John Giles stated that the carrier does offer a number of discounts, specifically relating to safety training offered to employees, which the Town does participate in. However, he does hold them accountable for the 40% increase that was seen during the fiscal year.

Finance Director Joseph Schulcz stated that the Town's experience modification went from a .99 to a 1.409.

Mayor Thompson asked how confident council should be with the proposed numbers.

Town Manager John Giles stated that he believes that the amount proposed is close to what was paid this year and there have been no significant claims during this year.

Mayor Thompson asked if the carrier is available to contact to see if they would supply an estimate for the upcoming fiscal year.

Town Manager John Giles stated that he could certainly try.

Mayor Thompson moved the discussion to Tab 2 – Proposed Revenue Budget.

Councilman Kacperski asked if any Franchise Fees had been received from Crown Castle.

Finance Director Joseph Schulcz stated that we have received \$8,500.00.

Councilman Kacperski asked if the Franchise Fee line item should be increased.

Town Manager John Giles stated that he believes the line item should remain the same because you would typically only have service from one of the three franchise carriers not all. Therefore, when a customer moves from one carrier to the other, there is no gain in fees, just a change in who the fees are being received from.

Mayor Thompson asked Chief Laura Giles if she anticipates the VAC Fines to double next year.

Chief Laura Giles stated now that the department is back to full staff, she believes the fines are attainable. In addition, they received their newest VAC Report prior to the meeting and they have brought in \$100,000.00 during the budget year while being 4 officers down. She is confident keeping the budget the same.

Mayor Thompson moved the discussion to Tab 3 – Administration Department's proposed operating budget.

Town Manager John Giles gave a brief overview of the proposed budget.

Mayor Thompson stated that the majority of the proposed increase within this department is because of the retirement of Town Solicitor Edward McNally in December. Mr. McNally has kept his legal fees generously low for years and replacing him will mean bringing the fees up to the current fee structure which is a significant increase. The proposed increase of \$23,000.00 in the Legal line item may even be too low.

Town Manager John Giles explained that Mr. McNally has recommended a young Attorney from his firm as a replacement who will begin attending Council meetings in the near future to meet with Council and get on hands training and cross over where both attorneys would attend the meetings until Mr. McNally's retirement.

At this time there was a brief discussion on potential timing of this cross over and the process.

Councilman Pfirrmann questioned the decrease in the Administration Departments healthcare line item. He stated that he thought the State of Delaware was incrementally increasing their fees for several years.

Town Manager John Giles stated that he would defer that answer to Administrative Assistant Diana Reed since she manages the Town's Health Insurance Plans.

Administrative Assistant Diana Reed stated that we have received the official 2018-2019 rates from the State of Delaware and there was no increase in cost for the upcoming year. In the administration department the decrease is due to the Town Manager changing his healthcare coverage from a Family plan to an Employee/Spouse plan, which costs less, and results in a savings.

Councilwoman Personti asked if an evaluation of the new HVAC System has been completed and what kind of electricity/gas savings we would see. She does note that the proposed budget includes a decrease.

Town Manager John Giles stated that the system is still having a few kinks worked out and an evaluation has not yet been completed. However, we have already seen a slight reduction and he felt that he should only reduce the budget by a small amount this year and then potentially reduce it again during the 2019-2020 budget process.

Mayor Thompson asked for an explanation on the large increase in Computer Operations which he noted appears in all of the departmental budgets.

Town Manager John Giles explained that he and the employees have identified that the computer system at Town has had a number of problems. In addition, some of those problems include low network security. Our IT was being handled by a "guy who knew a guy" type service. Unfortunately, the person who was servicing our units moved and left the contract to one of his workers. The worker is not as available and handles the Town's contract as a side business. Therefore, he had a larger IT Support Company (Delaware Microcomputer) come out and complete a network analysis on our existing system. They found a number of areas where our system was deficient and they recommended upgrades. We have since worked to put an RFP out for these services and have budgeted what we believe we will receive in the responses based on the estimates provided by the initial company. Any potential vendor will offer a support team, guaranteed support response times, remote support and Cyber Security Liability.

Councilman Hurst asked why the cost was divided among departments and not just a lump sum estimate.

Town Manager John Giles stated that each department has its own IT needs and the number of units within each department varies. Therefore, he divided the contract based on those needs to help show the true cost of each department.

Councilman Hurst asked if the \$4,800.00 increase in training would be an every year cost.

Town Manager John Giles stated that this would be a single year increase. Administrative Assistant Diana Reed is in the process of obtaining her certification as a Master Municipal Clerk and the increase in the training budget is to allow her to attend the classes necessary to obtain that certification. This is the highest certification that a clerk can obtain in the State of Delaware and she has been working towards this certification for 6 years and this is the highest year for expenses because she is nearing the end of the training. The majority of training money proposed in the Administration Department's budget for the upcoming year is for this certification.

Councilman Hurst asked if her salary would increase once the certification is achieved.

Town Manager John Giles stated that he intends to implement that pay scale.

Councilman Hurst stated that he feels that if an employee achieves a certification such as this or the pesticide certification just receive in the Public Works Department, the employee should receive a pay increase for such certification.

Town Manager John Giles stated that the current pay scale does not address such an increase, which is why he intends to propose to Council in December, an updated pay scale, which takes these types of achievements into consideration.

Councilman Hurst asked if all the other departments currently get an increase if they obtain some sort of certification.

Town Manager John Giles stated that only the Code Enforcement Department has those types of increases built in. Typically, once the Code Enforcement Officers obtain their certifications, we have a hard time retaining them even with the salary increase because they can go to just about any other agency and receive a higher salary. However, the Town does require employees to sign a Training Agreement for certain certifications which requires them to remain in the employment of the Town for a period of 3 years or reimburse the Town for the cost of the training.

Councilman Hurst asked if when the vote for raises takes place, the employees are all receiving 3%.

Town Manager John Giles stated that the budget includes a 3% increase for all employees, however, there is always a chance that an individual employee may not receive an increase because of a performance issue or disciplinary issue. In addition, they could be given a 30 or 60-day probationary period to earn the increase back.

Councilman Hurst asked if that happens often.

Town Manager John Giles stated that it does not.

Councilman McKewen asked who determines that.

Town Manager John Giles stated that he does during the annual evaluation period.

Councilman Hurst asked if the Council would be informed if an employee was lacking and potentially on probation.

Town Manager John Giles stated he would only notify Council if the employee was being terminated.

Mayor Thompson moved the discussion to Tab 4 – Code Enforcement Department Operating Budget.

Town Manager John Giles gave a brief overview of the Code Enforcement Department's proposed budget.

Councilman Hurst asked if there would ever be a point where the Town would not need to pay BIU for their inspection services.

Town Manager John Giles stated that he does not believe there will be. In the past, once the employees become certified, they have typically sought positions with other agencies because of the higher salaries in other agencies for the same certification.

Councilwoman Personti asked what percentage of the Special Tax Lien Line Item represents Code Enforcement Violations.

Account Clerk Heather Herold stated that roughly \$40,000.00 of the \$52,000.00 collected year to date is a result of Code Enforcement Violations.

Councilwoman Personti asked why there is a projected increase in the vacant property registration when the housing market is doing so well.

Town Manager John Giles stated that the projected increase is due to increased enforcement and follow-up.

Councilman Kacperski asked why there was a decrease in the salary line item if all departments are proposing a 3% increase.

Administrative Assistant Diana Reed explained that during the prior year budget when they proposed transitioning the part time code enforcement officer to a full-time code enforcement officer, they had budgeted a higher salary. Then when it came time to hire, they hired an employee below the approved salary. Therefore, this year's increases do not equal the difference in salaries from the prior year, resulting in a savings.

Mayor Thompson moved the discussion to Tab 5 – Finance Department Proposed Budget.

At this time there were no questions regarding the finance department budget.

Mayor Thompson moved the discussion to Tab 6 – NPDES Compliance proposed budget.

Town Manager John Giles gave a brief overview of the department and its proposed budget.

Mayor Thompson moved the discussion to Tab 7 – Parks and Recreation.

Mayor Thompson asked if the Town could do the Landscape Maintenance with existing staff.

Town Manager John Giles stated that it is certainly possible, however, he would need to assign one employee to do nothing but landscape maintenance every day to accomplish this.

At this time there was a lengthy discussion regarding the ability for the Public Works Department to maintain either the medians or the parks or both. Ultimately, it was decided that due to incidental costs and existing contracts, the discussion would be postponed for one year for additional research and discussion.

Town Manager John Giles asked to go back to the Code Enforcement Department for a moment and increase the Employee Longevity line item to \$3,067.00 which is an increase of \$500.00. It was discovered that there was an incorrect formula when calculating the budget and the departments' budget short by \$500.00.

Mayor Thompson moved the discussion to Tab 8 – Public Safety.

At this time there was a brief discussion regarding the timing of red light cameras and the fact that the Town is not receiving any income for our red-light camera.

Chief Laura Giles stated that she is proposing keeping a budget for two part time police officers. The part time officers will only be used to cover vacation requests and special events. In addition, she intends to assign one officer to traffic enforcement and promote one officer to Detective. The Detective position would handle all investigations and be on call if necessary. Senior Corporal Sowden will be the new Detective and Corporal West will be assigned as the Traffic Enforcement Officer.

Mayor Thompson moved the discussion to Tab 9 – Public Works.

Mayor Thompson asked why Maintenance of Streets is budgeted for \$27,000.00 yet to day they have only spent \$7,571.00.

Town Manager John Giles stated that he intends to try to spend a lot of that money before the end of the fiscal year. The weather played a large part of that, but also, because of the road conditions he tried to keep a lot of that funding available until the last minute for any major repairs.

Several members of Council voiced their concerns regarding the lack of progress on the Street Improvement Program.

At this time there were several conversations occurring at once regarding various streets which need repairs throughout the Town.

Mayor Thompson moved the discussion to Tab 10 – PW Sanitation.

At this time there were no questions among Council.

Mayor Thompson moved the discussion to Tab 11 – Long Term Planning

Councilman Hurst asked when we would find out if our legislators would have more funds that we can apply for.

Town Manager John Giles stated that the funds are part of the Grant and Aids programs in the State Budget.

There was a brief discussion regarding the New Castle County budget and the possibility of the Elsmere Library closing on July 1. The next County budget hearing is on Tuesday, June 10, 2018.

Councilwoman Personti stated that she noticed in the budget that the reports do not contain the current balance of each of the Long-Term Planning Line Items.

Councilman Kacperski stated that the current balance is on the monthly financial reports but not on this report for year to date expenses.

At this time there were a number of conversations occurring at once and the minutes were unable to be transcribed.

Councilman Hurst asked about the Long-Term Planning Debt Service Line Item and questioned if it is to fund the new HVAC System then why the proposed budget is less than the current fiscal year.

Town Manager John Giles stated that this funding is determined based on the funding plan approved by the council and is directly driven based on the savings/increases in the garbage contract during the last budget period.

Councilman Kacperski asked what the current balance on the bank loan for the HVAC System is.

Finance Director Joseph Schulcz stated that the balance is \$324,752.00.

Mayor Thompson moved the discussion to Tab 12 – Capital Improvement.

Mayor Thompson stated that he would like to see the Town maintain the current vehicles verses purchasing a new vehicle.

Chief Laura Giles presented information regarding why she felt that a new vehicle would be more efficient and cost effective. She discussed that the Charger has been a maintenance problem since its purchase and she would like to replace it with a low maintenance vehicle like the SUV's the department has been working towards.

At this time there was a lengthy discussion regarding whether the vehicle could be put on hold and if the Chief would be willing to come back to Council in September or December to discuss the vehicle again. Ultimately, it was determined that the capital budget would be removed and the Chief would return to Council in December to discuss potentially purchasing the new vehicle. In addition, it was discussed that the Chief should prepare a resolution which adds a vehicle fee to the Extra Duty Assignment Fee charged by the Town.

Mayor Thompson asked about Building Maintenance and the fact that only \$12,191.00 was spent of the budgeted \$25,000.00. Do we expect that to be any different next year?

Town Manager John Giles stated that he does believe that fund should remain the same. He stated that is a fund that is always left to spend at the end of the fiscal year because the building always needs a number of repairs. However, due to the age of the building, he will traditionally wait until the end of the budget year to make upgrades to ensure that no problems occur during the year that need immediate attention.

Town Manager John Giles stated that now that Council has cut the capital budget he proposes the following line item changes which will balance the budget.

Administration Revenue

Other Income - Decrease to \$4,900.00

Abandoned Property Revitalization – Increase revenue to \$35,700.00

Administration Expenses

Legal – Decrease to \$44,750.00

Materials & Supplies – Decrease to \$2,996.00

Training – Decrease to \$6,798.00

Code Enforcement Revenue

Vacant Property Registration – Decrease to \$13,500.00

Code Enforcement Expenses

Overtime – Decrease to \$1,000.00

Longevity – Increase to \$3,067.00

Contracted Professional Services – Decrease to \$22,500.00

Public Works Expenses

Overtime – Increase to \$6,000.00

Fuel Oil – Increase to \$10,000.00

Water/Sewer – Increase to \$1,000.00

Gas/Oil Vehicles – Decrease to \$8,994

Uniforms – Decrease to \$3,000.00.

At this time there were a number of conversations occurring at one time and the minutes were unable to be transcribed.

Mayor Thompson stated that he would like council to consider moving to a new multi-year budget process, where you propose 3-5 years at a time so that the Town knows what expenses may be in the future and how these changes affect the future.

Ms. Deborah Norkavage, 11 Olga Road, stated that she would like to remind Council that the residents have come in repeatedly to request that the Council increase taxes by small amount verses large increases. She believes that the Council should increase the taxes by COLA because it is easier to absorb a small increase each year than it is a large increase in one year.

At this time there was a lengthy discussion regarding various tax rate increases from pennies on the mill rate to a percent on the base rate.

John Jaremchuk, 300 Southern Road, stated that it appears that this Council is amenable to approving a small increase to property taxes. For years, he sat on Council where they refused to increase taxes by small amounts each year and it resulted in two years where large increases were necessary. He would strongly encourage Council to approve this increase.

Finance Committee Member Ronald Russo stated that he too would agree with the tax increase and believes that potentially add that increased funding into one of the long-term planning accounts, contingency or added to the operating surplus.

Councilwoman Personti stated that this is being done to a certain degree now, where at the completion of the audit each year, ½ of the operating surplus is transferred to the Contingency Fund which required 5 votes of Council to use.

Committee Member Russo asked what the current balance of the Contingency Fund is.

Finance Director Joseph Schulcz stated that he believes the balance is around \$242,000.00.

At this time there was lengthy discussion regarding various tax rate increases of a flat rate or a percent on the base rate to potentially discuss funding the Police Department Capital Budget for a new vehicle. It was discussed to change the prior decision and to ask the Chief to come back to discuss the new vehicle in September after the tax bills have gone out.

Consideration of Resolution Number 18-02.

Town Manager John Giles gave a brief overview of the resolution and explained that if the Town does not adopt New Castle County's tax assessment records, we would have to pay to have a tax assessment completed town wide.

ACTION: A motion was made by Councilwoman Personti to approve Resolution 18-02. The motion was seconded by Councilman McKewen.

VOTE: 7-0 All-in-favor Motion carried

Consideration of Resolution Number 18-03.

Town Manager John Giles stated that he has proposed this resolution with no increase to the property taxes. However, for discussion purposes the COLA Increase for this year is 2.6%.

Councilman Pfirmann asked how an increase to the tax rate based on COLA would affect the bottom line.

There was again a lengthy discussion regarding potential tax increases. After calculations by the Finance Department, it was specifically discussed that an increase of COLA (2.6%) on the base tax rate would increase revenue by \$32,206.91. This increase results in an \$11.35 increase per unit for the entire fiscal year.

There was a brief discussion regarding whether a tax increase could be approved since the resolution to the public was proposed as no increase. Ultimately, it was determined that the Town made sufficient public notice that the Mayor and Council would discuss and set the 2018-2019 municipal tax rate at this meeting and that the Mayor and Council have the authority to change resolutions during a meeting.

ACTION: A motion was made by Councilman Hurst to approve Resolution 18-03 with an increase to the base tax in the amount of COLA, which sets the new base tax to \$447.95 per residential and commercial unit. The motion was seconded by Councilman Pfirmann.

VOTE: 5-2 Motion carried

1st District – Yes, 2nd District – Yes, 3rd District – No, 4th District – Yes,
5th District – Yes, 6th District – Yes, Mayor – No

Finance Committee Member Stevenie Keeley asked if we would be able to take the budget back to what it was prior to the Town Managers' cuts, add the tax increase and then go from there with changes to the budget. She further stated that because the changes were implemented so quickly she is unsure which line items were even affected.

Town Manager John Giles stated that Administrative Assistant Diana Reed will hand out copies of the changes which were made. After that was complete, he asked if anyone had any questions regarding the changes. There were no questions.

At this time there were a number of conversations occurring at once and the minutes were unable to be transcribed.

Presentation, Discussion and Public Hearing concerning the FY 2018-2019 Proposed Operating, Revenue and Capital Budgets

After adding the \$32,206.91 to the Real Estate Tax Line Item the budget had a surplus of \$32,206.91.

ACTION: A motion was made by Councilman Hurst to deny the FY 2018-2019 Capital Budget. The motion was seconded by Councilman Pfirrmann.

VOTE: 7-0 Motion carried

Councilman Hurst asked what would happen if the \$32,206.91 was added to the Legal Line Item and was not used.

Town Manager John Giles stated that he does not have the authority to move funds among line items, therefore, he would need to come to council to use those funds for anything else.

Councilman Hurst stated that he would like to see the funds added to the legal line item.

There were no objections and the legal line item was increased to \$59,206.91 which resulted in a budget with balanced expenses over revenues.

ACTION: A motion was made by Councilman Hurst to approve the FY 2018-2019 Operating, Revenue Budgets as amended during this meeting. The motion was seconded by Councilman Pfirrmann.

VOTE: 7-0 Motion carried

At this time there were multiple conversations occurring at once and the minutes were unable to be transcribed.

DEPARTMENTAL REPORTS: None

ITEMS SUBMITTED BY THE MAYOR AND COUNCIL:

District 1 – None

District 2 – None

District 3 – None

District 4 – None

District 5 – None

District 6 – None

Mayor – None

PUBLIC COMMENT: None

ADJOURNMENT:

ACTION: A motion was made by Councilman Pfirrmann to adjourn. The motion was seconded by Councilman McKewen.

VOTE: 7-0 All-in-Favor Motion carried

These minutes summarize the agenda and other issues discussed at this Council Meeting. Votes are recorded accurately. The audio recording of this meeting will be available at Town Hall for a period of two years from the date these minutes are approved. The audio recording may be reviewed at Town Hall by appointment and in accordance with the Freedom of Information Act.

ERIC THOMPSON
MAYOR

BRIAN HURST
SECRETARY