

**MAYOR & CITY COUNCIL
BUDGET WORKSHOP
February 15, 2019
MINUTES**

The Mayor & City Council met on **Friday February 15, 2019 in Council Chambers at Lewes City Hall**, in accordance with proper notification, with the following members present: Mayor Ted Becker, Councilpersons Bonnie Osler, Dennis Reardon & Rob Morgan. Also in attendance were: City Manager Ann Marie Townshend, Financial Officer Ellen Lorraine McCabe and Recording Secretary Alice Erickson. Deputy Mayor Fred Beaufait was absent.

1. **Call to Order:** *Mayor Becker* called the meeting to order at **1:30pm**
2. **Executive Session:** *Pursuant to 29 DEL. C §10004(b) an executive session shall be held to discuss the following: (4) Strategy sessions, including those involving legal advice or opinion from an attorney with respect to COLLECTIVE BARGAINING or pending or potential litigation and (9) Personnel matters in which the names, competency and abilities of individual employees or students are discussed, unless the employee or student requests that such a meeting be open.*

Council went into executive session at **1:31pm**

Council returned to open session at **2:10pm**

3. **Consideration and/or action on matters discussed in Executive Session:** No action was taken.
4. **Presentation & consideration of the Draft Budget for the FY 2019-2020.**

Building Official: *Building Official Henry Baynum* presented the budget request for the Building Department. They are requesting a laptop for code enforcement and a new filing cabinet. He is requesting either additional staff or contract staffing to assist with the increase in major developments within the city. *Mr. Baynum* stated he would like to maintain their budget for training to address annual recertifications. **1.13% increase in budget.**

Street Department: *Street Foreman Fred Slater* presented the budget request for the Street Department. They are in the process of looking at leasing a new trash truck to replace a retired truck, but they will probably keep it as a spare. The MSA budget includes two (2) $\frac{3}{4}$ ton pickup trucks with plows to replace two older trucks. **2.21% increase in budget.**

Planning & Development: *City Manager Ann Marie Townshend* present the budget request for the Planning Department. Ms. Townshend distributed a draft job description for an additional position. This would be an entry level position to assist the city planner. They do not feel the workload is going to reduce or go away therefore, the support needs will continue. It will be less expensive to hire an employee than to continue with contracted services. They will be retaining \$30,000 for a consultant for the hydrology study and for the transition between a consultant and a new staff member. The new position is budgeted at approximately \$75,000, including benefits. **-2.78% decrease in budget, due to the reduction in consulting fees.**

Councilperson Morgan stated he is concerned about the need for additional staffing in the planning department. While he supported the initial hiring of a planner, and while there is a lot for two planners to do at this time, he is concerned the workload will not continue at the current level. *Ms. Townshend* stated she thinks the workload will be there in the foreseeable future between ordinance updates, development projects and new regulations. Also, there are long range sustainability planning that has been delayed and still needs to be done.

Tim Ritzert, Harborview Road, questioned if the hydrologist's contract is for a defined period? *Ms. Townshend* explained it is for a defined scope of services and when that is completed, the contract will be done. *Mr. Ritzert* questioned if the hydrology would also address BPW issues and will there be any compensation from the BPW for this expense. *Mayor Becker* stated not at this time. The BPW has been approached and they expect the city to pay for the services.

City Manager's Office: *Ms. Townshend* presented the city manager's budget. They are requesting a new position to support the city manager's office. The current administrative assistant would become the executive assistant to mayor & city council and a new administrative assistant would be hired to provide additional administrative support. *Ms. Townshend* distributed and compared job descriptions to define the individual roles. **26.41% increase in budget.**

Councilperson Osler noted that while the city has grown with more committees and more staff, the city manager's department has not.

Councilperson Morgan questioned if they need to redefine meeting minutes and what they contain. FOIA only requires that minutes reflect the agenda item and any action taken. This model could be used much more widely by the various standing and ad-hoc committees and would greatly reduce the amount of time spent on minutes and might reduce the justification for additional staffing in the city manager's office.

There was discussion about the need for minutes as a part of the function of the city and how detailed they need to be. *Ms. Townshend* explained this has been discussed. Detailed minutes become very useful when research is needed on a particular subject and/or action taken by council or a commission 10-15 years ago. While recordings can be listened to, it is much easier to read minutes to determine what happened. Does every commission or committee need that level of detail, probably not, but the ones the administrative assistant is doing, probably do.

Administrative assistant Alice Erickson stated there will be minutes that are never looked at, but they are a historical record of how the city of Lewes functions, why certain decisions were made, and specific actions taken. Council creates ad-hoc committees for a specific purpose and that will be looked at sometime in the future. The record needs to reflect what their purpose was and how they developed any recommendations.

Councilperson Reardon stated a good example is the Annexation Regulation Ad-Hoc Committee. This committee created the annexation zoning districts that have come under question. Now the committee has been re-established to look at specific aspects of those zones. New committee members have been appointed and they are relying on those minutes to understand what the committee did and why.

Councilperson Osler agreed that FOIA only requires who was at a meeting, when it happened and what the vote was. But she agreed that the minutes are a living history of what the city did and why. She relies on minutes for meetings she is not able to attend and because they are more detailed, there is a sense of what happened. She understands but feels it is an essential piece of the city's operation.

Ms. Townshend stated the new position would be approximately \$50,000 annually with benefits. Additionally, she is requesting \$35,000 under professional services/consulting for the hosting of a local government management fellow from the ICMA, shared with the city of Milford. Milford and Rehoboth are currently sharing a fellow, Evan Miller who is splitting his time equally between these two cities. This is a nationally competitive program through the ICMA. Mr. Miller has graduated from an MPA program. Tasks he could work on could include developing a five-year capital investment plan, working with the police department on community oriented policing strategies, updating personnel ordinances and human resources policies, working on a classification and compensation system, helping to develop a performance evaluation system, working on employee and supervisory training programs, assistance with the website, grant research & writing and assisting with the iCompass transition. This position would also help fill in the gap with human resources.

Councilperson Morgan stated it was his understanding he would be focusing on one-time projects such as compensation research and performance evaluation. Some of these items look like permanent tasks. Are they budgeting to add a permanent half-time employee, or would this be a one-time project person?

Ms. Townshend explained the program goes for one year. Rehoboth and Milford extended it for another year. After two years, they would either lose the person or request again and we would be evaluated on our needs at that time.

Mr. Morgan stated he is uncomfortable with this one also. He is concerned that some of these duties will always be needed, they will shift to this person and would then be used to justify an additional employee. He agrees with the idea of project work but is concerned about some of the more permanent duties.

Ms. Townshend stated she feels many of these items are very important to the operations of the city. The current University of Delaware intern will be here through the spring and he is working on the personnel manual. If that is not completed, it would roll over to this person.

Ms. Osler agreed the city has increased in personnel over the past several years with the positions of a city planner, an additional full-time position in the building department and a new full-time position of a code enforcement. There are also additional duties to the street department when they took over the recycling program. Her question is were any of those unnecessary?

Mr. Morgan agreed all these tasks are useful and important but there are residents that feel council is being a little too generous.

Ms. Townshend explained starting programs from scratch takes time. Having a fellow for a couple of years will get these projects started and coordinated.

Mayor Becker stated there is some merit in the need, but he does understand the concern. The city has grown internally and externally, and we need to be more on top of things.

Mr. Morgan questioned if the fellow would be in addition to the current intern? *Ms. Townshend* stated yes but he would start after the intern is done in May.

Mayor Becker stated additional personnel have raised the city's level of professionalism and supplied better information to the city's commissions, especially the planning commission. It is all very important.

Ms. McCabe reviewed changes from the last meeting. They had budgeted a 10% increase in health insurance for nine months starting July 1st. There was a question about how much a 1% increase would add to the cost. She contacted the state benefit's office and they are not anticipating an increase in health insurance beginning July 1st, but they are not saying there would not be an increase at all. There may be a mid-year increase. A 1% reduction in the health insurance premium is about \$1,500 for the 9-month period, therefore, 5% would be about \$7,500.

Mayor Becker stated he would be comfortable reducing the health insurance budget by 5%. Members of council agreed.

Ms. McCabe stated there was a question at the last budget meeting regarding the park lawn maintenance increase of \$13,000. This is based upon the current contract. The city is in year 2 of a 3-year contract, and year 3 will be maintained at year 2 level.

There was discussion at the last budget meeting about the need to find capital expenses in the operating budget that could be transferred into the capital budget. *Ms. Townshend* explained three capital expenses came to mind, the tennis courts, the playground and the leased vehicle payments.

Ms. Townshend explained that they created the new transfer tax fund and moved the bond payment and interest to that fund, as well as the full transfer tax, they moved \$900,000 out of the general fund in revenue and \$824,500 out of the general fund in expenses. This created a \$75,000 deficit in the budget, so if they can move an equal amount of capital projects out of the operating fund and into the capital fund, it would put the operating budget more in balance.

Ms. Osler stated that when they moved the transfer taxes out of the operating budget, it was with the understanding it could be transferred back if needed. It is still an available pot of money that can be used to help balance the budget. She explained this budget is approximately \$6 million and last year's budget, with amendments, is almost \$7.1 million. They moved the transfer taxes, which is very volatile, into a different fund because it skewed the operating budget. They then took the payment on the bond, which is more of a capital cost, out of the operating budget as well. Nothing went away, things were just moved around, and it gives a much better accounting for planning purposes.

Mayor Becker stated the bond payment had always been in the operating budget so this will appear to be a big change, but they also took all the transfer tax out of the operating budget and put it into the capital budget. In the past they would put only ½% into the capital project fund and now it will be the entire 1½%.

Ms. Osler stated last year council adopted a policy to prepare a memo to be included with the final budget that will explain these kinds of changes for future reference.

5. Adjourn: The meeting adjourned at **3:19pm**.

Minutes submitted by,
Alice Erickson
Recording Secretary