CITY OF NEWARK
DELAWARE

PLANNING COMMISSION
MEETING

July 3, 2007

7:30 p.m.

Present at the 7:30 p.m. meeting were:

Vice Chairman: James Bowman

Commissioners: Ralph Begleiter
Chris Hamilton
Joe Russell

Absent: Angela Dressel
Mary Lou McDowell

Staff Present: Roy H. Lopata, Planning Director

Acting Chairman James Bowman called the Planning Commission meeting to order at 7:30 p.m.

1. THE MINUTES OF THE JUNE 5, 2007 PLANNING COMMISSION MEETING.

Mr. Bowman: There is one correction in the first line on page 17. The ladies name last name should be spelled Thawley.

The minutes of the June 5, 2007 Planning Commission meeting were accepted a corrected.

2. REVIEW AND CONSIDERATION OF THE <u>2008-2012 CAPITAL IMPROVEMENTS PROGRAM</u>.

Mr. Carl Luft: This is our annual presentation and hearing for the Planning Commission for the <u>Capital Improvements Program</u>. Most of the schedules you see on the PowerPoint presentation are schedules that are already outlined in your message.

First of all, I would like to introduce Dennis McFarland, our Finance Director. Dennis's introduction to the City was helping me out with the <u>Capital Improvements Program</u>.

The numbers may be a little difficult to see from there, but again, this is the first schedule you see in your book. We have roughly a $20 million <u>Capital Improvement Program</u> proposed for 2008-2012. As you can see, this <u>Capital Improvements Program</u> is heavily invested in our Public Works Department, which is not unusually. That is fairly normal. Coming in a close second we have utilities. Between electric and water we have a little over $6.5 million invested over the five year program. As is normal for a five year investment plan we have much in the Public Works Department. Much of that is equipment, vehicle and truck replacements. We also have utility investments, which we have to keep up with in order to provide the power, water and sewer to the community.

What is very important to note in this <u>Capital Improvements Program</u> is that the last three numbers in this column on the right represent many new expenditures for the Capital Investment Plan for 2008. What we keep a close watch on is our current resources, which is the first line here, which is roughly $2,400,000 for 2008 vs. $1,400,000 for 2007. While the overall plan goes up significantly (more than three times), the current resources go up about 65 or 66%. That is the line that we keep a close watch on because current resources signify utility rates, property tax revenues as well as fees and other income.

This is the five year comparison. 2008-2012 compared to 2007-2011. Again, you can see that it almost doubles. It goes up 85%. There are three primary reasons for that. First of all, if you go down to the funding sources you will see that we have $3.1 million of grant funds or outside aid funds helping to support this program. You can see the number in 2007-2011 is very small. One of the reasons for the change in this is an accounting difference. Roughly half of that $3.1 million represents bond bill funds that we had in the operating budget and we have moved to the capital investment plan. There are three primary areas that we have changed as far as accounting goes. Secondly, you can see the equipment replacement number of roughly $5.5 million compared to $4.1 million to $4.2 million in 2007-2011. That number goes up significantly because we deferred all of our truck replacements this year to next year just in the event that we needed the money to help fund any payments we might have for insurance premiums or payments for our reservoir lawsuit. We put back those numbers into the <u>2008 Program</u>. We still cut back the equipment replacement program but still added back the 2007 deferrals into 2008. The other significant accounting change we made is roughly $2 million of capital reserve funds for the <u>2008 Program,</u> $0 for 2007. That is a significant change. That money is not new money. That money is capital reserve money that we had previously referred to as prior year's funding. What we have done is we have made an accounting change, financial planning change to move that money out of prior year's funding category and actually allocated it into the years that we actually planned to do the projects. In the past, we would have that money in a prior year's column, not in a year, knowing that we might spend it but not estimating, necessarily, when we were going to use it. We are requiring department heads to plan when they are going to use that money, and therefore, we moved it into the five year program. That money, I emphasize, was already here. It was allocated in past years for these projects. So, those are the three primary differences.

Mr. Ralph Begleiter: You mentioned the funds that have been put back into the five year plan for vehicle replacement that were not in there last time because you were concerned about potential reservoir payments and some other things.

Mr. Luft: Right.

Mr. Begleiter: Are you not as concerned about them in the next five year plan or did you just decide we cannot do this forever so we are going to start putting it back in and we will deal with it when we deal with it?

Mr. Luft: I want to say it is a combination of both. We could defer these for one year. I think it is a tribute to the fleet management program we have, but I think when you get into deferring those that are planned for replacements, they already go through an evaluation program. If you defer those more than a year into two or three years then you are going to run into equipment maintenance problems. So, we really had to add those back in there. I am not going to say we are not as concerned but I think we feel we have a better handle on the case legally and so forth. We do not know what is going to happen. One thing about the equipment replacement program is we can go back and institute the same policy we instituted 2007 in 2009. If we have to defer again, we defer the next year.

What I wanted to summarize here is, basically, we have a $20 million program compared to, roughly, the $11 million program in 2007-2011, but we have $5.5 million for existing equipment replacements. That money is not new money. That is not money that we are going out to raise new taxes. That is an equipment replacement fund that we fund through depreciation every year in the budget. We have $3.1 million of grants this year where as we had none in 2007. As I said, half of that is the bond bill money that we receive from the State, estimated, that we now put in this <u>Capital Program</u> on an annual basis. Finally, we have $2 million of the existing capital reserves that, again, had been previously allocated but not allocated into a specific year for a project. Basically, we have a remaining balance of $9.3 million at current reserves. When you compare that to this $6.5 million, it is a 42% increase over five years which is not unmanageable. That is the number that is very important to us.

This is a pie chart that represents the raw data you have in the message on page 5, in which you see 2007 vs. 2008, the various departments and the makeup of each of those years by operating department. What is most important for 2008 is that 29% is electric utilities. Again, that is a relatively large number but for example, we have a little over $700,000 in that program which had previously been allocated under that prior year's program, which you have now put in 2008. That is to help fund the large substation project that we have had in the budget for many years now.

Here you will see a large percentage of the 2008-2012 budget (42%) is the Public Works number. Much of that is the equipment replacement fund in addition to some of the other projects which I will describe in a minute.

We have the funding sources for 2008. Again, the 38% number, the largest number in that pie chart, is the current resources. But, again, when you compare it to the total of these other ones, it is, again, a manageable number. That is the number that is most important to us. If that was something like 70 or 80% and had gone up over 100% or doubled, we would be very concerned about it.

Mr. Chris Hamilton: On that pie chart, I am looking at sewer; there was $0 in 2007 and $1.4 million in 2008. Why the difference?

Mr. Luft: If you go to the first schedule on page four in the message, you will see that the sewer line is $1.5 million in that schedule. In past years our sanitary sewer fund was standard anywhere between $20,000 and $40,000. It was pretty low. A large portion of that, which is $1,250,000, is in this first year of the <u>Program</u>, and that is to replace two sanitary lines on Christina Creek down past the Chrysler Plant. They have deteriorated. Most of that is grant funded. We are hoping to get some hazardous mitigation funds from the Federal Government to help fund that project. But, that is a large portion of why that number is so big.

On the projects, we have a number of new projects in the electric utility. We have a new 34,500 volt circuit to increase reliability in the Creek Road/New London Road area and the reinforcement of underground cables in the Sandy Brea Industrial Park area. The largest projects, however, support improvements already planned. These include $277,000 in 2008 to support the new 10 megavolt amp unit at the Wyoming Road substation, and the additional appropriations that is the $725,000 I have mentioned to support the large 138,000 volt substation that we have at the Kershaw site. That is the site at Paper Mill Road right by the creek. That project is actually underway. We have hired the design engineer and we have awarded a bid for the materials for that project. So, after many years of discussing it, we are finally investing in that 138,000 volt system.

Water and sewer utilities – the majority of the new projects are devoted to improvements in the sanitary sewer system. This is a change, as you would guess, with the reservoir, the two water treatment plants we have built in the last ten years, many of the water main improvements that we have made over the past ten to fifteen years. We are finally back to investing heavily in the sanitary sewer system. Our Water and Waste Water Director has outlined a number of large projects that need our attention. The one that is in this program are the two sewer lines over Christina Creek down by the Chrysler Plant. This is the largest new project in the <u>Capital Improvements Program</u>. Major water projects and other things include upgrades to the Curtis water filter system which is $375,000, that is over three years; $580,000 devoted to water tank maintenance; and continuation of our annual water main renovation program. You can see, we are still heavily invested in our utilities, but our new direction is the sanitary sewer system. One other sanitary project we have is plans recommended in the <u>Program</u> to replace the sanitary sewer pumps in the Silverbrook Station and to expand the Curtis Water Plant to increase capacity.

Public Works – without a doubt the most significant part of the Public Works capital improvement expenditure program is in the area of trucks and equipment. That is

$3.1 million out of this overall program in Public Works. In addition, we have the annual street and curb replacement program. That totals $3.7 million and includes the bond bill projects of $1.5 million plus our own locally funded curb and street resurfacing program. These two programs together make up a significant portion of the Public Works infrastructure jobs.

Public safety and technology – another area that we have tried to take a new look at, a new direction toward is in the area of technology. The Police equipment replacement program still represents a big part of the public safety program. That is $751,000. That is the sedans and some of the other parking enforcement vehicles we have. We also have a grant funded mobile command post vehicle at $260,000 in the program.

The Finance Department intends to expand the computer and information system, most notably including $100,000 for the installation of a wide area network to connect various municipal facilities to the City Hall system. This is something that Dennis and our IT person have taken a new look at. You can see that there are a number of smaller projects toward the end of the program in the area of technology and computer improvements. These deal with accounting and network and the billing system.

Parks and other facilities – truck and equipment replacement expenditures reflect a relatively high total of about $480,000 in the Parks Department, Parking and what we call Other, which is the Building Department, Administration and so forth. So, we still have a very high investment in our equipment replacement program. Regular annual funds are allocated to rehabilitate park facilities, that is $427,000 and State and local conservation funds are included to improve the trail system in William Reed Park that is $84,000. It is our largest park outside the reservoir. It is in the valley between the Hunt at Louviers, Pine Meadow and the Woods at Louviers. There is a lot of moisture so we have to restore the trail system that goes down the middle of that park.

We also have the beginning stages of redeveloping the Curtis Paper Mill in the Program. We have $100,000 total. We have $50,000 in each 2008 and 2009. That will supplement the demolition plans we have for this year. We are in the process for getting specifications together to demolish most of the Curtis Paper Mill down to at least the slabs.

Then, finally, we have a pay-on-foot parking system proposed in 2009 in Parking Lot #3, which is the same system we have in parking lot #1 behind the Galleria. That system seems to be working very well.

Back to the sanitary sewer system, I just want to mention there are a few primary areas of consideration we have to pay attention to over the next few years that are not funded in this Program right now. One is over $2 million to repair sanitary sewer lines along White Clay Creek and the other, again, is a similar amount of $2.5 million to repair sewer lines along Christina Creek. These are two primary sanitary sewer jobs that our Water and Waste Water Director has identified as something we are going to have to pay more serious attention to in the future.

Again, I emphasize, the primary reason for the large increase in financial planning and accounting changes that we have made, which we do from time-to-time. Actually, I remember in 1997, this is the largest increase we have had in the Capital Improvements Program since that time, which is about ten years ago when at that time we moved the equipment replacement fund out of our operating budget into our capital investment plan. So, we do these things occasionally to keep up with accounting and to keep up with good financial standards. So, I still see this program as very manageable. If you have any questions, please.

Mr. Begleiter: I am curious about the wide area network program. Is that going to be a hardwired program from outlying departments to your central office?

Mr. Dennis McFarland: It will be a hardwired program at least down as far as the warehouse. That is really the key site that we want to get connected and we can provide help with disaster recovery.

Mr. Begleiter: Are you looking at some other way, perhaps not in connection with this program, things like mobile access for electric reading and exchange of police data from their vehicle and things like that?

Mr. McFarland: At this point, we are in the very early stages of developing an IT strategic plan which would try and identify some of the goals and priorities that we would have for the next few years. We thought that what is in this Capital Program were some fairly basic things that we wanted to get placeholders set for. We will see if we can build off of that.

Mr. Lopata: Unless I am misunderstanding what Ralph is asking, aren't our radio read meters part of that?

Mr. Begleiter: It is not part of this plan I do not think.

Mr. Lopata: No, we are doing that now.

Mr. McFarland: (inaudible)

Mr. Begleiter: You are not transmitting the data back. You are reading them from a vehicle and bringing the data back to some central office and downloading it.

Mr. McFarland: You drive by with the reader.

Mr. Lopata: But, it replaces going into the house and reading the meter.

Mr. Begleiter: But, you are still not able to remote read and have the data right back in some headquarters immediately, which would be useful in police function, perhaps fire function, perhaps utilities usage, in emergencies. Those are things that you are looking at in the IT plan?

Mr. McFarland: I have looked at that for a couple of years for other utilities. It was fairly expensive. What most folks were doing was putting readers up on telephone poles and you drive around and pick them up that way. The immediate reads, that is pretty cutting edge stuff and still fairly expensive.

Mr. Begleiter: I was thinking about traffic flow. There are all kinds of things that could be used for, but that is not part of this plan.

Mr. McFarland: Not at this point.

Mr. Begleiter: That is what I wanted to ask about. Carl knows I am going to ask this question but I am going to ask it partly for the record. Why are we continuing to invest in overhead electric of any kind if we have in mind minimizing the visual impact of those overhead lines?

Mr. Luft: I know you have been concerned about underground utilities, particularly for the more attractive downtown area. The answer as to why we are investing in above ground is that most of these investments are not in the downtown area.

Mr. Begleiter: Kershaw is close enough to downtown. You do not define it as part of Main Street.

Mr. Luft: That would be due to expense. What we have done is we have underground utilities that will move from a substation into a right-of-way area and then go above ground. The short answer is the expense of installing underground utilities.

Mr. Begleiter: I guess, fundamentally, I am raising the point so that we all realize that every time we do another overhead project for whatever reasons, we are sort of building a legacy of saying, never mind even looking at finding ways to do this in some alternative attractive function.

Mr. Luft: I would disagree with that to some degree. Someday we could potentially put utilities underground downtown. The fact that we are using above ground utilities to hook up to some of these 34½ volt substations I do not think is tied to a policy of not being able to use underground utilities somewhere else. I will say, the University, which you are aware of, has paid the expense for us to install underground utilities around some of their various attractive facilities. So, I would not want to rule that out.

Mr. Lopata: The 138,000 volt line, for example, that is not even technically feasible to put underground.

Mr. Luft: I am not sure the 138,000 volt system could even be put underground. It is not possible. But, when you get down to 12,000 volt systems, the kind we see on roadways in our neighborhoods that could be done. I just do not want you to think that we are establishing some legacy or policy of not being able to do that downtown. It is very expensive. It would be nightmarish with the cable and the telephone and everything else there, but that does not mean that it is not possible.

Mr. Begleiter: Cable and telephone are private industries. If they want to have cell telephone service, they will find a way.

Mr. Luft: I am talking about the inconvenience of ripping up the downtown area to do this. That is really what I am addressing.

Mr. Begleiter: I do not want to belabor the point but I sort of feel that it ought to be part of the discourse on a regular basis so that we do not ignore the fact that it is out there.

Mr. Luft: And, I do not want you to think that the fact that some of these major investments are above ground and that is establishing a policy of not ever look at underground. First of all, we do underground in the neighborhoods, all the new annexations we have. I would like to see it too, believe me. It is a solid program. I think what has us most concerned is the sanitary sewer problems that we might have to tackle in the future.

Mr. Begleiter: What are the exciting new projects on the horizon that you referred to at the end of your message? Which of these projects that you have described today would be characterized as exciting and new?

Mr. Luft: Probably not the largest investments. I think the Curtis Paper Mill is exciting even if we do not build something there. How many communities have we been in that have riverfronts. We have our own creek so we can have creek front investments. I think tying in the trail system to the north of the north of the plant to the dam area. I think that will be very beautiful. I think that is very exciting. Frankly, it does not have to be that expensive. That tie in right there is kind of neat for us. I think anything we do in the downtown area is something that excites us. The 138,000 volt system, unfortunately, is not the type of thing that gets you juiced up.

Mr. Begleiter: Neither do sanitary sewer pipes, which are important but not exciting and new.

Mr. Luft: Exactly, that is where a lot of our investments, as they have throughout the year, been going. The same with equipment replacements, but if we do not do them . . .

Mr. Begleiter: I was not suggesting that we should not do them; you just didn’t highlight the exciting and new ones.

Mr. Luft: Again, I will say with reservations, I think recycling has the potential. We have taken a big step in going to the semi-automated garbage collection program. I give

Rich Lapointe or Public Works Director a lot of credit. We are in the last year of the program and it has been done very successfully. What has me sort of excited is the potential of possibly doing full curb recycling in Newark. Again, it is not something we are putting a lot of money into right now, but we are talking to two private companies that are dealing with the City of Wilmington. Wilmington actually invited us to sit in on their meeting with these contractors, which is kind of a breakthrough, to be able to ask them questions. So, that is kind of exciting. No promises, but again, I think it is something we can manage in this community and perhaps be a leader. I was a little surprised that it got defeated so soundly in Dover.

Mr. Lopata: If I could just jump in. The most exciting project we have done in generations (in 70 years) is the reservoir and we are not likely to do something that exciting for another 70 years. So, I think we can rest on our laurels to a certain extent in terms of excitement. There is nothing like that on the horizon. That is a spectacular project. It is quite a remarkable testament to the citizens of Newark who were able to pull that off.

Mr. Luft: Since we are speaking for the record, I am convinced if we did not do what we had to do, we would still be building it. I know it is a shame. We all feel bad about it, but it is kind of like the good and the bad. We probably got as many complaints about the law suit as anything, but as far as project and City programs go, I get more compliments about the reservoir and my secretary fields calls from people in other states that want to come and see it. It is kind of an exciting thing. It is too bad that it had to happen that way. We will get through it.

Mr. Bowman: The one comment that I have, Carl, you have heard it before, Roy, you have heard it before, Dennis probably has not, but one thing that is always missing from our <u>Capital Budget</u> is the other part of emergency services that we enjoy in the City of Newark. There is always the Police because the City is responsible for providing the Police service to the City limits, whereas the EMS (emergency medical services) and the emergency fire services are not. We rely on the volunteer fire service, mainly the Aetna Hook and Ladder Company. I am speaking as a private citizen, although I have been a member of the department for many, many years. The reason I bring it up is because I keep pretty good tabs on what is going on in the fire service in the United States and one of the things that we are seeing is the difficulty of recruiting, retaining and training people into that service. More and more of the local volunteers of New Castle County are turning more and more to paid people to provide services during the day. The City puts out money for that service. The City sends Aetna a check every month and also provides electric and water service to the station. But, as far as capital budgeting is concerned, the City has absolutely zero responsibility for any of that beyond that that I have just stated as far as that goes. We are looking at sizable expenditures for emergency apparatus. The typical fire engine today or a piece of apparatus costs half million dollars. You could probably get two or three garbage trucks for that. The reason I point it out is while not showing up in the <u>Capital Budget</u> and hopefully, the volunteer service can continue to provide into the future. But, the bottom line is that it is getting tougher and tougher in metropolitan areas to provide that service with volunteer people. Maybe ten years from now there will be a day where that volunteer group says, "Folks we have done run out of money and bodies and six months from now we are going to hand all this stuff over to the City." That is something you might want to think about in the future because it could happen and all of a sudden you have a budget item not only for bodies but a huge capital position to what you might have to manage in the City as well. So, as I said, Carl and Roy have heard this speech almost every year when this comes up. But, I think it is important that we keep it in mind. We take it for granted. You would be surprised at how many people think that the City of Newark runs the Fire Department in large part because those folks come from areas where they got paid by metropolitan departments. Well, we are a large metropolitan area now. There are no two ways about it. So, I just want to keep it in front of you that there are $4 million or $5 million dollars that do not show up in the <u>Capital Budget</u> and do not show up on the payroll report that someday we might really need to think about.

With that, there is one item on this list for the Police Department. There is a $260,000 budgeted item for command centers. Has there been any discussion between the Police Department and the Fire Department as to how that might be shared?

Mr. Luft: I do not know.

Mr. Bowman: Because under the grant funds that have been bandied about by Homeland Security for grants and that kind of stuff, there might be some possibilities there.

Mr. Luft: The $260,000 is fully grant funded. Of course, I am thinking sharing meaning money sharing.

Mr. Bowman: So am I.

Mr. Luft: That is fully funded by the SALLE Program, the Law Enforcement Grant Program in the State.

Mr. Bowman: I am not aware of the fire service in this locality having any plans to put one together themselves, but it would certainly seem to me that it would be important to them if it were not available to all the services that service the City including the parks service.

Mr. Bowman: Are there any comments from the public? If not, I will entertain a motion.

MOTION BY RUSSELL, SECONDED BY BEGLEITER: THAT THE PLANNING COMMISSION RECOMMEND THAT CITY COUNCIL APPROVE THE 2008-2012 <u>CAPITAL IMPROVEMENTS PROGRAM</u>.

VOTE: 4-0
AYE: BEGLEITER, BOWMAN, HAMILTON, RUSSELL
NAY: 0
ABSENT: DRESSEL, McDOWELL

MOTION PASSED UNANIMOUSLY

Mr. Hamilton: Is there any way to get the Capital Improvements Program two weeks in advance next time instead of just one week in advance?

Mr. Lopata: I do not want to go on record as saying that because normally this is on the June meeting. We could have done that, and if I had known that we would have gotten it out earlier. Typically, the Planning Commission gets this in June. The City Council refers it the last meeting in May. So, we will have to look into that. We will think about it. That is the best I can promise because Carl and Dennis are responsible for it but I am the one who does the scheduling.

Mr. Hamilton: I love numbers, I just felt a little short there.

Meeting adjourned at 8:15 p.m.

Respectfully Submitted,

Elizabeth Dowell
Secretary, Planning Commission